

Fidelity Asian Values PLC

Annual Report

For the year ended 31 July 2013



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Objective and Highlights



To achieve long term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan)

Mr Hugh Bolland
Chairman

Performance (year to 31 July 2013)

Net Asset Value ("NAV") Total Return – undiluted	+18.4%
Ordinary Share Price Total Return	+16.8%
MSCI All Countries Far East ex Japan Index (net) Total Return – in UK sterling terms	+12.0%

As at 31 July 2013

Equity Shareholders' Funds	£155.8m
Market Capitalisation	£138.4m
Ordinary shares of 25p in issue	67,680,213

Standardised Performance (Total Return %)

	01/08/2012 to 31/07/2013	01/08/2011 to 31/07/2012	01/08/2010 to 31/07/2011	01/08/2009 to 31/07/2010	01/08/2008 to 31/07/2009
NAV – undiluted	+18.4	-14.3	+19.3	+27.8	+15.7
NAV – diluted	n/a	-12.3	+16.3	+27.7	n/a
Ordinary share price	+16.8	-12.6	+15.3	+24.3	+20.6

Sources: Fidelity and Datastream
Past performance is not a guide to future returns

Financial Summary

	2013	2012	% change
Assets at 31 July			
Total portfolio exposure ¹	£167.4m	£123.8m	+35.2
Shareholders' funds	£155.8m	£117.1m	+33.0
NAV per ordinary share – undiluted	230.24p	195.40p	+17.8
NAV per ordinary share – diluted ²	n/a	194.70p	
Gearing ³	7.4%	5.7%	
Stockmarket data at 31 July			
Ordinary share price at year end	204.50p	176.00p	+16.2
Year high	216.00p	207.00p	
Year low	171.25p	161.00p	
Discount to NAV at year end – undiluted	11.2%	9.9%	
Year high	13.9%	13.6%	
Year low	8.9%	2.6%	
Results for the year ended 31 July			
Revenue return per ordinary share – undiluted	1.05p	1.45p	
Capital return/(loss) per ordinary share – undiluted	40.01p	(34.99p)	
Total return/(loss) per ordinary share – undiluted	41.06p	(33.54p)	
Dividend per ordinary share proposed for the year	1.10p	1.00p	
Total returns (includes reinvested income) for the year ended 31 July (%)			
NAV per ordinary share – undiluted	+18.4%	-14.3	
Ordinary share price	+16.8%	-12.6	
MSCI All Countries Far East ex Japan Index (net) ⁴	+12.0%	-6.6	
Ongoing charges for the year to 31 July ⁵	1.55%	1.46%	

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

2 There was no diluted net asset value per ordinary share at 31 July 2013 because there were no longer any subscription shares in issue at that date. At 31 July 2012 there was dilution because there were subscription shares in issue and the NAV per ordinary share was higher than the exercise price of the rights attached to those subscription shares

3 Total portfolio exposure in excess of shareholders' funds

4 Total return, in UK sterling terms

5 Ongoing charges (excluding finance costs and taxation) as a percentage of average net asset values for the reporting year (prepared in accordance with methodology recommended by the Association of Investment Companies)

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Chairman's Statement

PERFORMANCE

In the year to 31 July 2013, the Net Asset Value ("NAV") per share of the Company increased by 18.4%, compared to a rise of 12.0% in the Benchmark Index (the MSCI All Countries Far East ex Japan Index (net)). The ordinary share price of the Company rose by 16.8% over the year, with the discount widening from 9.9% to 11.2%. (All figures in UK sterling terms and on a total return basis.)

INVESTMENT BACKGROUND

Rising confidence about growth in the US, easing concerns about the sovereign debt crisis in Europe and the smooth political transition in China boosted global equities over the review period. Developed markets recovered sharply and global growth expectations were boosted by a series of positive data releases, mainly in the US. Meanwhile, the new government in Japan unveiled a series of fiscal and monetary stimulus measures, which fuelled investor optimism. As a result, Far East excluding Japan equities advanced over the year but lagged their developed market peers. From a sector perspective, defensively positioned utilities and health care stocks surged as investors sought protection from a rise in volatility. The financials and information technology sectors also gained. Consumer discretionary also performed well, mainly on the back of healthy earnings growth and an optimistic outlook. On the other hand, concerns about a slowdown in China and the resulting lack of growth in demand hurt the energy and materials sectors.

On the economic front, growth expectations for countries in the Asia Pacific region have moderated as uncertain macro-economic environment continues to weigh on exports. Besides weak global demand, measures to rein in government spending and rising property prices led to slower-than-expected growth in China. Premier Li Keqiang set a 7.0% growth floor to achieve long term goals, raising hopes that authorities may intervene to support the economy. China also unveiled fiscal stimulus measures, including tax breaks for small companies, reduced fees for exporters and opening up of railway construction. Furthermore, the People's Bank of China removed controls on lending rates in a step towards interest rate liberalisation.

OUTLOOK

Asian economies are not immune to the economic crisis in developed markets. However, with the increased role played by domestic consumption, economies across the Far East excluding Japan region are poised to deliver stronger growth relative to the rest of the world. This is likely to be fuelled by rising wages and institutional reforms that encourage consumption such as pension and tax reforms. China's economy seems to have lost some momentum. But the country's new leadership is likely to focus on expanding domestic demand, revitalising private sectors and speeding up the transformation of the country's economic growth model. Authorities have already started addressing income inequality, promoting wage growth and improving the social security net since the start of the 12th Five Year Plan in 2011. The impact of these reforms is likely to be felt in a broad range of sectors. The policy environment in the rest of the region remains supportive. Moreover, factors driving structural growth, such as favourable demographics, a focus on infrastructure building and stable

government finances are likely to fuel a multi-year expansion cycle. Against this backdrop, Asia continues to offer compelling investment opportunities in quality companies at attractive valuations.

SUBSCRIPTION SHARES

The right of subscription shareholders to subscribe for ordinary shares expired on 31 May 2013. All of the 11.5m subscription shares outstanding at the beginning of the year were either exercised prior to the final subscription date or subsequently by a trustee. Since their issue in 2010, the subscription shares have raised a total of £23.3m for the Company. Further details on the subscription shares may be found in the Directors' Report on page 17 and in Note 14 on page 42.

SHARE REPURCHASES

Purchases of ordinary shares for cancellation are made at the discretion of the Board and within guidelines set from time to time by the Board in light of prevailing market conditions. Share repurchases will only be made when they will result in an enhancement to the net asset value of ordinary shares for remaining shareholders. Details of ordinary shares repurchased for cancellation during the year are outlined in Note 14 on page 42. In the year under review a total of 3,693,000 ordinary shares were repurchased for cancellation.

DIVIDEND

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Directors recommend a final dividend of 1.10 pence per ordinary share (2012: one penny). This dividend will be payable on 6 December 2013 to shareholders on the register at close of business on 11 October 2013 (ex-dividend date 9 October 2013). As the Company's objective is long term capital growth, any revenue surplus is a function of a particular year's business and it should not be assumed that dividends will continue to be paid in future.

GEARING

At the General Meeting held on 28 November 2012, shareholders approved a change to the Company's investment policy to permit the use of Contracts For Difference ("CFDs"). The ability to use CFDs has increased gearing flexibility and adds to the range of options available to the Board and the Manager in changing market conditions.

The costs of using CFDs in the manner proposed by the Board and the Manager are currently lower than the costs involved in traditional gearing. Accordingly the Company repaid and cancelled the US\$15,000,000 loan facility with Scotiabank Europe PLC on 28 February 2013. Under the investment policy the level of borrowing, whether through bank loans or CFDs, will not exceed 30% of the value of net assets at the time it was incurred. At 31 July 2013 the level of gearing was 7.4% (2012: 5.7%).

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The Alternative Investment Fund Managers Directive ("AIFMD") is a European Directive that affects many investment funds, including the Company, which are managed or promoted within the European Union. The AIFMD was implemented with effect from 22 July 2013, although it has been confirmed

Chairman's Statement

that the Financial Conduct Authority will permit a transitional period of one year. The AIFMD will require the manager of an investment trust to be authorised as an Alternative Investment Fund Manager ("AIFM") and to appoint a Depository. Notwithstanding these changes, the Board has been advised that the AIFMD is unlikely to have any material effect on the services provided by, or to, the Company. Whilst the Company will incur additional expenses in order to comply with the AIFMD, current indications are that these are unlikely to be material.

THE BOARD

In line with the policy of periodically refreshing the composition of the Board, Kathryn Matthews will step down from the Board at the Annual General Meeting to be held on 29 November 2013. Kathryn has made an outstanding contribution to the Company during her tenure. The depth of her knowledge of both Asia and the investment industry has proved invaluable and I am sure you would wish to join me in expressing our gratitude for her service to the Company.

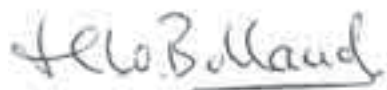
The Board is pleased to welcome Grahame Stott as a new member of the Board with effect from 24 September 2013. Mr Stott is a qualified actuary and brings a wealth of consultancy experience gained from developing professional services firms. He spent 20 years at Watson Wyatt in Hong Kong and became the regional director for 12 countries across Asia Pacific.

CONTINUATION VOTE

In accordance with the Articles of Association of the Company, the Company is subject to a continuation vote every five years. The next continuation will take place at the Annual General Meeting in 2016.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Friday, 29 November 2013 at Fidelity's offices at 25 Cannon Street, London EC4M 5TA (St Paul's or Mansion House tube stations) commencing at 11.00 am. All shareholders and Fidelity Savings Plan and ISA Scheme investors are invited to attend. The Portfolio Manager will be making a presentation on the year under review and the immediate prospects for the Company.



Mr Hugh Bolland

Chairman
30 September 2013

Manager's Review



FIL INVESTMENTS INTERNATIONAL

The Company is managed by FIL Investments International (which is authorised and regulated by the Financial Conduct Authority), in conjunction with FIL Investment Management (Hong Kong) Limited. Both are part of the FIL Limited group, which, as at 30 June 2013, had total assets under management exceeding £160 billion.



JOHN LO

has been the Company's Portfolio Manager since 1 October 2001. He joined Fidelity in 1993 having worked previously as a consultant with General Portfolio until 1991 and then with Ernst and Young. He gained an MBA (distinction) at Manchester Business School in 1993. John is country head of equity investments with FIL Investment Management (Singapore) Limited and is also involved with the portfolio management of a number of funds investing in Asia.

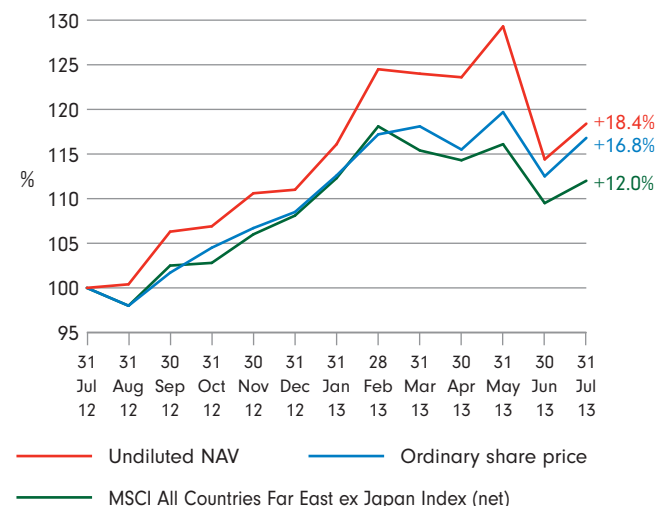
Equities in the Far East excluding Japan region advanced over the twelve month review period on the back of policy stimulus measures unveiled globally. China eased its monetary policy and announced infrastructure spending plans, whilst central banks in the US, Europe and Japan extended their asset purchase programmes to spur growth. However, as the growth outlook in the US improved, the Federal Reserve indicated that it could start scaling back its quantitative easing measures over the next 12-18 months. Concerns about slower growth and a temporary spike in intra-day bank rates in China compounded investor concerns about liquidity in global markets. Consequently, equities relinquished some of their initial gains, but ended the period with double digit returns.

