

Fidelity China Special Situations PLC

Interim Financial Report

For the 6 months ended 30 September 2012



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The Investment Objective and Performance

The investment objective of the Company is to achieve long term capital growth from an actively managed portfolio made up primarily of securities issued by companies listed in China or Hong Kong and Chinese companies listed elsewhere. The Company may also invest in listed companies with significant interests in China and Hong Kong.

Investment Performance

	Six months ended 30 September 2012
Net Asset Value ("NAV") per Share total return	-6.2%
Share Price total return	-9.5%
MSCI China Index total return	-2.1%

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Summary of Results

	30 September 2012	31 March 2012
Assets		
Gross Asset Exposure ¹	£605.9m	£628.5m
Net Assets	£516.3m	£559.0m
Bank loans and long Contracts For Difference (“CFDs”) as % of Net Assets	26.1%	23.8%
Gross Asset Exposure as % of Net Assets	117.4%	112.4%
Net Asset Value per Share	78.73p	84.72p
Number of Ordinary Shares in issue	655,729,480	659,754,480

Stock market data

Share Price at period/year end	72.40p	80.80p
Share Price period/year high	81.70p	114.00p
Share Price period/year low	70.30p	70.00p
Discount at period/year end	8.0%	4.6%
(Premium) period/year high	(1.4%)	(8.8%)
Discount period/year high	9.1%	8.8%

Earnings/(loss) for the six months ended 30 September

	2012	2011
Revenue return per Ordinary Share ²	1.49p	1.20p
Capital loss per Ordinary Share ²	(6.78p)	(31.30p)
Total loss per Ordinary Share ²	(5.29p)	(30.10p)

¹ Total portfolio exposure whether through direct or indirect investment (including through derivatives)

² Based on the weighted average number of Ordinary Shares in issue during the reporting period

Sources: Fidelity and Datastream

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MANAGER'S REPORT

The last six months to 30 September 2012 has been a further disappointing period for the Company. The net asset value is down 6.2%, underperforming

the MSCI China Index benchmark, which is down 2.1%. The main cause continues to be the combination in a falling market of the Company's gearing and its high exposure to medium and smaller sized companies – the MCSI China Mid Cap Index being down 7.3% and the Small Cap Index being down 8.5%. The Shanghai Composite Index is also down 7.6% over the same period, underperforming most world markets. Encouragingly the markets and the Company have performed better in October.

In my view the main reason for this poor stock market performance has been the economic slowdown in China; during the period most forecasts of GDP growth for 2012 have been cut. Although the Chinese authorities have been easing economic policy since the fourth quarter of 2011, the pace of easing has been quite slow. Data coming out of China over the summer has been mixed (even allowing for the unreliability of official figures). Some figures indicate that the economy is still slowing while others suggest it is stabilising. Looking at a broad cross section of data I believe that the economy is in the process of stabilising at a lower than consensus growth rate of around 7% and that the fourth quarter of this year will probably mark the low although growth from next year will depend on the shape of policies instigated by the new administration. GDP growth however in the future is likely to settle at a lower rate than in the past although the quality of that growth will be higher. The shift of the economy away from export and investment led growth towards domestic consumption

continues apace and supports the investment policy of the Company emphasising companies exposed to domestic consumption or services. Despite their poor relative performance I still believe that the exposure to smaller private companies rather than the larger state owned enterprises will prove to be more rewarding in the longer term.

Concerns about the political changes going on in China at the moment have also weighed on markets. The senior politicians change every 10 years and the process is an opaque one; most of the key decisions about who will be the new leaders occur behind closed doors. The 18th National Party Congress starts on 8 November 2012 where the members of the Politburo Standing Committee will be chosen. The Standing Committee members are the most senior politicians in China and include the president and premier. There are currently 9 members but the new committee may only have 7. The process is often not smooth and the events surrounding the sacking of Bo Xilai and Xi Jinping's "disappearance" for nearly two weeks are illustrations of this.

The economy continues to face challenges especially the weakness of local government finances, increasing bad debts at the banks, the growth of wealth management, trust and unofficial lending products, the big slowdown in exports and the slowdown in investment. I remain of the view that although these challenges should not be underestimated, the central government has adequate resources to address them. Once the Standing Committee has been decided and other political appointees are confirmed in March next year, we should see new policies to address some of these issues, such as the weakness of local government finances and bad debts at the banks. A number of new infrastructure projects have been announced over the last six months (although headline figures can sometimes be

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misleading as the same project gets announced several times leading to double counting). Although fixed asset investment is on the increase again, the financing of these projects could be more challenging than in the past. Most commentators do not expect anything on the scale of the investment spending seen after the global financial crisis. The general view is that the scale of investment spending at that time, although solving short term problems, was responsible for several of the financial problems China is now experiencing.