Exporters in Taiwan and Hong Kong were the largest gainers during the period, stoked by expectations of improved demand from western economies. Solid performance in Thailand and the Philippines was underpinned by strong economic data, although Thailand's GDP data weakened in 2013. The Philippines' economy, meanwhile, rose from strength to strength. Benign inflation, stronger domestic activity, good fiscal scenario, remittances and institutional reforms supported growth. China's stock market remained resilient as authorities exhibited increased sensitivity to downside risks to the country's near term growth. In contrast, Korean equities were downgraded on the back of a weaker yen due to fears of an adverse impact on trade, although volumes at Korean companies continued to rise. The Indonesian market also suffered on account of the rising trade deficit.

At a sector level, health care and utilities advanced significantly. Information technology ("IT") stocks in Taiwan gained due to an improved outlook, whilst internet companies benefited from increased monetisation of services. Meanwhile, materials tracked commodity prices lower and energy stocks disappointed.

On the economic front, manufacturing data undermined the region's growth outlook. Against this backdrop, central banks in Korea and Thailand reduced their policy rates to boost demand. Korea and Taiwan also unveiled stimulus measures to support

Total return performance for the year to 31 July 2013



Sources: Fidelity and Datastream

Past performance is not a reliable indicator of future results

the economy. Elsewhere, China's first quarter GDP growth missed estimates due to a slowdown in consumption, whilst industrial production disappointed.

PORTFOLIO REVIEW

The Company outperformed its Benchmark Index over the review period, with the undiluted net asset value rising by 18.4% against the Index return of 12.0% (on a total return basis). Both security selection and sector allocation contributed to performance. Notably, selected holdings in China and Hong Kong added value as the region continued to witness moderate growth.

The overweight stance in the consumer discretionary sector helped returns. Power tools and floor care equipment producer Techtronic Industries surged on the back of positive housing data in the US and expectations of margin expansion driven

Manager's Review

by new products. Travel accessories manufacturer Samsonite International benefited from increased travel. The company has attractive growth prospects in Asia and is expanding its market share in developed markets. Likewise, a position in Hotel Shilla, a company that owns duty free shops in Korea, benefited from higher spending by Chinese tourists.

The positioning in the IT sector, particularly software and services, added value. Tencent Holdings was buoyed by profit growth which surpassed expectations due to robust online games and advertising performance. A high-conviction stake in SouFun Holdings, which provides marketing, listing, technology and information consultancy services to the real estate and home furnishing sectors in China, surged given an improvement in the property market. The company also delivered strong quarterly growth. The overall allocation to the real estate sector also enhanced gains. Notably, the bias towards property landlord Wharf Holdings boosted performance. The company reported better-than-expected profits on the back of rental recovery in retail and a continuous influx of Chinese shoppers.

Within industrials, the exposure to machinery manufacturer Sarin Technologies surged after its quarterly results beat estimates and recurring revenue grew as a share of earnings. I expect the holding to continue to add value given its dominant position in the diamond processing industry. Shares in dry bulk shipping company Pacific Basin Shipping rose in anticipation of a recovery in shipping rates and for its excellent management team. Elsewhere, the stake in telecommunications company LG Uplus advanced following a strong improvement in its quarterly earnings, driven by excellent growth in revenue per user and market share gains in wireless services.

On a less positive note, the positioning in the consumer sector disappointed. The exposure to Korean cosmetics manufacturers, including Korea Kolmar, weighed on performance due to slowing growth in the cosmetics market. Personal items producer Genic succumbed to an earnings miss, whilst LG Household and Healthcare underperformed amid lacklustre results. Within the healthcare sector, the stake in CU Medical Systems slid as a larger-than-expected decline in exports hurt its earnings. An overweight stance in Australia-based pharmaceuticals producer Acrux also lost ground as its overall earnings disappointed. However I have retained the position because of its increasing market share and higher net sales.

POSITIONING

Overall, I favour companies with robust fundamentals and attractive growth strategies. The portfolio continued to focus on companies that are leaders in their fields, a trait that is reflected by their high and growing market shares and pricing power. Companies with management teams that have a proven track record of managing the business through extreme cycles are preferred. Typically, these companies tend to outperform during downturns and are likely to emerge in a stronger position once markets and economies normalise.

Within the IT sector, the Company continues to maintain a number of positions in global leaders. New holdings were

initiated in touch screen panel producer TPK Holdings and Powertech Technology, which tests, packages and assembles integrated circuits. A large stake in SouFun Holdings was also retained on growth expectations driven by its strength in managing relationships. In addition, the exposure to Taiwan Semiconductor Manufacturing was retained for its defensive earnings and high dividend yields, but the holding in Tencent was trimmed following a good run in the stock.

Consumer discretionary exposure was realigned to reflect investment theses that reached fruition and new opportunities arising. The Company took advantage of a fall in valuations to introduce a new holding in the consumer discretionary sector, mainly at the expense of a stock that had reached its target valuation. For instance, shares were bought in Hong Kong-based jewellery retailer Luk Fook Holdings for its robust balance sheet and attractive valuations. The company should also benefit from its asset-light licensing model as it expands into China. Shares were also purchased in Macau-based casino operator SJM Holdings, whilst the position in Li & Fung was sold due to an uncertain outlook. Meanwhile, the positions in Hana Tour Service and Focus Media were sold after they registered good gains.

A number of Malaysian holdings were initiated given the availability of high-quality companies at attractive valuations and strong structural tailwinds. This included an enhanced exposure to the financial and industrial sectors. The underweight position in the financial sector was narrowed as the Company purchased a holding in Malaysia-based real estate manager Mah Sing Group and increased the exposure to CIMB Group and Alliance Financial Group. Despite these acquisitions, the portfolio remains underweight in the financial sector. The bias against financials mainly stems from an underweight stance towards large Chinese banks. I believe that as the system is de-regulated, companies will have access to other forms of capital, including international bond markets. Over time, this will erode state-owned banks' share of the money lending market and lead to a decline in their pricing power.

Exposure to the industrials sector was increased to an overweight stance by adding high quality stocks with high visibility of earnings. The Company's allocation to Sarin Technologies and Daelim Industrial was enhanced over the period. Elsewhere, the underweight stance in energy was increased against the backdrop of strong macroeconomic headwinds and limited earnings growth potential.

OUTLOOK FOR THE REGION

Overall upbeat economic prospects bode well for Asian equities. In China, authorities are not just focused on boosting long term growth through structural reforms, but are also committed to preserving near term growth at healthy levels. Meanwhile, the pace of economic expansion in Asian countries will remain attractive compared to the developed world given solid structural growth drivers. Moreover, corporates in the region are in good shape and equity valuations are fairly attractive. Notwithstanding near term volatility arising from the potential scaling back of quantitative easing measures in the

Manager's Review

US, there are opportunities to selectively build positions in high quality businesses for the longer term.

Whilst volatility has risen, I believe that markets have been increasingly driven by fundamentals rather than sector or asset allocation. Despite shorter term issues, it is considered that a continued focus on reforms, notably in China, is positive for the region. Over the long term, a sustained structural shift in favour of domestic consumption should continue to underpin growth in Asia. Furthermore, most Asian nations have the ability to use counter-cyclical fiscal and monetary policies to support their economies.

John Lo

Portfolio Manager
30 September 2013

Ten Largest Investments

as at 31 July 2013

Ten Largest Investments, including long CFDs (the Full Portfolio Listing is set out on pages 51 and 52)		Exposure £'000	Fair Value ¹ £'000	Total Exposure ² %
CHINA	Tencent Holdings³ Provides internet, mobile and telecommunications, value-added services. It has an instant messaging community in China and provides messaging services.	7,581	5,882	4.5
	China Mobile Provides mobile telecommunications and related services.	5,573	5,573	3.3
HONG KONG	Techtronic Industries Manufactures and sells electrical and electronic products.	6,887	6,887	4.1
	AIA Group³ An investment holding company providing products and services to individuals and businesses for their insurance, protection, savings, investment and retirement needs.	6,390	4,678	3.8
	Wharf Holdings³ The holding company of a group with interests in property, communications, media, entertainment and logistics.	5,838	4,171	3.5
SINGAPORE	Sarin Technologies Develops, manufactures, markets and sells precision technology products for the planning, processing, evaluation and measurement of diamonds and gemstones.	5,453	5,453	3.3
SOUTH KOREA	Samsung Electronics³ Provides communication products. It operates through five business divisions: communication, semiconductor, digital media, liquid crystal display and home appliances.	10,685	2,214	6.4
	LG Household & Healthcare³ Manufactures household goods, cosmetics and beverages. Sells beauty care, dental care, laundry and cleaning products through its household division; skin care and make-up through its cosmetic division; and juice, tea, coffee and bottled water through its beverage division.	6,750	3,302	4.0
	Hotel Shilla Operates hotels and duty free shops.	5,148	5,148	3.1
TAIWAN	Taiwan Semiconductor Manufacturing Researches, develops, manufactures and distributes integrated circuit related products. Its businesses include wafer manufacture and testing, mask production and packaging components.	8,419	8,419	5.0
Ten Largest Investments (2012: 48.6%)		68,724	51,727	41.0
Other Investments – 46 (2012: 51.4%)		98,678	98,678	59.0
Total Portfolio (including long CFDs)		167,402	150,405	100.0

1 Fair value represents the carrying value in the Balance Sheet on page 33

2 % of the total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

3 Investment is via equities and long CFDs

Summary of Performance

Historical record as at 31 July	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total portfolio exposure (£m) ¹	167.4	123.8	146.2	121.8	98.1	136.4	175.1	107.5	97.8	71.4	78.7
Shareholders' funds (£m)	155.8	117.1	141.3	117.2	92.1	135.9	170.7	99.1	88.7	60.4	58.9
NAV per share – undiluted (p)	230.24	195.40	229.21	192.19	151.18	131.78	156.13	105.95	94.86	64.63	63.02
NAV per share – diluted (p) ²	n/a	194.70	223.20	191.99	n/a	n/a	156.13	104.88	94.86	64.63	63.02
Ordinary share price (p)	204.50	176.00	202.63	175.75	142.25	119.00	136.75	97.25	87.00	55.00	57.00
Subscription share price (p) ²	n/a	6.75	27.13	19.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Warrant price (p) ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.50p	6.37p	2.25p	7.75p
Discount – undiluted (%)	11.2	9.9	11.6	8.6	5.9	9.7	12.4	8.2	8.3	14.9	9.6
Discount – diluted (%) ²	n/a	9.6	9.2	8.5	n/a	n/a	12.4	7.3	8.3	14.9	9.6
Revenue return/(loss) per ordinary share – undiluted (p)	1.05	1.45	0.85	0.27	1.49	1.43	0.63	(0.06)	0.58	(0.18)	(0.36)
Dividend per ordinary share (p)	1.10	1.00	1.00	nil	1.00	0.81	nil	nil	nil	nil	nil
Cost of running the Company (Ongoing charges) (%)	1.55	1.46	1.47	1.52	1.65	1.34	1.51	1.71	1.76	1.68	1.86
Gearing (%) ³	7.4	5.7	3.5	3.9	6.5	0.3	2.5	8.5	10.2	18.2	33.6
NAV – undiluted total return (%)	+18.4	-14.3	+19.3	+27.8	+15.7	-15.6	+47.4	+11.7	+47.2	+2.6	-3.0
NAV – diluted total return (%) ²	n/a	-12.3	+16.3	+27.7	n/a	n/a	+48.9	+10.6	+47.2	+2.6	-3.0
Ordinary share price total return (%)	+16.8	-12.6	+15.3	+24.3	+20.6	-13.0	+40.6	+11.8	+58.2	-3.5	-4.6
Benchmark Index total return (%)	+12.0	-6.6	+16.3	+19.8	+11.0	-10.7	+41.3	+9.2	+41.1	+2.7	+3.2

1 The total exposure of the investment portfolio, including exposure to the investments underlying the log CFDs. The amounts prior to 2013 represent total assets less current liabilities, excluding bank loans

2 The final exercise of the warrants was in December 2006 and there was subsequently no dilution until subscription shares were issued in March 2010. The final exercise of the subscription shares was in June 2013 and there is no longer any dilution

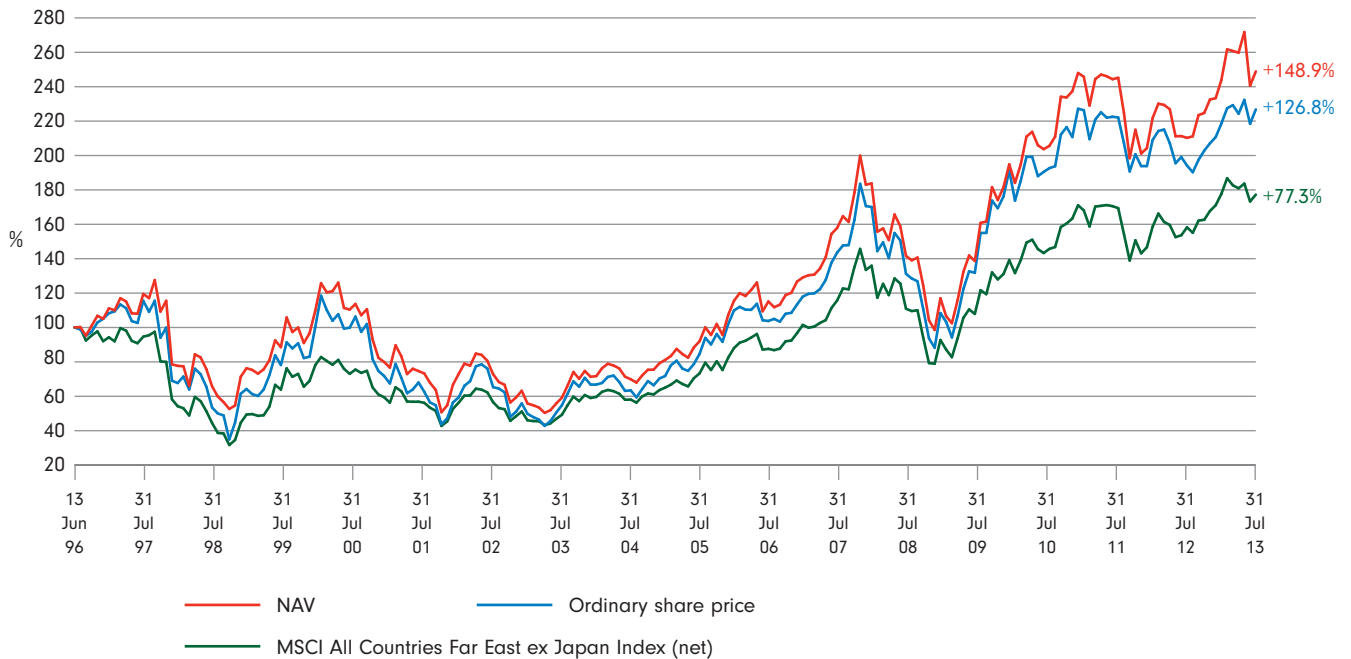
3 Total portfolio exposure in excess of shareholders' funds

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

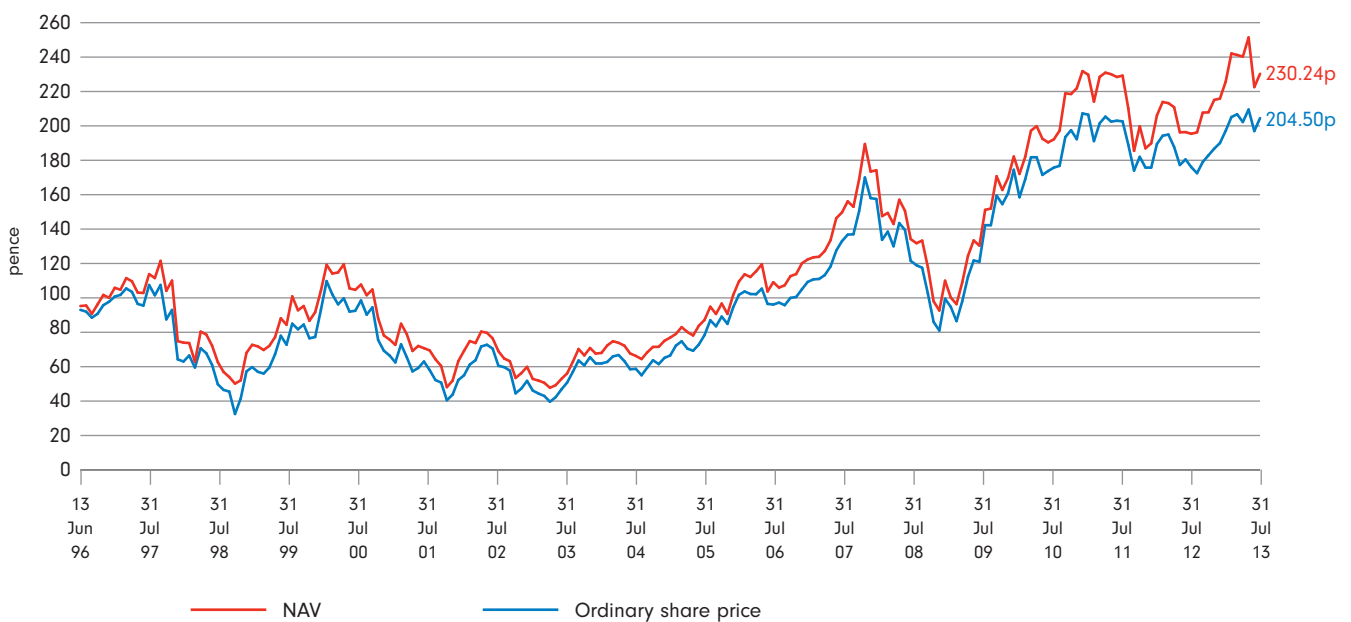
Summary of Performance

Total return performance from launch to 31 July 2013



Prices rebased to 100

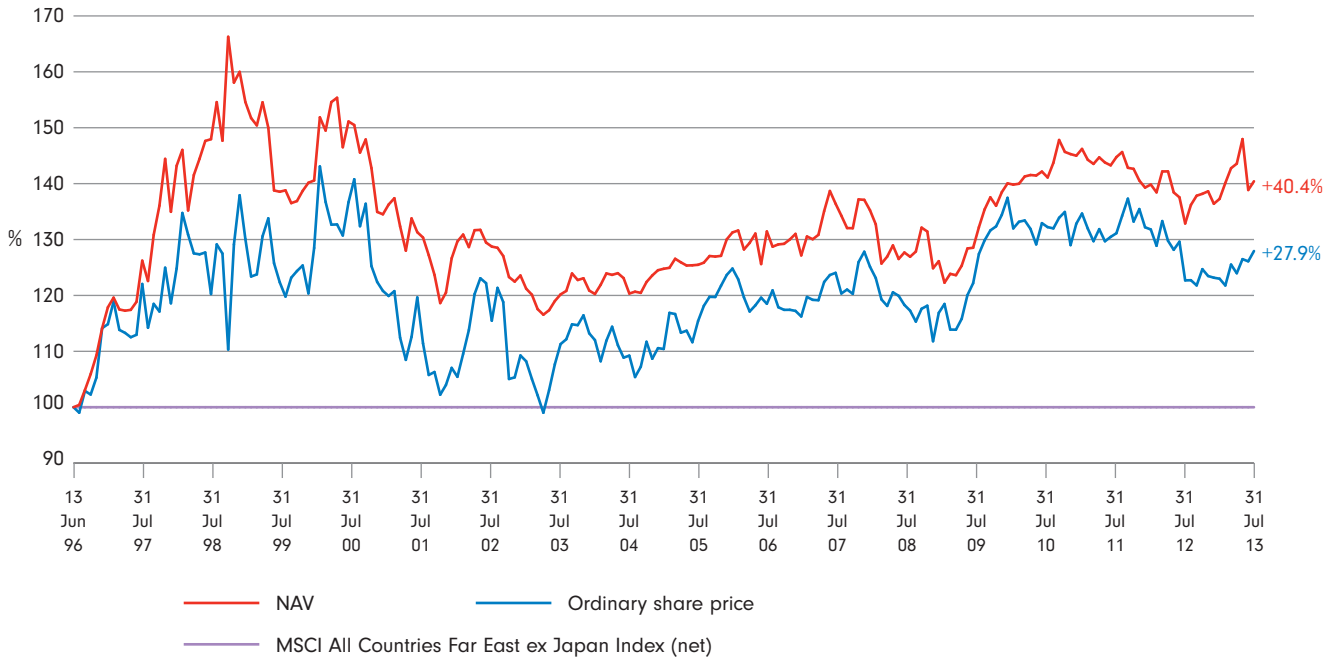
NAV and ordinary share price from launch to 31 July 2013



Sources: Fidelity and Datastream
Past performance is not a guide to future returns

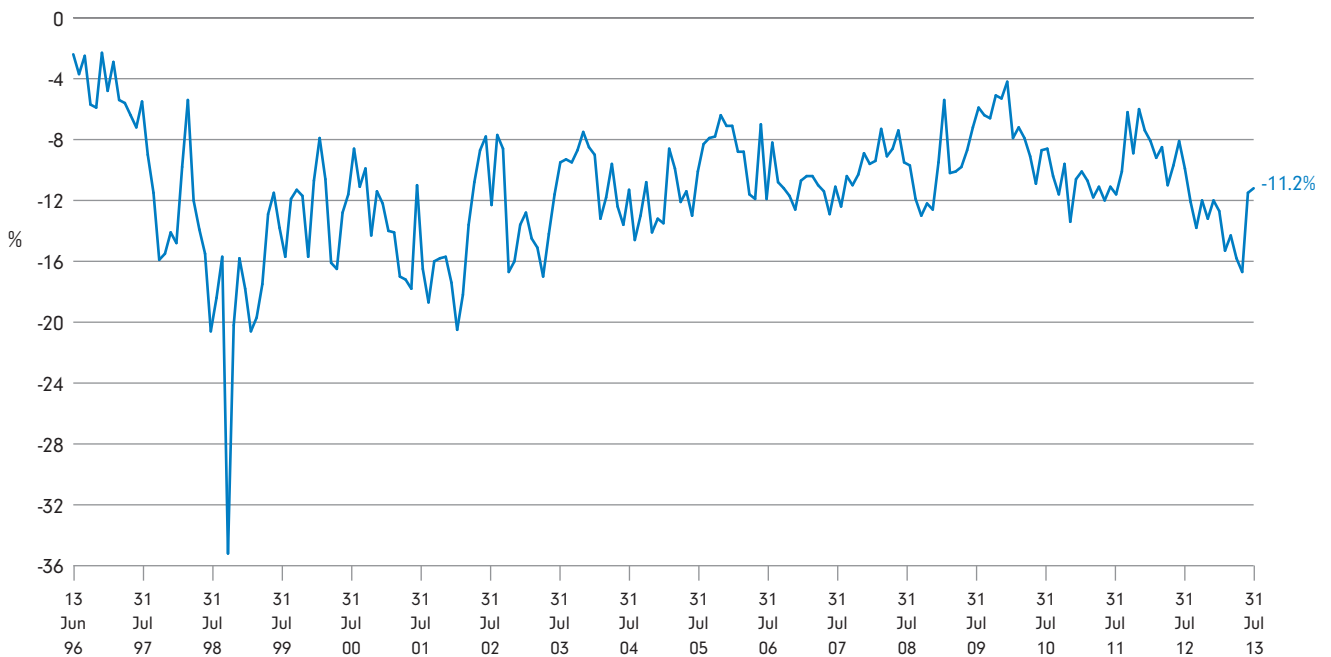
Summary of Performance

Total return performance relative to the Benchmark Index from launch to 31 July 2013



Prices rebased to 100

Ordinary share price discount to NAV from launch to 31 July 2013



Sources: Fidelity and Datastream
Past performance is not a guide to future returns

Corporate Information

Manager, Secretary and Registered Office

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP

Financial Advisers and Stockbrokers

Canaccord Genuity
88 Wood Street
London
EC2V 7QR

Independent Auditor

Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
30 Finsbury Square
London
EC2P 2YU

Bankers and Custodian

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

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Lawyers

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Speechly Bircham LLP
6 New Street Square
London
EC4A 3LX

The Company was launched on 13 June 1996 with one warrant attached to every five shares. The original subscription price for each share was £1. The Company issued one subscription share for every five ordinary shares held on 4 March 2010 (the final subscription date for the subscription shares was 31 May 2013).