My investment strategy remains unchanged. Over the last six months probably the most significant change I have made to the portfolio is to increase the Company's exposure to companies in the internet space. As well as rebuilding the position in Tencent, adding a 2.1% position in Baidu and a smaller position in Sina, the Company recently purchased a 2.6% holding in the convertible shares of the unlisted Alibaba Group. The poor performance of Chinese shares and particularly those listed in the U.S. has led to the opportunity to buy some companies at what I believe will prove to be attractive valuations. Interestingly these companies with very strong business franchises have been selling well below the

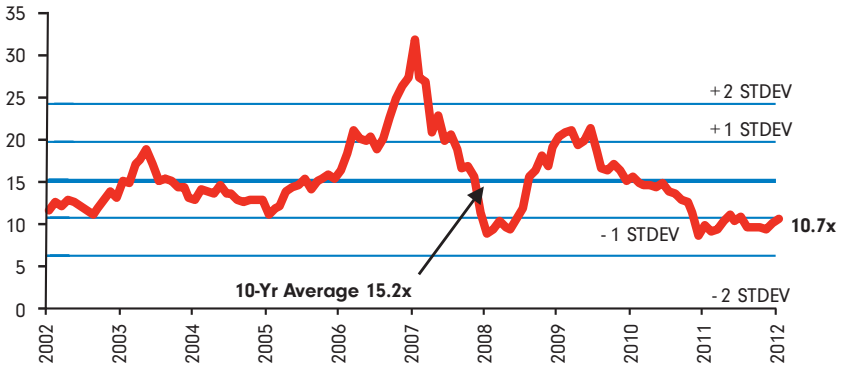
valuations of many China consumer staple companies; the staple companies have been some of the best performers and in many cases the valuations look expensive to me. The use of internet services in China is booming at the same time as internet penetration is increasing and companies like Tencent, Baidu and Alibaba are benefiting from this trend. Alibaba Group's subsidiaries, Taobao and TMall, account for over 75% of all e-commerce spending in China. Often the lack of a developed bricks and mortar retailing sector in lower tier cities is leading consumers to go straight to buying goods on the internet rather than on the high street. The Alibaba Group is well known to Fidelity as my private equity colleagues have followed it and invested in it for about 12 years.

Valuations of Chinese securities remain low on an historic basis for the market as a whole and across a broad selection of sectors (see charts pages 5 to 7). Sentiment also remains very depressed, which I believe is positive for markets. For example, the proportion of trading on the Hong Kong stock exchange that is short related, earlier this summer reached a ten year high.

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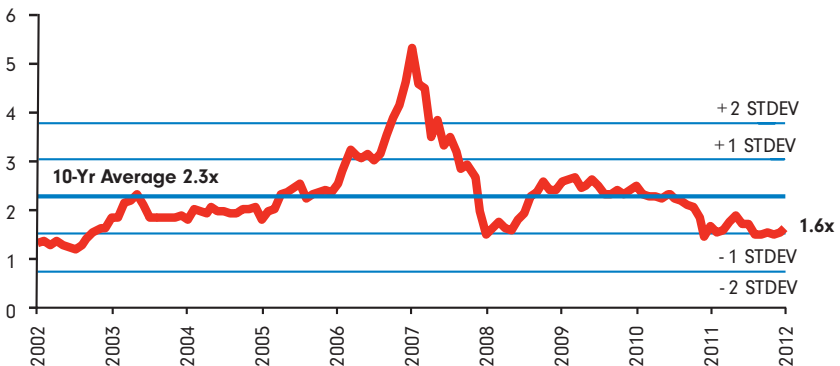
The charts below and on page 6 show that the MSCI China Index and Shanghai A Shares Index (mainland Chinese shares) – shares are trading at undemanding levels.

MSCI China Index Trailing Price to Earnings Ratio



Source: Morgan Stanley Research, October 2012
 STDEV: Standard Deviation from average
 Past performance is not a guide to what might happen in the future