The Company is a member of The Association of Investment Companies ("AIC") from whom general information on investment trusts can be obtained by telephoning 020 7282 5555 (email address: enquiries@theaic.co.uk).

PRICE INFORMATION

The market price of the ordinary shares of Fidelity Asian Values PLC appears daily in the Financial Times under the heading "Investment Companies". The ordinary share price is also published in The Times, The Daily Telegraph and The Independent and is also available at fidelity.co.uk/its.

Investors can also obtain current price information by telephoning Fidelity on 0800 41 41 10 (freephone) or by telephoning FT Cityline on 0905 817 1690, (voice activated service – all calls charged at 60p per minute on a per second basis from a BT landline. Charges for other telephone networks may vary). The Reuters code for Fidelity Asian Values PLC is FAS.L for the ordinary shares and FAS.S for the subscription shares.

NAV INFORMATION

The Net Asset Value of the Company is calculated on a daily basis and released to the London Stock Exchange.

CAPITAL GAINS TAX

Your Directors have been advised that, for the purposes of calculating an investor's possible liability to capital gains tax, the base cost of ordinary shares, acquired at the time of the Company's launch, is 93.04 pence. All UK individuals under present legislation are permitted to have £10,900 of capital gains in the current tax year 2013/2014 (2012/2013: £10,600) before being liable for capital gains tax. Capital gains tax is

charged at 18% and 28% dependant on the total amount of an individual's total taxable income.

The receipt by ordinary shareholders of the subscription shares arising from the Bonus Issue on 4 March 2010 was treated as a reorganisation of the share capital of the Company. Accordingly, the subscription shares were treated as the same asset as a shareholder's holdings of ordinary shares and as having been acquired at the same time as the shareholder's holding of ordinary shares was acquired. As a result of the Bonus Issue the shareholder's original base cost in his or her ordinary shares will be apportioned between these ordinary shares and the subscription shares by reference to their respective market values on the day on which the subscription shares were admitted to trading on the London Stock Exchange's market for listed securities, i.e. 8 March 2010.

The middle market prices of the ordinary shares and the subscription shares at 8 March 2010 were 176.75 and 27.50 pence per share respectively.

The apportioned base cost of ordinary shares is calculated by taking the actual base cost of those ordinary shares and multiplying it by a fraction. This fraction is 176.75 pence (the middle market price of the ordinary share at 8 March 2010) divided by 204.25 pence (the sum of the middle market price of the ordinary share, 176.75 pence, plus the middle market price of the subscription share, 27.50 pence).

The apportioned base cost of subscription shares is calculated by taking the actual base cost of the ordinary shares and subtracting from it the apportioned base cost of those ordinary shares, as calculated above.

On the exercise of the right to convert subscription shares into ordinary shares, the ordinary shares issued are treated as the same asset as the subscription shares that were exercised. The base cost of the ordinary shares issued is the base cost of the subscription shares exercised plus the cost of exercising those rights, which is 191.00 pence per ordinary share.

Board of Directors



Hugh Bolland¹

(Date of appointment as Director: 11.03.04; date of appointment as Chairman: 03.06.10) an economist, his 30 year career with Schroders began in 1970 after working in Australia in the financial services industry. During the 1980s he was Managing Director of Schroders Asia in Hong Kong, and then

Chief Executive of Schroders Australia. During the 1990s he was head of Schroders' UK institutional business, and later, Chief Executive of Schroder Investment Management, a business with worldwide assets under management of £110 billion. He is also Chairman of JPMorgan Indian Investment Trust plc and Brands Saints Limited.



William Knight²

(Date of appointment as Director: 09.02.05; date of appointment as Senior Independent Director: 03.06.10) is a founder member and director of Emerisque Brands Limited, an "east west" private equity management "buy-in" company. During an eighteen year period with Lloyds Bank International he worked

in project finance, was head of global syndicated lending and then head of its investment banking activities for Asia. He was a founding director of Lloyds Merchant Bank and then managing director of Lloyds Bank Fund Management. In recent years he has acted as adviser to companies and governments on investment and development strategy. He is Chairman of JPMorgan Chinese Investment Trust plc, China Chaintek United Co. Ltd and Myanmar Investments International Ltd and a director of Axis Fiduciary Ltd, Smith-Tan Phoenix Asia Fund and Ceylon Guardian Investment Trust PLC. In addition, he is a member of the Advisory Board of Homestrings Ltd.



Kate Bolsover³

(Date of appointment as Director: 01.01.10) is a director of JPMorgan American Investment Trust PLC. She is also Chairman of Tomorrow's People Trust Limited and a director of a number of affiliated companies. She worked for Cazenove Group plc and J.P. Morgan Cazenove between 1995 and 2005 where

she was managing director of the mutual fund business, and latterly director of Corporate Communications. Prior to this, her work involved business development and mutual funds experience covering countries in the Far East.



Kathryn Matthews⁴

(Date of appointment as Director: 09.02.05) retired from her executive responsibilities at Fidelity at the end of September 2009. Over sixteen years at Baring Asset Management she worked in several senior positions including head of institutional business in Europe, rising to be a main board director. She was a founding partner and Chief

Investment Officer of Santander Global Advisors. From 2000 she headed the global institutional business of AXA Investment Managers and then was an asset management consultant with Mercer Manager Advisory Services before joining Fidelity in 2003 as head of Global Equities and Portfolio Strategies. She was Chief Investment Officer Asia ex Japan equities from September 2005 until end of March 2009 and was based in Hong Kong. She is currently on a number of boards as a non executive director, including Hermes Fund Managers Limited, Rathbone Brothers plc and The Royal London Mutual Insurance Society Ltd. Mrs Matthews will step down as a Director following the Annual General Meeting to be held on 29 November 2013.



Philip Smiley²

(Date of appointment as Director: 01.01.10) is a director of the Arisaig India Fund and the Endowment Fund SPC. He is also Chairman of the PXP Vietnam Fund Limited and Chairman of the Advisory Board of the Emerging Beachfront Land Investment Fund G.P. Limited. He has 31 years of experience of working in the Asia Pacific

region, including several years with the Hong Kong Government (Civil Service Branch and then Economic Services Branch) followed by five years with the W.I. Carr Group, latterly as Managing Director of W.I. Carr (Far East) Limited in Hong Kong and group director of finance in London. Between 1991 and 2001 he served as managing director and country head of Jardine Fleming in Korea, where he was also elected Chairman of the British Chamber of Commerce, and then in Singapore, where he was appointed to the Stock Exchange Review Committee. From 2001 to 2005 he was group country chairman of Jardine Matheson in Thailand and Indochina.



Grahame Stott⁵

(Date of appointment as Director and Chairman of the Audit Committee: 24.09.13) a qualified actuary with considerable consultancy experience and insight into the intermediary market. He spent 20 years at Watson Wyatt in Hong Kong, during which time he became the regional director for 12 countries across Asia Pacific. He was

also the head of Watson Wyatt's Global Investment Consulting Business. His background is in working with fast growing listed companies. He is a non-executive Director and Chairman of the Audit Committee of both Jelf Group plc and CMB Holdings Ltd.

All the Directors are non-executive and, with the exception of Kathryn Matthews, are also independent.

¹ Chairman of the Management Engagement Committee, Nomination Committee and member of the Audit Committee

² Member of the Audit Committee, Management Engagement Committee and Nomination Committee

³ Chairman of the Audit Committee from 3 June 2010 to 24 September 2013, member of the Management Engagement Committee and Nomination Committee

⁴ Member of the Nomination Committee

⁵ Chairman of the Audit Committee, member of the Management Engagement Committee and Nomination Committee with effect from 24 September 2013

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements for Fidelity Asian Values PLC for the year ended 31 July 2013.

BUSINESS AND STATUS

The Company was incorporated in England and Wales as a public limited company on 2 April 1996 with the registered number 3183919 and commenced business as an investment trust on 13 June 1996. The Company carries on business as an investment trust and has been granted approval as such by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under that Act.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and operates as such. It is not a close company and has no employees.

BUSINESS REVIEW

INTRODUCTION

This section of the Directors' Report provides a review and description of the Company's business and describes the principal risks and uncertainties it faces. An analysis of the performance of the Company during the financial year and the position at the year end is included taking into account its objective, strategy and risks and how these are measured using Key Performance Indicators.

OBJECTIVE AND STRATEGY

The Company's objective is to enhance shareholder value through long term capital growth. The Company aims to achieve this with an actively managed portfolio of investments principally in the stockmarkets of the Asian region, excluding Japan. The Board has delegated the management of the portfolio and certain other services to FIL Investments International. The Manager seeks to achieve a capital return on the Company's total assets over the long term in excess of the MSCI All Countries Far East ex Japan Index (net) as expressed in UK sterling.

ACTIVITY

The Company pursues its objective through operating as an investment trust company. A review of the year's activities and an indication of likely future developments are given in the Chairman's Statement on pages 3 and 4 and in the Manager's Review on pages 5 to 7. The Board supports these views.

Both the objective and principal activity have remained unchanged throughout the year ended 31 July 2013.

INVESTMENT POLICY

The Company primarily invests in a diversified portfolio of companies listed on stockmarkets in the Asian Region, but investments may be made in companies listed elsewhere which, in the opinion of the Portfolio Manager, have significant interests in the Asian Region.

In order to diversify the Company's portfolio the Board has set broad guidelines for the Portfolio Manager, which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio. Investment of up to 10% of the Company's total assets less current liabilities, excluding the fixed term loan liability (referred to as total assets in this section) is permitted in any one company or other investment entity.

The Company principally invests in equities but may also invest in equity related instruments; up to 15% in convertible bonds, 10% in warrants and 35% in debt or money market instruments or money market funds. The Company may invest up to 5% of total assets of the Company in securities which are not listed on any stock exchange but the Portfolio Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future. In addition, the Company may invest up to 15% of total assets of the Company in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asian Region.

Investment in Non-Voting Depository Receipts, American Deposit Receipts, Global Deposit Receipts and Equity Linked Notes is permitted by the Board, any such investment being included in the aggregate relevant country weighting. While it is not expected that the Company will undertake any foreign exchange hedging of its portfolio, it reserves the right to do so.

The current investment approach is detailed in the Manager's Review on pages 5 to 7.

A breakdown of the current distribution of the Company's portfolio is detailed on pages 53 and 54.

The Company has the ability to use gearing when it believes that long term investment returns will exceed the cost of gearing. This gearing will be obtained through the use of borrowing and/or the use of Contracts For Difference ("CFDs") to obtain exposure to securities selected by the Manager. The effect of gearing is to magnify the consequence of market movements on the portfolio and if the portfolio value rises the NAV will be positively impacted, but if it falls the NAV will be adversely impacted. The Board is responsible for setting the guidelines for the level of gearing in the Company and reviews the position on a regular basis.

It is the policy of the Company that the aggregate exposure of the Company to equities, whether as a result of borrowings or CFDs, will not exceed the value of the total net assets of the Company by more than 30%, at the time the investment is made. Further information on gearing may be found on page 15.