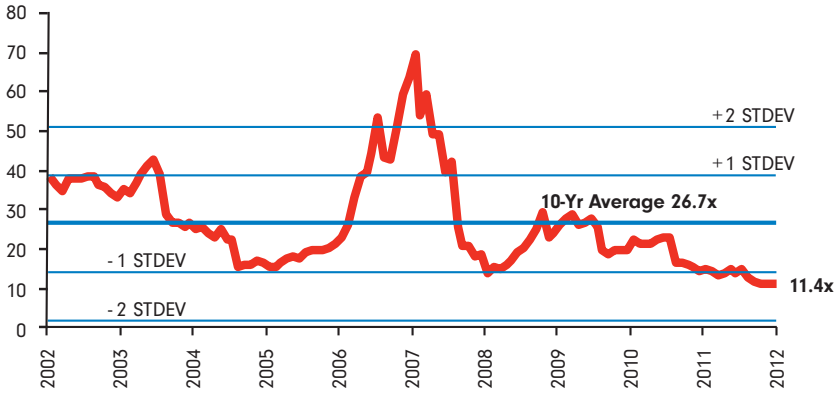
MSCI China Index Trailing Price to Book Ratio



Source: Morgan Stanley Research, October 2012
 STDEV: Standard Deviation from average
 Past performance is not a guide to what might happen in the future

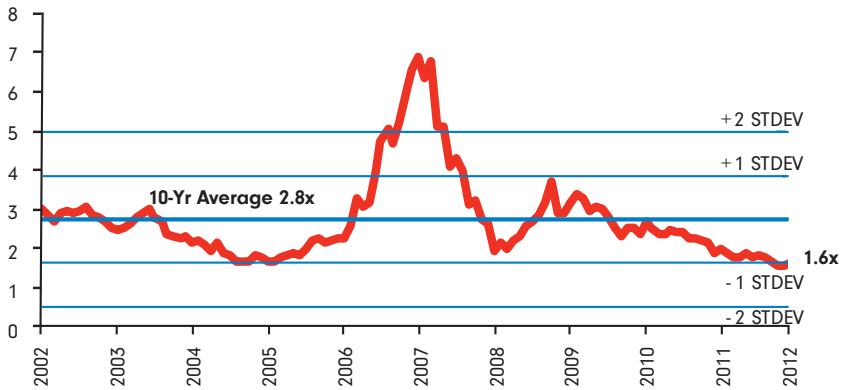
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Shanghai A Shares Index Trailing Price to Earnings Ratio



Source: Morgan Stanley Research, October 2012
 STDEV: Standard Deviation from average
 Past performance is not a guide to what might happen in the future

Shanghai A Shares Index Trailing Price to Book Ratio

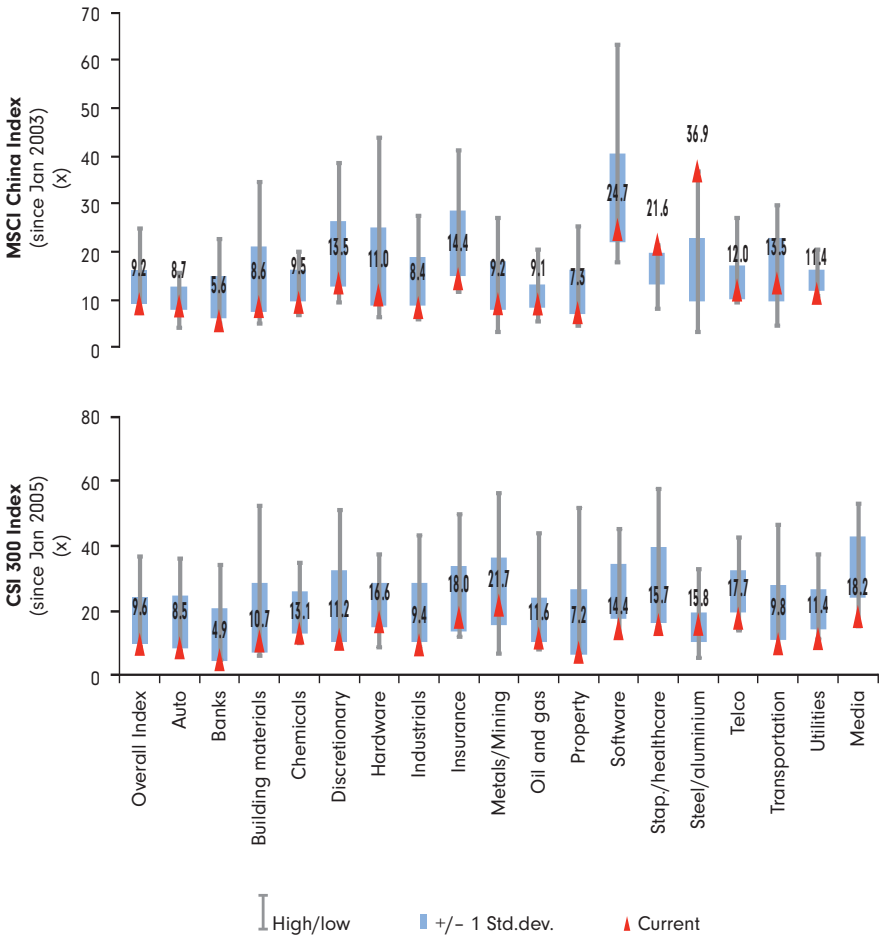


Source: Morgan Stanley Research, October 2012
 STDEV: Standard Deviation from average
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The charts below show China sector valuations on 12 month forward Price to Earnings basis relative to their history for the MSCI China Index since inception in January 2003 and CSI 300 Index since inception in January 2005 (mainland Chinese shares) constituents.