FIDELITY'S INVESTMENT MANAGEMENT PHILOSOPHY, STYLE AND PROCESS

The portfolio is primarily built on a stock by stock basis following the Portfolio Manager's assessment of the fundamental value available in individual securities, with geographical weightings largely the result of stock selection, rather than macro-economic considerations. The charts and graphs provided in this Annual

Directors' Report

Report should therefore be read with this in mind. The portfolio's geographical weightings may vary significantly from the weightings within its Benchmark Index and the concentration on the identification of fundamental value in individual stocks within the Asian Region may result in investments made against prevalent trends and local conventions. The Portfolio Manager invests in securities of companies which he considers to have fundamental value.

PREMIUM/DISCOUNT MANAGEMENT: ENHANCING SHAREHOLDER VALUE

The Board seeks authority from shareholders each year to issue new shares at a premium or repurchase shares for cancellation at a discount to the net asset value. It will only use these authorities to enhance the net asset value and to protect or improve the premium/discount rating of the shares.

GEARING

It is the policy of the Company that the aggregate exposure of the Company to equities, whether as a result of borrowings or CFDs, will not exceed the value of the total net assets of the Company by more than 30%, at the time the investment is made. The Portfolio Manager is currently permitted by the Board to maintain gearing between 0% and 15% depending on the strength or weakness of the markets.

At the General Meeting held on 28 November 2012, shareholders approved a change to the Company's investment policy to permit the use of Contracts For Difference ("CFDs") for gearing purposes.

On 28 February 2013, the Company repaid the US\$15,000,000 two year revolving bank facility with Scotiabank Europe N.V. Since 1 March 2013 the Company has geared through the use of long CFDs for gearing purposes. At 31 July 2013 the Company's level of gearing was 7.4% (2012: 5.7%).

KEY PERFORMANCE INDICATORS

The Key Performance Indicators ("KPIs") used to determine the progress and performance of the Company over time and which are comparable to those reported by other investment trusts are set out below.

	2013	2012
NAV - undiluted ¹	+18.4%	-14.3%
Ordinary share price ¹	+16.8%	-12.6%
MSCI All Countries Far East ex Japan Index (net) ¹	+12.0%	-6.6%
Discount to NAV - undiluted	11.2%	9.9%
Revenue return per share - undiluted	1.05p	1.45p
Gearing	7.4%	5.7%
Ongoing charges	1.55%	1.46%

¹ Figures are calculated on a total return basis (includes reinvested income)
Source: Fidelity and Datastream

The Summary of Performance table and graphs on pages 9 to 11 indicate the historic performance of the Company since its launch relative to its Benchmark Index.

Some of the KPIs are beyond the Board's control but they are measures of the Company's absolute and relative performance and the Board monitors them regularly. Indices and ratios which assist in managing performance and compliance are regularly reviewed including the ongoing charges. Expenses themselves are reviewed at each Board meeting enabling the Board, amongst other things, to review costs and consider any expenditure outside that of its normal operations. Apart from the KPIs set out above, the Board also regularly reviews the performance of the Company against its AIC Asia Pacific excluding Japan sector of fourteen investment trusts. The principal risks and uncertainties on this page and pages 16 and 17 include descriptions of other performance indicators and their monitoring and management which are key to the business of the Company. Long term performance is also monitored and the total return performance graph on page 10 shows this information.

The Board also monitors the various factors contributing to investment results as detailed in the attribution analysis table below.

ATTRIBUTION ANALYSIS

The table below analyses the constituents of the growth in the Company's NAV during the year.

Analysis of change in NAV during the year (pence per share)	
NAV (undiluted) as at 31 July 2012	195.40
Impact of:	
Benchmark Index (net)	+23.51
Tax on Index dividends	+0.61
Stock selection	+22.74
Gearing	+2.94
Repurchase of ordinary shares	+2.57
Issue of ordinary shares on the exercise of subscription shares	-10.75
Charges	-3.42
Cash and residual	-3.36
NAV (undiluted) as at 31 July 2013	230.24

PRINCIPAL RISKS AND UNCERTAINTIES

The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process is regularly reviewed by the Board in accordance with the Financial Reporting Council's ("FRC's") "Internal Control: Revised Guidance for Directors".

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. An internal controls

Directors' Report

report providing an assessment of risks, together with controls to mitigate these risks, is prepared by the Manager and considered by the Audit Committee.

The Board also determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

Risks identified in the matrix are:

Market risk

The Company's assets consist mainly of listed securities and the principal risks are therefore market related such as market downturn, interest rate movements, and exchange rate movements. The Portfolio Manager's success or failure to protect and increase the Company's assets against this background are core to the Company's continued success.

Risks to which the Company is exposed and which form part of the market risk category are included in Note 19 to the financial statements on pages 44 to 49 together with summaries of the policies for managing these risks. These are: market price risk (which comprises interest rate risk, foreign currency risk and other price risk); liquidity risk, counterparty risk, credit risk and derivative instruments risk.

Performance risk

The achievement of the Company's performance objective relative to the market requires the application of risk. Strategy, asset allocation and stock selection might lead to underperformance of the Benchmark Index and target. Management of these risks is carried out by the Board which, at each Board meeting, considers the asset allocation of the portfolio and the risks associated with particular countries and industry sectors within the parameters of the investment objective. The Portfolio Manager is responsible for actively managing and monitoring the portfolio selected in accordance with the asset allocation parameters and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The NAV of the Company is published each working day.

Gearing risk

The Company has the option to invest up to the total of any loan facilities or to use Contracts for Difference (CFDs) to invest in equities. The principal risk is that while in a rising market the Company will benefit from gearing, in a falling market the impact would be detrimental. Other risks are that the cost of gearing may be too high or that the term of the gearing inappropriate in relation to market conditions. The Company currently has no bank loans and geared exposure is being achieved through the use of long CFDs. Utilising long CFDs for gearing purposes can provide greater flexibility and lower costs than traditional bank loans or debentures. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate. Further details are provided in the Investment Policy on page 15.

Currency risk

The functional currency of the Company in which it reports its results, is UK sterling, however, most of its assets and its income are denominated in other currencies. Consequently, it is

subject to currency risk on exchange rate movements between UK sterling and these other currencies. It is the Company's policy not to hedge against currency risks. Borrowings on the US\$15,000,000 revolving credit facility with Scotiabank Europe NV (which was repaid on 28 February 2013) were denominated in US dollars and, therefore, the effect of US dollar exchange rate movements on assets denominated in US dollars were offset by the effect on these loans. Further details can be found in Note 19 to the Financial Statements on pages 44 to 49. At present, the currency risk is low due to the use of long CFDs.

Income – dividends risk

The Company's objective of long term capital growth relies less on income to support dividends than investment trust companies with a more income oriented target. Nevertheless, generating income to meet expenses and provide adequate reserves is subject to the risk that income generation from its investments fails to meet the level required. The Board monitors this risk through the receipt of detailed income reports and forecasts which are considered at each meeting.

Share price, NAV and discount volatility risk

The price of the Company's shares relative to the Benchmark Index and in absolute terms, as well as its discount to NAV, are factors which are not within the Company's total control. Some short term influence over the discount may be exercised by the use of share repurchases at acceptable prices. Details of repurchases during the year are included in Note 14 on page 42. The Company's ordinary share price, NAV and discount volatility are monitored daily by the Manager and considered by the Board at each of its meetings.

Tax and Regulatory Risks

A breach of Section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status, resulting in the Company being subject to tax on capital gains. A breach of other legal and regulatory rules may lead to suspension from listing on the Stock Exchange or a qualified audit report. The Board receives regular reports from the Manager confirming regulatory compliance during the year.

The Alternative Investment Fund Managers Directive ("AIFMD") is a European Directive that affects many investment funds, including the Company, which are managed or promoted within the European Union. The AIFMD was implemented with effect from 22 July 2013, although the Financial Conduct Authority will permit a transitional period of one year. The AIFMD will require the Company to appoint an Alternative Investment Fund Manager and a Depositary, which will involve additional reporting to, and monitoring by, the Company. Notwithstanding these changes, the Board has been advised that the Directive is unlikely to have any material effect on the services provided by, or to, the Company.

Operational Risks

The Company has no employees and relies on a number of third party service providers, principally the Manager, Registrar and Custodian. The Company is dependent on the Manager's control systems and those of its Custodian and Registrar, both of which are monitored and managed by the Manager in

Directors' Report

the context of the Company's assets and interests on behalf of the Board. The security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements, among other things, rely on the effective operation of such systems.

The Manager, Registrar and Custodian are subject to a risk-based programme of internal audits by the Manager. In addition, service providers' own internal controls reports are received by the Board and any concerns investigated. While it is believed that the likelihood of poor governance, compliance and operational administration by third party service providers is low, the financial consequences could be serious, including the associated reputational damage to the Company.

Other risks

A continuation vote takes place every five years. There is a risk that shareholders do not vote in favour of the continuation vote during periods when performance is poor. Further details are provided in the Chairman's Statement, in relation to the next continuation vote and a review of performance.

ENVIRONMENTAL, EMPLOYEE, SOCIAL AND COMMUNITY MATTERS

The Company is managed by FIL Investments International, has no employees and all of its Directors are non-executive, the Company's day-to-day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board fully endorses Fidelity's strong control procedures when making investments.

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. FIL Investments International is registered with the Carbon Reduction Commitment Energy Efficiency Scheme administered by the Environment Agency.

The Company's financial reports are printed by a company which has received the accreditations for its environmental awareness and further details of these may be found on the back cover of this report.

Financial reports and other publicly available documentation are also available on the Company's website www.fidelity.co.uk/ its. Details about Fidelity's own community involvement may be found on its website www.fidelity.co.uk.

DIRECTORS' REPORT – GENERAL

DIVIDEND

The Directors propose that a final dividend of 1.10 pence (2012: one penny) per ordinary share be paid on 6 December 2013 to shareholders on the register at the close of business on 11 October 2013 (ex dividend date 9 October 2013).

SHARE CAPITAL

As at 31 July 2013 the issued share capital of the Company was 67,680,213 ordinary shares (2012: 59,918,781 ordinary shares

and 11,454,432 subscription shares). Each ordinary share in issue carries one vote. Deadlines for the exercise of voting rights and details of arrangements by which someone other than the shareholder can exercise voting rights are detailed in the Notes to the Notice of Meeting on pages 57 and 58. The Company's ordinary shares have a premium listing on the London Stock Exchange.

SUBSCRIPTION SHARES

The subscription shares were listed and trading commenced in these shares on 8 March 2010. Each subscription share gave the holder the right, but not the obligation, to subscribe for one ordinary share on the last business day of each month up to the last business day in May 2013. The exercise price was 191 pence per share.

Between 1 August 2012 and 31 May 2013 (being the final exercise date) rights attaching to a total of 6,382,430 subscription shares were exercised. On 3 June 2013 the Company appointed a Final Subscription Trustee in respect of the outstanding 5,072,002 subscription shares. The Final Subscription Trustee exercised all of the outstanding subscription share on the same terms on 3 June 2013 and sold the resulting ordinary shares in the market. This brought the total number of subscription shares exercised in the year to 31 July 2013 to 11,454,432.

Details of the treatment of subscription shares for capital gains tax purposes may be found on page 12.

SHARE ISSUES

Other than the issue of ordinary shares following the exercise of the rights attaching to subscription shares detailed on this page and in Note 14 on page 42, no ordinary shares were issued during the year.

SHARE REPURCHASES

Shares may be repurchased when, in the opinion of the Directors, the discount appears high or wider than the peer group average and shares are available in the market. The principal purpose of share repurchases is to enhance the net asset value for remaining shareholders. Additionally, they address the imbalance between the supply of and demand for the Company's shares and thereby reduce the scale and volatility of the discount at which the shares trade in relation to the underlying net asset value.

At the Annual General Meeting held on 28 November 2012 the Company's shareholders passed a special resolution which granted the Directors authority to purchase up to 8,900,651 ordinary shares and 1,716,947 subscription shares in the market for cancellation. The authority expires on 29 November 2013 and a special resolution to renew the authority will therefore be put to shareholders for approval at the forthcoming Annual General Meeting.