12 month Forward Price to Earnings Ratio



Source: Goldman Sachs Research, October 2012
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In mid-October, I accompanied the Board on its third trip to China visiting Beijing, Shenzhen and Hong Kong. We visited fourteen companies held in the portfolio as well as meeting a number of strategists, economists, diplomats, businessmen and alternative research providers. The trip reinforced our view that many attractively valued investment opportunities currently exist in China. Additionally, there is the prospect of the new Government embarking on an exciting decade of deregulation as well as stimulating private enterprise.

In a world where growth is likely to be in short supply, I remain of the view that those countries, such as China, where growth is largely based on domestic factors and which can grow at rates well above the global average will offer some of the best investment opportunities. Investors in the Company have needed more patience than I initially anticipated but I still believe this patience will be rewarded.

Anthony Bolton

Portfolio Manager

12 November 2012

Interim Financial Report

DISCOUNT AND PREMIUM

The Board believes it is in the best interests of shareholders if the share price of the Company tracks closely the underlying Net Asset Value, which is published each business day. The Board has the ability to issue shares at a premium to NAV and to buy shares back at a discount to NAV for cancellation. During the reporting period, in furtherance of this policy, the Board authorised the repurchase and cancellation at a discount of 4,025,000 Ordinary Shares. Since the period end, the Company has repurchased a further 500,000 Ordinary Shares for cancellation.

GEARING

On 17 February 2012, the Company entered into a revolving facility agreement with Scotiabank Europe PLC for US\$150,000,000, which has been fully drawn down.

The Company continues to use derivatives to achieve further gearing by the use of Contracts For Difference on a number of the holdings in the Company's portfolio, totalling a further £41,756,000 as at 30 September 2012.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board believes that the principal risks and uncertainties faced by the Company fall into two broad categories. The first, external risks, being country risk, stock market risk, share price and discount risk and the second, internal risks, being portfolio and governance, operational, financial, compliance, administration etc. Information on each risk is detailed in full in the Prospectus of the Company and a risk matrix listing the specific top risks identified by the Board is contained in the Annual Report. Both the Prospectus and the Annual Report are available for inspection on the Company's pages of its website www.fidelity.co.uk/china.

GOING CONCERN

The Board receives regular reports from the Manager and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements as outlined in the Annual Report for the year ended 31 March 2012.

By order of the Board
9 November 2012

Directors' Responsibility Statement

RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

- a) the condensed set of financial statements contained within the Interim Financial Report has been prepared in accordance with the International Accounting Standards 34: "Interim Financial Reporting";
- b) the Interim Financial Reporting (constituting the interim management report) includes a fair review of the information required by Rule 4.2.7R of the FSA's Disclosure and Transparency Rules and their impact on the condensed set of financial statements and a
- c) description of the principal risks and uncertainties for the remaining six months of the financial year; and
- c) in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related party transactions during the six month period to 30 September 2012 and therefore nothing to report on any material effect by such a transaction on the financial position or the performance of the Company during that period; and there have been no changes in this position since the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

The Interim Financial Report has not been audited by the Company's Independent Auditor.

The Interim Financial Report was approved by the Board on 9 November 2012 and the above responsibility statement was signed on its behalf by John Owen, Chairman.

Twenty Largest Holdings at 30 September 2012

Twenty Largest Holdings, including derivatives	Balance Sheet Value £'000	Gross Asset Exposure £'000	% ¹
Ping An Insurance (Group) Company of China Insurance company	26,128	26,128	4.3
Tencent Holdings Limited* Provides internet, mobile and telecommunications value-added services	17,841	23,605	3.9
China Unicom (Hong Kong) Limited* Integrated telecommunications provider	13,967	22,029	3.6
AIA Group* Insurance company based in Hong Kong	12,846	19,741	3.3
CITIC Securities Company Limited Broker and asset manager	19,459	19,459	3.2
Wing Hang Bank Limited Provider of commercial banking and related financial services	18,720	18,720	3.1
Bank of China Hong Kong* A subsidiary of the Bank of China based in Hong Kong	10,539	17,387	2.9
TVB Hong Kong television broadcaster	15,875	15,875	2.6
Alibaba Group² Major e-commerce internet company	15,497	15,497	2.6
SAIC Motor Corporation Limited Automobile manufacture and distribution company	13,948	13,948	2.3
HSBC Holdings plc (Hong Kong listed)* Global banking and financial services company	10,791	13,433	2.2
AsiaInfo Linkage Telecommunications software solutions provider	13,321	13,321	2.2
WuXi Pharma Tech Pharmaceutical, biotechnology, and medical device research company	13,187	13,187	2.2
REXLot Holdings Limited Supplies lottery related systems, machines and services for the Chinese lottery	13,054	13,054	2.2
Baidu Major search internet company	12,950	12,950	2.1
Ports Design* Designs, manufactures and retails ladies and mens fashion garments	9,511	12,572	2.1
Lee & Man Paper Manufacturing Limited Paper making company	9,391	9,391	1.5
Hutchison China MediTech Limited Pharmaceutical and healthcare group	9,113	9,113	1.5
China Lodging Group Operates a chain of economy hotels	8,962	8,962	1.5
CSI Properties Limited* Hong Kong property company	8,327	8,665	1.4
Twenty Largest Holdings	273,427	307,037	50.7

* Includes investment via CFDs

¹ % of total gross asset exposure

² Unlisted investment

Income Statement

		Six months ended 30.09.12 unaudited		
	Notes	revenue £'000	capital £'000	total £'000
Revenue				
Investment income	2	12,468	-	12,468
Other income	2	2	-	2
Net derivative income	2	835	-	835
Total revenue		13,305	-	13,305
Losses on investments designated at fair value through profit or loss		-	(39,845)	(39,845)
Net (losses)/gains on derivative instruments held at fair value through profit or loss		-	(2,850)	(2,850)
Foreign exchange (losses)/gains on other net assets		(29)	(74)	(103)
Foreign exchange gains/(losses) on bank loans		-	861	861
Total revenue and losses		13,276	(41,908)	(28,632)
Expenses				
Investment management fee		(1,942)	(1,942)	(3,884)
Other expenses		(770)	-	(770)
Profit/(loss) before finance costs and taxation		10,564	(43,850)	(33,286)
Finance costs				
Interest on bank loans		(448)	(448)	(896)
Profit/(loss) before taxation		10,116	(44,298)	(34,182)
Taxation		(282)	(303)	(585)
Net profit/(loss) after taxation for the period		9,834	(44,601)	(34,767)
Earnings/(loss) per Ordinary Share	3	1.49p	(6.78p)	(5.29p)

The Company does not have any income or expenses that are not included in the net profit/(loss) for the period. Accordingly the "Net profit/(loss) after taxation for the period" is also the "Total comprehensive income for the period" and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company and is prepared in accordance with IFRS. The revenue return and capital return columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies.

All of the profit/(loss) and total comprehensive income is attributable to the equity shareholders of the Company. There are no minority interests.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

revenue £'000	Year ended 31.03.12 audited		revenue £'000	Six months ended 30.09.11 unaudited	
	capital £'000	total £'000		capital £'000	total £'000
12,912	-	12,912	11,291	-	11,291
9	-	9	4	-	4
550	-	550	407	-	407
<u>13,471</u>	<u>-</u>	<u>13,471</u>	<u>11,702</u>	<u>-</u>	<u>11,702</u>
-	(155,156)	(155,156)	-	(214,259)	(214,259)
-	27,460	27,460	-	12,169	12,169
80	6	86	16	615	631
-	(1,605)	(1,605)	-	(3,178)	(3,178)
<u>13,551</u>	<u>(129,295)</u>	<u>(115,744)</u>	<u>11,718</u>	<u>(204,653)</u>	<u>(192,935)</u>
(4,156)	(4,156)	(8,312)	(2,183)	(2,183)	(4,366)
(1,655)	-	(1,655)	(817)	-	(817)
<u>7,740</u>	<u>(133,451)</u>	<u>(125,711)</u>	<u>8,718</u>	<u>(206,836)</u>	<u>(198,118)</u>
(878)	(878)	(1,756)	(452)	(452)	(904)
6,862	(134,329)	(127,467)	8,266	(207,288)	(199,022)
(289)	(237)	(526)	(305)	-	(305)
<u>6,573</u>	<u>(134,566)</u>	<u>(127,993)</u>	<u>7,961</u>	<u>(207,288)</u>	<u>(199,327)</u>
<u>0.99p</u>	<u>(20.33p)</u>	<u>(19.34p)</u>	<u>1.20p</u>	<u>(31.30p)</u>	<u>(30.10p)</u>