During the reporting year 3,693,000 ordinary shares were repurchased for cancellation (2012: 1,757,500). Since the year end a further 70,000 ordinary shares have been repurchased for cancellation.

Directors' Report

PAYMENT OF CREDITORS

The Company's principal supplier is the Manager which is paid in the month following the end of each calendar quarter in accordance with the terms of the Management Agreement (see below). The Company's policy for the years to 31 July 2013 and 31 July 2014, for all suppliers, is to fix terms of payment when agreeing the terms of each business transaction, to ensure that the supplier is aware of these terms and to abide by the agreed terms of payment. The Company did not have any trade creditors at the year end (2012: nil).

MANAGEMENT COMPANY

A management and secretarial services agreement (the "Management Agreement") was agreed by the Company and FIL Investments International, (the "Manager") on 6 February 2006. The Manager has agreed to provide investment management services to the Company for a quarterly fee of an amount equal to 0.25 per cent of the value of the Company's assets under management (as defined in the Management Agreement, which excludes investments in other funds managed by the Manager). The fee is payable quarterly in arrears and calculated as of the last business day of March, June, September and December in each year. In addition the Company has agreed to pay to the Manager a fee for secretarial and administration services, payable quarterly in arrears, at the rate of £25,000 per annum subject, as from 1 January 1997, to annual indexation. For the year to 31 July 2013, £40,000 was paid in this regard (2012: £39,000).

The Management Agreement will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, it may be terminated without compensation if the Company is liquidated, pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the Agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the Management Agreement by 60 days' notice if the Manager ceases to be a subsidiary of FIL Limited.

The Manager also provides certain services, including marketing and administration, in connection with the Fidelity Investment Trust Share Plan and the Fidelity Individual Savings Account ("ISA") under an agreement dated 15 May 1996. The amount payable under this agreement for the year to 31 July 2013 was £88,000 (2012: £40,000).

The total amount due to the Manager for investment management, secretarial, marketing and administration services at 31 July 2013, which is included within other creditors in Note 13 on page 42, was £162,000 (2012: £128,000).

Fidelity actively manages commission through both commission recapture and commission sharing arrangements with "core" brokers in each trading location. Fidelity's traders are not required to deal solely or mainly with core brokers but experience has shown that because of their trading ability the majority of trades will naturally gravitate towards these core brokers who offer

the best service in terms of overall execution. In accordance with applicable law, Fidelity may use a percentage of trading commission to pay for certain independent research services that assist in the investment decision making process. This is done under commission sharing or similar arrangements. The proprietary commission recapture program allows the Company to recapture a portion of commission paid to participating brokers, where the overall commission payment to a core broker exceeds the value attributed to research paid out of commission plus the value of execution provided. Amounts received by the Company under this arrangement are included in the (losses)/gains on sales of investments in Note 9 on page 40. In the year to 31 July 2013, £14,000 (2012: £31,000) was received. Fidelity adopts a best execution policy that applies to all transactions in all instruments, regardless of the fund or account or location of the trading desk.

There is a regulatory requirement on the Manager to obtain best execution and no individual deal is entered into which prevents compliance with this requirement.

FIL Limited, the ultimate parent company of the Manager, currently has an interest of 12,187,607 ordinary shares (18.03%) in the Company via the ISA and Investment Trust Share Plan.

RESPONSIBILITY AS AN INSTITUTIONAL SHAREHOLDER AND VOTING POLICY

The Board has adopted the Manager's Principles of Ownership in relation to investments. These principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. The Manager, in its Principles of Ownership, expressly declares that it supports the FRC's Stewardship Code setting out the responsibilities of institutional shareholders and agents.

Further details of the Manager's Principles of Ownership and voting may be found at www.fidelity.co.uk.

SOCIALLY RESPONSIBLE INVESTMENT

The Manager's primary objective is to produce superior financial returns to investors. It believes that high standards of corporate social responsibility ("CSR") make good business sense and have the potential to protect and enhance investment returns. Consequently, its investment process takes social, environmental and ethical issues into account when, in its view, these have a material impact on either investment risk or return.

DIRECTORS

All Directors, except Grahame Stott who was appointed on 24 September 2013, served throughout the year ended 31 July 2013 and their biographical details are set out on page 13, which indicates their qualifications for Board membership. Any changes to the Board of Directors must be made in accordance with the Companies Act 2006 and the Company's Articles of Association. Information on the appointment, re-election and replacement of Directors and amendments to the Company's Articles of Association is included in the Corporate Governance Statement on pages 23 to 28.

Directors' Report

No Director has a contract of service with the Company and no contracts existed during or at the end of the financial period in which any Director was materially interested and which were significant in relation to the Company's business, except in relation to Kathryn Matthews who was employed by the FIL Limited group until the end of September 2009. Therefore, there have been no other related party transactions requiring disclosure under Financial Reporting Standard 8 "Related Party Disclosures".

The interests of the Directors in the Company's ordinary and subscription shares as at 31 July 2013 and 2012 are set out in the table below.

DIRECTORS AND OFFICERS' LIABILITY INSURANCE

In addition to benefits enjoyed under the Manager's global Directors and Officers' liability insurance arrangements, the Company maintains insurance cover for its Directors and Officers under its own policy as permitted by the Companies Act 2006. The Board reviews the cover and terms on an annual basis.

SUBSTANTIAL SHARE INTERESTS

At 31 July 2013 and the date of this report notification had been received that the shareholders listed below hold more than 3% of the voting rights of the Company.

Shareholder	31 July 2013 %
Fidelity ISA and Share Plan investors	17.78
City of London Investment Management	12.83
Lazard Asset Management	9.85
Wells Capital Management	3.05

DIRECTORS' SHAREHOLDINGS

	Ordinary shares held at 31 July 2013	Ordinary shares held at 31 July 2012	Subscription shares held at 31 July 2013	Subscription shares held at 31 July 2012	Changes
Hugh Bolland	19,500	17,500	-	2,000	Exercise of 2,000 subscription shares
Kate Bolsover	3,385	3,385	-	-	No change
William Knight	3,960	3,300	-	660	Exercise of 660 subscription shares
Kathryn Matthews	2,000	2,000	-	-	No change
Philip Smiley	2,500	2,500	-	-	No change
Grahame Stott	n/a	n/a	-	-	Appointed 24 September 2013

(All holdings are beneficial)

There have been no changes in the Directors' shareholdings in the Company since the year end.

Shareholder	30 September 2013 %
Fidelity ISA and Share Plan investors	17.71
City of London Investment Management	12.84
Lazard Asset Management	9.86
Wells Capital Management	3.24

Analysis of Ordinary Shareholders as at 31 July 2013	% of issued share capital
Private shareholders ¹	50.35
Mutual funds	17.01
Hedge funds	13.94
Pension funds	13.50
Insurance companies	2.99
Trading companies	2.04
Other	0.17

¹ Includes Share Plan and ISA investors

POLITICAL AND CHARITABLE DONATIONS

The Company has not made any political or charitable donations in the year (2012: nil).

Directors' Report

ANNUAL GENERAL MEETING

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

At the 2013 Annual General Meeting, resolutions will be proposed to renew the Directors' authority to allot securities in the Company. The authorities sought by these resolutions are to replace the existing powers of the Directors which expire on the date of the Annual General Meeting and will provide the Directors with the flexibility to issue further ordinary shares if they deem it appropriate to do so. By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders.

Resolution 11 provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £845,127. If passed, this resolution will enable the Directors to allot a maximum of 3,380,508 ordinary shares which represents approximately 5% of the issued ordinary share capital of the Company as at 30 September 2013.

This authority provides the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares should any favourable opportunities arise to the advantage of shareholders. If new ordinary shares are allotted for cash, the Companies Act 2006 requires such new shares to be offered to existing holders of ordinary shares ("pre-emption rights"). In certain circumstances it is beneficial for the Directors to allot shares for cash otherwise than pro rata to existing shareholders and the Companies Act 2006 provides for shareholders to give such power to the Directors by waiving their pre-emption rights.

Resolution 12 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without further specific shareholder approval, to make allotments of equity securities for cash by way of (a) rights issues and (b) other issues up to an aggregate nominal value of £845,127 (approximately 5% of the issued share capital of the Company as at 30 September 2013).

The authority to issue ordinary shares for cash under Resolution 12 will enable the Directors to issue additional new ordinary shares to participants in the Fidelity Investment Trust Share Plan and the Fidelity ISA in the event that the ordinary shares are trading at a premium to their net asset value ("NAV"). The Directors would only intend to use their power if they considered that it was in the interests of shareholders to do so.

Resolution 13 is a special resolution which renews the Directors' authority to repurchase the Company's ordinary shares for cancellation. It is proposed that the Board be authorised to make arrangements to purchase through the London Stock

Exchange up to 10,134,770 ordinary shares of 25 pence (equivalent to 14.99% of the ordinary shares in issue at 30 September 2013).

By utilising the power to repurchase ordinary shares when they are trading at a discount to NAV, the Company will increase the resulting NAV per share for remaining shareholders.

Purchases of shares will be made at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per share.

The full text of the resolutions is set out in the Notice of Meeting contained on pages 55 and 56.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 23 to 28, which forms part of this report.

AUDITOR'S RIGHT TO INFORMATION

As required by Section 418 of the Companies Act 2006, the Directors in office as at the date of approval of this Directors' Report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

Resolutions will be proposed at the forthcoming Annual General Meeting to re-appoint Grant Thornton UK LLP as Auditor to the Company and to authorise the Directors to determine the Auditor's remuneration.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 14 and 15. The financial position of the Company, its cash flows, liquidity position and gearing are described in the Financial Statements and Notes thereto on pages 31 to 50. The Company's objectives, policies and processes for managing its capital, financial risk management objectives, details of financial instruments and its exposures to credit and liquidity risk are also set out in the Business Review on pages 14 to 17 and in Notes 19 and 20 to the Financial Statements on pages 44 to 50.

The Company's assets consist mainly of securities which are readily realisable and, where outsourcing arrangements are

Directors' Report

in place, alternative service providers are readily available. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 annual financial statements.

CONTINUATION VOTE

In accordance with the Articles of Association of the Company, a continuation vote is required every five years. The next continuation vote will take place at the Annual General Meeting in 2016.

By Order of the Board
FIL Investments International
Secretary
30 September 2013

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

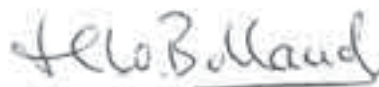
The Directors are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the Directors are also responsible for preparing a Directors' Report, including a Business Review, a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

The Directors have delegated the responsibility for the maintenance and integrity of the corporate and financial information included on the Company's section of the Manager's website www.fidelity.co.uk/its to the Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge: the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and the Directors' Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties it faces.

Approved by the Board on 30 September 2013 and signed on its behalf by



Hugh Bolland
Chairman

Corporate Governance Statement

The Company is committed to high standards of corporate governance. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company. This Corporate Governance Statement forms part of the Directors' Report.

ASSOCIATION OF INVESTMENT COMPANIES ("AIC") CODE

The Board of Fidelity Asian Values PLC has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders. The AIC Code and the AIC Guide may be found at www.theaic.co.uk

The Board is accountable to the Company's shareholders for good governance and considers that the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of Fidelity Asian Values PLC, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

THE BOARD AND ITS COMMITTEES

The Board

The Board of Directors has overall responsibility for the Company's affairs and for promoting the long term success of the Company. All matters which are not delegated through the Management and Secretarial Services Agreement are reserved for the Board's decision. These include, inter alia, decisions on strategy, management, gearing, structure, capital, share issues, share repurchases, financial reporting, risk management, investment performance, share price discount, corporate governance and communication with shareholders, Board appointments and the appointment of the Manager, the Company Secretary and other service providers. The Company's investment policy is detailed on page 14.

The Board currently consists of six non-executive Directors, five of whom are independent of the Company's Manager and are considered to be free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Kathryn Matthews will step down from

the Board at the Annual General Meeting on 29 November 2013 when the Board will then consist of five non-executive Directors.

Mr Bolland was appointed a Director on 11 March 2004 and has therefore served for more than nine years. The Board consider that a Director's tenure does not necessarily reduce his or her ability to act independently and subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. The Board considers that Mr Bolland continues to be independent in character and judgement and that there are no other relationships or circumstances which are likely to affect his judgement.

Under the terms of the AIC Code, Kathryn Matthews is considered to be a non-independent Director, however the Board considers that she is free from any business or other relationship which they feel may influence or interfere with her judgement in respect of her role as a Director of the Company. In addition, the Directors consider that she brings a wealth of relevant financial services experience to the Board.

The Board follows a procedure of notification of other interests that may arise as part of considering any potential conflicts.

Board balance

The Directors believe that the Board has an appropriate balance of skills, experience, independence, knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company. In particular the Directors have a wide knowledge and experience of fund management, investment trust management and business in Asia. Biographical details of all the Directors are given on page 13 of this report.

The Board aims to have a balance of skills, experience, length of service and knowledge of the Company. The Board carries out its candidate search from the widest possible pool of talent against a set of objective criteria on the basis of merit, with due regard for the benefits of diversity on the Board, including gender.

Senior Independent Director and Audit Committee Chairman

The Board has appointed William Knight as Senior Independent Director; in this position he fulfils the role as a sounding board for the Chairman and as intermediary for other non-executive Directors where necessary. Kate Bolsover was the Chairman of the Audit Committee from 3 June 2010 to 24 September 2013. Grahame Stott was appointed as Chairman of the Audit Committee from 24 September 2013.

Tenure Policy

The Directors of the Company are subject to annual election and re-election by the shareholders. As part of their deliberations, the Board conducts annual evaluations of each Director. The Board has a policy of reviewing the tenure of each Director annually and has agreed that an independent Director may serve for more than nine years, so long as that Director is considered by the Board to continue to be independent. The Board has a policy that a Chairman must step down after nine years in that role but may remain thereafter, an independent Director, subject to annual re-election.

Corporate Governance Statement

The names of Directors submitted for election and re-election are accompanied by sufficient biographical details on page 13 to enable shareholders to make an informed decision.

The terms and conditions of the appointment of Directors are available for inspection at the registered office of the Company and will be available prior to the forthcoming Annual General Meeting.

Board meetings

The Board meets formally at least four times a year and between these meetings there is regular contact with the

Manager. Other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred from the Board and the Chairman is in contact with the other Directors regularly without representatives of the Manager being present.

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table below gives the attendance record for the formal meetings held in the reporting year to 31 July 2013. The Board ensures that at all times it conducts its business with the interests of all shareholders in mind and in accord with its Directors' duties.

	Regular Board Meetings	Nomination Committee Meetings	Audit Committee Meetings	Management Engagement Committee Meetings
Hugh Bolland	4/4	1/1	3/3	1/1
Kate Bolsover	4/4	1/1	3/3	1/1
William Knight	3/4	1/1	3/3	1/1
Kathryn Matthews	4/4	1/1	n/a	n/a
Philip Smiley	4/4	1/1	3/3	1/1
Grahame Stott ¹	n/a	n/a	n/a	n/a

(Figures indicate those meetings for which each Director was eligible to attend and attended in the year. Regular Board meetings exclude procedural meetings held to discharge, for example, formal approvals)

¹ Appointed 24 September 2013

The Company Secretary

The Company Secretary is a corporate secretary. The appointment of the Company Secretary is a matter for the Board as a whole. The Directors have access to the advice and services of the Company Secretary through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Directors are also entitled to take independent professional advice, if necessary, at the Company's expense, in the furtherance of their duties.

Supply of Information to Directors

The Chairman is responsible for the promotion of a culture of openness and debate, for ensuring that the Directors receive accurate, timely and clear information and for ensuring that there is adequate time available for the discussion of agenda items, particularly strategic issues.

The Board receives, in due time, information in a form and of a quality appropriate to enable it to discharge its duties. The Board meeting papers are the key source of regular information for the Board, the contents of which are determined by the Board and contain sufficient information on the financial condition of the Company. Key representatives of the Manager attend each Board meeting, enabling the Board to probe further on matters of concern or seek clarification on certain issues.

The Board has delegated certain of its corporate governance responsibilities to the Audit, Management Engagement and Nomination Committees, membership of which is set out on pages 25 and 26. Key representatives of the Manager attend meetings by invitation, enabling Directors to probe further on matters of concern or to seek clarification if required.

Changes to the Board

All appointments to the Board and replacements of Directors take place in accordance with the Companies Act 2006 and the Company's Articles of Association. Whilst the independent Directors take the lead in the appointment of new Directors, any proposal for a new Director will be discussed and approved by the whole Board.

Training

Upon appointment, each Director is provided with all relevant information regarding the Company and receives training on the investment operations and administration functions of the Company, together with a summary of his or her duties and responsibilities as a Director. In addition, a new Director will receive an induction, spending some time with representatives of the Manager whereby he or she will become familiar with the various processes which the Manager considers necessary for the performance of its duties and responsibilities to the Company.

Corporate Governance Statement

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company and the Chairman reviews and agrees development and training needs with each Director. The Directors also receive regular briefings from, among others, the AIC, the Company's Auditor and the Company Secretary regarding any proposed developments or changes in law or regulations that could affect the Company and/or the Directors.

Performance evaluation

A formal and rigorous annual process for the evaluation of the Board, its Committees and its Directors is in place. The process includes regular discussion and written questionnaires and if appropriate, interviews. The performance of the Chairman is evaluated by the other Directors on an annual basis. The Company Secretary and Portfolio Manager also participate in these processes to provide all-round feedback to the Board. The results of these evaluations are discussed by the Board and the process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and action is taken on the basis of the results.

COMMITTEES

Audit Committee

The Audit Committee consists of all the independent Directors and was chaired by Kate Bolsover until 24 September 2013 when Grahame Stott was appointed as Chairman of the Audit Committee. Hugh Bolland is a member of the Audit Committee because the Board believes it to be appropriate for all the independent Directors, including the Chairman, to have such responsibility. The qualifications of the members of the Audit Committee are included in their biographies on page 13. The Committee considers that collectively its members have sufficient recent and relevant financial experience to discharge its responsibilities fully.

The Committee's authority and duties are clearly defined in its written terms of reference which are available on the Company's pages of the Manager's website (www.fidelity.co.uk/its). These duties include: responsibility for making recommendations on the appointment, re-appointment and removal of the external Auditor, discussing with the external Auditor the nature and scope of the audit and reviewing the external Auditor's quality control procedures; considering the scope of work undertaken by the Manager's internal audit department; reviewing the Company's procedures for detecting fraud; monitoring the integrity of the financial statements of the Company; reviewing the half-yearly and annual financial statements of the Company prior to their submission to the Board; and reviewing the effectiveness of the internal control system (including financial, operational and compliance controls and risk management). They also include responsibility for reviewing and monitoring the effectiveness of the audit process and the external Auditor's independence and objectivity with particular regard to the provision of non-audit services, taking into consideration relevant UK professional and regulatory requirements and by seeking appropriate disclosures and comfort from the Auditor. The provision of non-audit services is

also subject to prior Board approval. No work other than audit was carried out by the Company's Auditor during the year.

The Committee also reviews corporate governance issues, the existence and performance of all controls operating in the Company (including the adherence to Section 1159 Corporation Tax Act 2010 status), the relationship with and the performance of third party service providers (such as the registrars and custodians) and the risks associated with audit firms withdrawing from the market which is considered in the Committee's risk evaluation and planning.

The Audit Committee meets at least three times a year and with the Auditor at least once a year to review these and other appropriate matters.

Shareholders have the opportunity at each Annual General Meeting to vote on the re-appointment of the external Auditor for the forthcoming year and to authorise the Directors to determine the level of the Auditor's remuneration.

During the year ended to 31 July 2013, the Audit Committee discharged its responsibilities by, among other things:

- Reviewing the Company's draft annual and half-yearly financial statements prior to Board approval and reviewing the external Auditor's reports on the annual financial statements;
- Reviewing the appropriateness of the Company's accounting policies;
- Reviewing and approving the audit fee and reviewing any non-audit fees payable to the Company's external Auditor;
- Reviewing the external Auditor's terms of engagement including the appointment, reappointment or removal of the Auditor as appropriate;
- Reviewing the external Auditor's plan for the audit of the Company's financial statements;
- Reviewing the external Auditor's quality control procedures;
- Reviewing and monitoring the effectiveness of the external audit process and the external Auditor's independence and objectivity and the risks associated with audit firms withdrawing from the market;
- Reviewing the overall service provided by the Company's external Auditor;
- Considering the scope of work undertaken by the Manager's internal audit department;
- Considering and reconfirming that the Company does not need an internal audit function given that the Company delegates its day-to-day operations to third parties;
- Reviewing reports on risk and internal controls and reporting to the Board; and
- Reviewing the Company's custody arrangements.

The last review of alternative audit service providers took place in 2006 resulting in a change of audit firm. The Auditor's continued appointment is reviewed each year and the audit partner changes at least once every five years. There are no contractual obligations that restrict the Committee's choice of auditor.

Corporate Governance Statement

Management Engagement Committee

The Committee consists of all the independent Directors and is chaired by Hugh Bolland who is considered to be independent of the Manager. The Committee meets at least annually and reports to the Board of Directors, making recommendations where appropriate.

Details of the Management Agreement are set out in the Directors' Report on page 18.

The criteria which are taken into consideration in reviewing the performance of the Manager is set out below:

- Quality of the team – the skills and particularly the experience of the team involved in managing all aspects of the Company's business;
- Commitment of the Manager to the investment trust business generally and to the Company in particular;
- Managing the Company – in running and controlling the administration, the accounting and the company secretarial function of the Company;
- Investment management – portfolio management skills, experience and track record and other investment related considerations;
- Shareholders – shareholder consciousness and relations, discount management and commitment to the Company's goals;
- Management Agreement – consideration of fees, notice period and duties; and
- Marketing – commitment to and execution of activities designed to secure sustainable demand from prospective long term shareholders.

The Committee met on 11 June 2013 and reviewed the performance of the Manager. The Committee noted the Company's good long term performance record and the commitment, quality and continuity of the team which was responsible for the Company. The Committee concluded that it was in the interests of shareholders that the appointment of the Manager should continue.

The Committee's terms of reference are available on the Company's pages of the Manager's website (www.fidelity.co.uk/its).

Nomination Committee

The Nomination Committee consists of all the Directors (as there is no reason to exclude any Director) and is chaired by Hugh Bolland. All appointments to the Board and replacements of Directors take place in accordance with the Companies Act 2006 and the Company's Articles of Association. The Company complies with the AIC Code in respect of appointments to the Board.

There is a formal and transparent procedure for the appointment of new Directors to the Board. The Nomination Committee carries out its candidate search against a set of objective criteria, with due regard for the benefits of diversity on the Board, including gender. New Directors are appointed on

the basis of merit and this process has led to a diverse Board membership.

The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference and is responsible, amongst other things, for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies taking into account the need to maintain a balanced Board. Only the independent Directors on the Committee vote on the recommendation of candidates for appointment as new independent Directors. However, the final decision is taken by the Board as a whole. Care is taken to ensure that appointees have enough time to devote to the role. External consultants may be used to identify future potential candidates. However, the Board currently feels that due to the nature of the Company's business they have access to a sufficiently wide pool of candidates not to use external consultants. The Committee also considers whether Directors should be recommended for re-appointment by shareholders.

The Committee's terms of reference are available on the Company's pages of the Manager's website (www.fidelity.co.uk/its). Letters of appointment, which specify the terms of appointment, are issued to new Directors on appointment and include details of the time commitment required and expected duration of appointment. The terms and conditions of appointment of Directors are available for inspection at the registered office of the Company and will be available prior to the forthcoming Annual General Meeting.