Statement of Changes in Equity

	Notes	share capital £'000	share premium account £'000
Equity shareholders' funds at 31 March 2011		6,564	204,648
Issue of Ordinary Shares	5	63	6,921
Repurchase of Ordinary Shares	5	(5)	-
Net (loss)/profit after taxation for the period		-	-
Dividend paid	4	-	-
Equity shareholders' funds at 30 September 2011		<u>6,622</u>	<u>211,569</u>
Equity shareholders' funds at 31 March 2011		6,564	204,648
Issue of Ordinary Shares	5	63	6,921
Repurchase of Ordinary Shares	5	(29)	-
Net (loss)/profit after taxation for the year		-	-
Dividend paid	4	-	-
Equity shareholders' funds at 31 March 2012		<u>6,598</u>	<u>211,569</u>
Repurchase of Ordinary Shares	5	(41)	-
Net (loss)/profit after taxation for the period		-	-
Dividend paid	4	-	-
Equity shareholders' funds at 30 September 2012		<u>6,557</u>	<u>211,569</u>

capital redemption reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
-	452,232	18,188	2,331	683,963
-	-	-	-	6,984
5	(423)	-	-	(423)
-	-	(207,288)	7,961	(199,327)
-	-	-	(1,656)	(1,656)
<u>5</u>	<u>451,809</u>	<u>(189,100)</u>	<u>8,636</u>	<u>489,541</u>
-	452,232	18,188	2,331	683,963
-	-	-	-	6,984
29	(2,323)	-	-	(2,323)
-	-	(134,566)	6,573	(127,993)
-	-	-	(1,656)	(1,656)
<u>29</u>	<u>449,909</u>	<u>(116,378)</u>	<u>7,248</u>	<u>558,975</u>
41	(2,989)	-	-	(2,989)
-	-	(44,601)	9,834	(34,767)
-	-	-	(4,934)	(4,934)
<u>70</u>	<u>446,920</u>	<u>(160,979)</u>	<u>12,148</u>	<u>516,285</u>

Balance Sheet

Company No. 7133583

	Notes	30.09.12 unaudited £'000	31.03.12 audited £'000	30.09.11 unaudited £'000
Non current assets				
Investments designated at fair value through profit or loss		<u>596,661</u>	<u>629,709</u>	<u>577,015</u>
Current assets				
Derivative assets held at fair value through profit or loss		6,908	11,582	6,224
Amounts held at futures clearing houses and brokers		8,022	3,922	5,722
Other receivables		10,464	9,146	1,843
Cash and cash equivalents		<u>7,208</u>	<u>20,123</u>	<u>11,432</u>
		<u>32,602</u>	<u>44,773</u>	<u>25,221</u>
Current liabilities				
Derivative liabilities held at fair value through profit or loss		(5,224)	(3,792)	(11,285)
Bank loans		(92,980)	(93,841)	(96,015)
Other payables		<u>(14,774)</u>	<u>(17,874)</u>	<u>(5,395)</u>
		<u>(112,978)</u>	<u>(115,507)</u>	<u>(112,695)</u>
Net current liabilities		<u>(80,376)</u>	<u>(70,734)</u>	<u>(87,474)</u>
Net assets		<u>516,285</u>	<u>558,975</u>	<u>489,541</u>
Equity attributable to equity shareholders				
Share capital	5	6,557	6,598	6,622
Share premium account		211,569	211,569	211,569
Capital redemption reserve		70	29	5
Other reserve		446,920	449,909	451,809
Capital reserve		(160,979)	(116,378)	(189,100)
Revenue reserve		<u>12,148</u>	<u>7,248</u>	<u>8,636</u>
Total equity shareholders' funds		<u>516,285</u>	<u>558,975</u>	<u>489,541</u>
Net asset value per Ordinary Share	6	<u>78.73p</u>	<u>84.72p</u>	<u>73.93p</u>

Cash Flow Statement

	Six months ended 30.09.12 unaudited £'000	Year ended 31.03.12 audited £'000	Six months ended 30.09.11 unaudited £'000
Operating activities			
Cash inflow from investment income	11,199	11,063	9,365
Cash inflow from derivative income	892	508	313
Cash inflow from other income	2	11	6
Cash outflow from directors' fees	(75)	(146)	(72)
Cash outflow from other payments	(5,361)	(9,933)	(3,358)
Cash outflow from purchase of investments	(236,058)	(613,873)	(423,838)
Cash outflow from the cost of derivatives	(13,561)	(13,711)	(8,634)
Cash inflow from sale of investments	226,718	554,516	352,033
Cash inflow from the proceeds of derivatives	16,817	34,528	27,011
Cash outflow from amounts held at futures clearing houses and brokers	(4,100)	(642)	(2,442)
Net cash outflow from operating activities before servicing of finance	(3,527)	(37,679)	(49,616)
Servicing of finance			
Cash outflow from interest on bank loans	(875)	(1,594)	(480)
Net cash outflow from operating activities and servicing of finance	(4,402)	(39,273)	(50,096)
Financing activities			
Cash inflow from the issue of Ordinary Shares	-	6,984	6,984
Cash outflow from the repurchase of Ordinary Shares	(3,505)	(1,345)	(423)
Cash inflow from bank loans	-	30,223	34,002
Cash outflow from dividends paid to shareholders	(4,934)	(1,656)	(1,656)
Net cash (outflow)/inflow from financing activities	(8,439)	34,206	38,907
Decrease in cash and cash equivalents	(12,841)	(5,067)	(11,189)
Cash and cash equivalents at the beginning of the period	20,123	25,184	25,184
Effect of foreign exchange movements	(74)	6	(2,563)
Cash and cash equivalents at the end of the period	7,208	20,123	11,432

Notes to the Financial Statements

1 ACCOUNTING POLICIES

The Interim Financial Statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The accounting policies adopted in the preparation of the Interim Financial Statements are the same as those applied in the Company’s Annual Report for the year ended 31 March 2012.

	Six months ended 30.09.12 unaudited £’000	Year ended 31.03.12 audited £’000	Six months ended 30.09.11 unaudited £’000
2 INCOME			
Income from investments designated at fair value through profit or loss			
Overseas dividends	11,924	11,145	10,362
Overseas scrip dividends	373	1,252	929
UK dividends	69	515	-
UK scrip dividends	102	-	-
	<u>12,468</u>	<u>12,912</u>	<u>11,291</u>
Other income			
Deposit interest	<u>2</u>	<u>9</u>	<u>4</u>
Net derivative income			
Dividends received on long CFDs	1,010	1,064	550
Interest paid on long CFDs	(160)	(390)	(143)
Interest received on short CFDs	-	10	-
Dividends paid on short CFDs	(15)	(134)	-
	<u>835</u>	<u>550</u>	<u>407</u>
Total income	<u>13,305</u>	<u>13,471</u>	<u>11,702</u>

Notes to the Financial Statements

	Six months ended 30.09.12 unaudited	Year ended 31.03.12 audited	Six months ended 30.09.11 unaudited
3 EARNINGS/(LOSS) PER ORDINARY SHARE			
Revenue earnings per Ordinary Share	1.49p	0.99p	1.20p
Capital loss per Ordinary Share	(6.78p)	(20.33p)	(31.30p)
Total loss per Ordinary Share	(5.29p)	(19.34p)	(30.10p)

The revenue, capital and total earnings/(loss) per Ordinary Share are based on the net profit/(loss) after taxation in the period divided by the weighted average number of Ordinary Shares in issue during the period, as shown below:

	Six months ended 30.09.12 unaudited £'000	Year ended 31.03.12 audited £'000	Six months ended 30.09.11 unaudited £'000
Revenue net profit after taxation	9,834	6,573	7,961
Capital net loss after taxation	(44,601)	(134,566)	(207,288)
Total net loss after taxation	(34,767)	(127,993)	(199,327)
Weighted average number of Ordinary Shares in issue	657,844,644	661,971,830	662,189,453

	Six months ended 30.09.12 unaudited £'000	Year ended 31.03.12 audited £'000	Six months ended 30.09.11 unaudited £'000
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4 DIVIDEND

Dividend paid

Final dividend paid of 0.75 pence per Ordinary Share for the year ended 31 March 2012 (period ended 31 March 2011: 0.25 pence)

	4,934	1,656	1,656
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No dividend has been declared for the six month period to 30 September 2012.

Notes to the Financial Statements

	Six months ended 30.09.12 unaudited		Year ended 31.03.12 audited		Six months ended 30.09.11 unaudited	
	Shares	£'000	Shares	£'000	Shares	£'000
5 SHARE CAPITAL						
Issued, allotted and fully paid Ordinary Shares of 1 penny each						
Beginning of the period	659,754,480	6,598	656,404,480	6,564	656,404,480	6,564
Issue of Ordinary Shares	-	-	6,250,000	63	6,250,000	63
Repurchase of Ordinary Shares	(4,025,000)	(41)	(2,900,000)	(29)	(450,000)	(5)
End of the period	655,729,480	6,557	659,754,480	6,598	662,204,480	6,622

6 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is based on net assets of £516,285,000 (31 March 2012: £558,975,000 and 30 September 2011: £489,541,000) and on 655,729,480 (31 March 2012: 659,754,480 and 30 September 2011: 662,204,480) Ordinary Shares, being the number of Ordinary Shares in issue at the period end.

7 UNAUDITED FINANCIAL STATEMENTS

The results for the six month periods ended 30 September 2012 and 30 September 2011, which are unaudited, constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures and financial information for the year to 31 March 2012 are extracted from the latest published Financial Statements, on which the Independent Auditor gave an unqualified report, and they have been delivered to the Registrar of Companies.

BOARD OF DIRECTORS

John Owen CMG MBE DL (Chairman)
Nicholas Bull FCA (Senior Independent Director)
David Causer FCA (Chairman of the Audit Committee)
The Hon. Peter Pleydell-Bouverie DL (Chairman of the Investment Committee)
Elisabeth Scott
Andrew Wells

INVESTMENT MANAGER

FIL Investment Management (Hong Kong) Limited
Level 21
Two Pacific Place
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Hong Kong

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INDEPENDENT AUDITOR

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Chartered Accountants and Registered Auditor
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London
EC2P 2YU

BANKERS AND CUSTODIAN

JPMorgan Chase Bank (London Branch)
125 London Wall
London
EC2Y 5AJ

REGISTRARS

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

LAWYERS

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Information for Investors

CONTACT INFORMATION

Private investors: call free on 0800 41 41 10, 9am to 6pm, Monday to Saturday.

Financial advisers: call free on 0800 41 41 81, 8am to 6pm, Monday to Friday.
www.fidelity.co.uk/its

Existing shareholders who have a specific query regarding their holding or need to provide update information, for example a change of address, should contact the appropriate administrator.

Holders of ordinary shares

Capita Registrars, Registrars to Fidelity China Special Situations PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
Telephone: 0871 664 0300
(calls cost 10p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday)
Email: ssd@capitaregistrars.com.
Details of individual shareholdings and other information can also be obtained from the Registrars' website: www.capitaregistrars.com

Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, PO Box 24035, 12 Blenheim Place, Edinburgh EH7 9DD.
Telephone: 0845 358 1107 (calls to this number are charged at 3.95p per minute from a BT landline. Other telephone service providers' costs may vary).

Fidelity ISA investors

Fidelity, using the freephone numbers given above, or by writing to: UK Customer Service, Fidelity Investments, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

General enquiries should be made to FIL Investments International, the Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.
Telephone: 01732 36 11 44
Fax: 01737 83 68 92
www.fidelity.co.uk/its

FINANCIAL CALENDAR

- 30 September 2012** – Interim period end
- November 2012** – announcement of Interim results
- Beginning of December** – publication of Interim Financial Report
- 31 March 2013** – financial year end
- June 2013** – publication of Annual Report
- July 2013** – Annual General Meeting

FURTHER INFORMATION

The Fidelity Individual Savings Account (“ISA”) is offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by FIL Investments International. Both companies are authorised and regulated by the Financial Services Authority. The Fidelity Investment Trust Share Plan is administered by The Bank of New York Mellon and shares will be held in the name of The Bank of New York Nominees Limited.

The value of savings and eligibility to invest in an ISA will depend on individual circumstances and all tax rules may change in the future. Fidelity investment trusts are managed by FIL Investments International. Fidelity only gives information about its own products and services and does not provide investment advice based on individual circumstances. Should you wish to seek advice, please contact a Financial Adviser.

Please note that the value of investments and the income from them may fall as well as rise and the investor may not get back the amount originally invested. Past performance is not a guide to future returns. For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than other more developed markets.

Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may already have been acted upon by Fidelity.

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The content of websites referred to in this document do not form part of this Interim Financial Report.

Warning to Shareholders

SHARE FRAUD WARNING

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Services Authority (FSA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the FSA Register at www.fsa.gov.uk/fsaregister to ensure they are authorised.
3. Use the details on the FSA Register to contact the firm.
4. Call the FSA Consumer Helpline on **0845 606 1234** if there are no contact details on the Register or you are told they are out of date.
5. Search the FSA's website list of unauthorised firms and individuals to avoid doing business with.
6. **REMEMBER: if it sounds too good to be true, it probably is!**

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FSA using the share fraud reporting form at www.fsa.gov.uk/scams, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0845 606 1234**.

If you have already paid money to share fraudsters you should contact Action Fraud on

0300 123 2040



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