The Committee met on 24 September 2013 to consider the performance and contribution to the Company of each Director and concluded that in each case they have been effective and that they continue to demonstrate commitment to their roles. Accordingly, the Committee has recommended their continued service and this has been endorsed by the Board as a whole which recommends the appointment and re-appointment of the full Board at the forthcoming Annual General Meeting to shareholders.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors explain their responsibility for preparing the financial statements in the Statement of Directors' Responsibilities on page 22. The Auditor's reporting responsibilities are set out within the Independent Auditor's Report on page 30.

The Board has a responsibility to present a balanced and understandable assessment of annual and half-yearly reports, interim management statements, other price sensitive public reports and reports to regulators, as well as to provide information required to be presented by statutory requirements. All such reports are reviewed and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Control

The Board is responsible for the Company's systems of risk management and internal control and for reviewing their

Corporate Governance Statement

effectiveness. The identification, control and evaluation of risk is assessed quarterly and a regular internal controls report is provided by the Manager. The systems of risk management and internal control are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material mis-statement or loss.

The Board has contractually delegated to external agencies, including the Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered including the control systems in operation in so far as they relate to the affairs of the Company.

The Board, assisted by the Manager, has undertaken a regular risk and controls assessment. The business risks have been analysed and recorded in a risk and internal controls report which is regularly reviewed. The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Manager, including its internal audit function and the work carried out by the Company's external Auditor, provide sufficient assurance that a sound system of internal control which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

The Audit Committee has received and reviewed the report on the effectiveness of the internal controls maintained on behalf of the Company and reviews a report from the Manager's internal audit team at least three times a year. The Chairman of the Audit Committee has direct access to the Manager's internal audit team and vice versa. The Board also receives each year from the Manager's a report on its internal controls which includes a report from the Manager's reporting accountants on the control procedures in operation around the investment management and administration processes.

By means of the procedures set out above and in accordance with the FRC's "Internal Control: Revised Guidance for Directors", the Directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and have reviewed the effectiveness of the risk management and internal control systems throughout the year ended 31 July 2013. This process continued to be in place up to the date of the approval of these financial statements and is expected to remain in place for the coming year.

Whistle-blowing procedure

Part of the Manager's role in ensuring the provision of a good service pursuant to the Management Agreement includes the ability for employees of Fidelity to raise concerns through a workplace concerns escalation policy (or "whistle-blowing procedure"). Fidelity is committed to providing the highest level of service to its customers and to applying the highest standards

of quality, honesty, integrity and probity. The aim of the policy is to encourage employees and others working for Fidelity to assist the Company in tackling fraud, corruption and other malpractice within the organisation and in setting standards of ethical conduct. This policy has been endorsed accordingly by the Board.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has to reputation and business confidence.

The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing action as appropriate. The Board has adopted a zero tolerance policy in this regard.

Relations with shareholders

The Chairman is responsible for ensuring that all Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and other Directors have on occasions contacted major shareholders to discuss strategy and governance. The shareholder profile of the Company is regularly monitored and the Board liaises with the Manager and the Company's broker to canvass shareholder opinion and communicate views to shareholders. The Company is concerned to provide the maximum opportunity for dialogue between the Company and shareholders. It is believed that shareholders have proper access to the Manager at any time and to the Board if they so wish. If any shareholder wishes to contact a member of the Board directly they should contact the Company Secretary whose details are given on page 12.

All shareholders, particularly individual shareholders, are encouraged to attend the Annual General Meeting at which there will be a presentation of the past year's results and the forthcoming year's prospects, followed by the opportunity to meet representatives of the Manager and the Board.

Except where a poll is called, all resolutions at the Annual General Meeting are dealt with on a show of hands. The proxy voting results are counted and are disclosed on the Company's pages of the Manager's website (www.fidelity.co.uk/its).

The Notice of Meeting on pages 55 to 58 sets out the business of the meeting and the special resolutions are explained more fully in the Directors' Report on page 20. A separate resolution is proposed on each substantially separate issue including the Annual Report and financial statements. The Chairman of the Board, the Chairman of the Audit Committee and other Directors will be available to answer questions at the Annual General Meeting. The Notice of the Annual General Meeting and related

Corporate Governance Statement

papers are sent out to shareholders at least twenty working days before the meeting.

ARTICLES OF ASSOCIATION

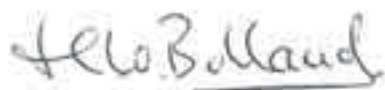
Any amendments to the Company's Articles of Association must be made by special resolution.

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 14 to 21 because it is information which refers to events that have taken place during the course of the year. The following is a list of that information:

- Directors' shareholdings;
- Directors and Officers' liability insurance;
- Going concern;
- Share capital;
- Share issues;
- Share repurchases;
- Subscription shares; and
- Substantial share interests.

On behalf of the Board



Mr Hugh Bolland
30 September 2013

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Sections 420 – 422 of the Companies Act 2006 in respect of the year ended 31 July 2013. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in its report on page 30.

REMUNERATION

The level of Directors' fees is determined by the whole Board and Directors do not vote on their own fees. The Company's Articles of Association limit the fee payable to each Director to £50,000 per annum. Subject to this overall limit, it is the Company's policy that the level of Directors' fees should be fair and sufficient to attract and retain the Directors needed to oversee the Company properly, to fulfil the duties and responsibilities of Directors, to reflect the Company's specific circumstances and to provide value for the amount of time committed to the Company's affairs and having regard to the level of fees payable to non-executive directors in the industry generally.

The Company's non-executive Directors are not eligible for participation in any performance related fees, bonuses, pension benefits, share options, long term incentive schemes or other benefits. It is intended that this policy will continue for the year ending 31 July 2014 and subsequent years.

The fee structure since 1 August 2010 has been: Chairman – £26,000; Chairman of the Audit Committee – £22,000; and Director – £20,000. No Director received any bonus, taxable expenses, compensation for loss of office or non-cash benefits for the year ended 31 July 2013 (2012: nil).

DIRECTORS' SERVICE CONTRACTS

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Articles of Association of the Company. The Company does not make payments to Directors on termination or compensation upon early termination of appointment.

REMUNERATION OF DIRECTORS (AUDITED)

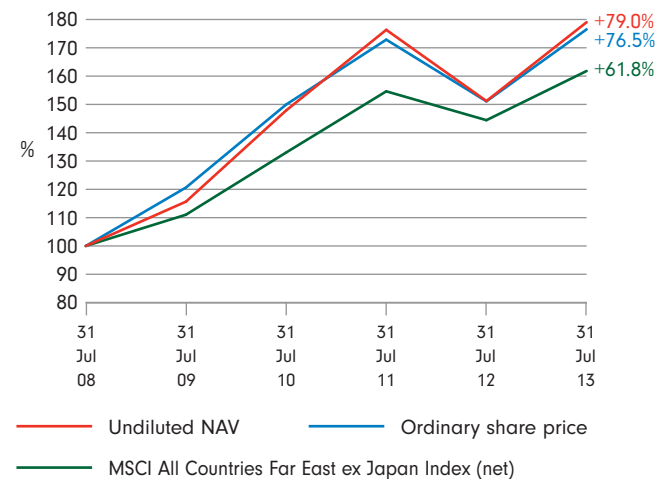
	2013 fees £	2012 fees £
Hugh Bolland	26,000	26,000
Kate Bolsover	22,000	22,000
William Knight	20,000	20,000
Kathryn Matthews	20,000	20,000
Philip Smiley	20,000	20,000
Grahame Stott ¹	n/a	n/a
Total	108,000	108,000

1 Appointed 24 September 2013

COMPANY PERFORMANCE

The Company's investment objective is capital growth. The graph below measures this against its Benchmark Index, the MSCI All Countries Far East Free ex Japan Index (net).

Comparison of NAV and Ordinary Share Price
Total Return Performance against the Benchmark Index
from 1 August 2008 to 31 July 2013



Prices rebased to 100

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

On behalf of the Board

Mr Hugh Bolland
30 September 2013

Independent Auditor's Report to the Members of Fidelity Asian Values PLC

We have audited the financial statements of Fidelity Asian Values PLC for the year ended 31 July 2013 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at:
www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2013 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the Directors' Statement, set out on pages 20 and 21 in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' Remuneration.

Julian Bartlett

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
30 September 2013

Income Statement

for the year ended 31 July 2013

	Notes	2013 revenue £'000	2013 capital £'000	total £'000	2012 revenue £'000	2012 capital £'000	total £'000
Gains/(losses) on investments designated at fair value through profit or loss	9	-	24,955	24,955	-	(21,037)	(21,037)
Losses on derivative instruments held at fair value through profit or loss	10	-	(1,140)	(1,140)	-	-	-
Income	2	2,981	-	2,981	2,999	-	2,999
Investment management fee	3	(1,485)	-	(1,485)	(1,267)	-	(1,267)
Other expenses	4	(592)	-	(592)	(515)	-	(515)
Exchange (losses)/gains on other net assets		(35)	299	264	(10)	217	207
Exchange losses on bank loans		-	(312)	(312)	-	(447)	(447)
Net return/(loss) on ordinary activities before finance costs and taxation		869	23,802	24,671	1,207	(21,267)	(20,060)
Finance costs	5	(135)	-	(135)	(204)	-	(204)
Net return/(loss) on ordinary activities before taxation		734	23,802	24,536	1,003	(21,267)	(20,264)
Taxation on return/(loss) on ordinary activities	6	(109)	-	(109)	(123)	-	(123)
Net return/(loss) on ordinary activities after taxation for the year		625	23,802	24,427	880	(21,267)	(20,387)
Return/(loss) per ordinary share							
Undiluted	7	1.05p	40.01p	41.06p	1.45p	(34.99p)	(33.54p)
Diluted	7	1.05p	39.99p	41.04p	n/a	n/a	n/a

A Statement of Total Recognised Gains and Losses has not been prepared as there are no gains and losses other than those reported in this Income Statement. The total column of the Income Statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The Notes on pages 35 to 50 form an integral part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 July 2013

Notes	share capital £'000	share premium account £'000	capital redemption reserve £'000	other non-distributable reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
Opening shareholders' funds:								
1 August 2011	15,408	1,140	1,785	7,367	19,238	95,259	1,060	141,257
Issue of ordinary shares on exercise of rights attached to subscription shares	14	12	78	-	-	-	-	90
Repurchase of ordinary shares	14	(439)	-	439	-	(3,261)	-	(3,261)
Net (loss)/return on ordinary activities after taxation for the year		-	-	-	-	(21,267)	880	(20,387)
Dividend paid to shareholders	8	-	-	-	-	-	(615)	(615)
Closing shareholders' funds:								
31 July 2012	14,981	1,218	2,224	7,367	15,977	73,992	1,325	117,084
Exercise of rights attached to subscription shares and conversion into ordinary shares	14	(1)	-	1	-	-	-	-
Issue of ordinary shares on exercise of rights attached to subscription shares	14	2,864	19,014	-	-	-	-	21,878
Repurchase of ordinary shares	14	(924)	-	924	-	(6,964)	-	(6,964)
Net return on ordinary activities after taxation for the year		-	-	-	-	23,802	625	24,427
Dividend paid to shareholders	8	-	-	-	-	-	(596)	(596)
Closing shareholders' funds:								
31 July 2013	16,920	20,232	3,149	7,367	9,013	97,794	1,354	155,829

The Notes on pages 35 to 50 form an integral part of these financial statements.

Balance Sheet

as at 31 July 2013
Company No. 3183919

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments designated at fair value through profit or loss	9	<u>151,273</u>	<u>123,758</u>
Current assets			
Derivative assets held at fair value through profit or loss	10	736	-
Debtors	11	1,217	206
Amounts held in margin accounts		856	-
Cash at bank		<u>4,220</u>	<u>3,769</u>
		<u>7,029</u>	<u>3,975</u>
Creditors			
Derivative liabilities held at fair value through profit or loss	10	(1,604)	-
Bank loans	12	-	(9,563)
Other creditors	13	(869)	(1,086)
		<u>(2,473)</u>	<u>(10,649)</u>
Net current assets/(liabilities)		<u>4,556</u>	<u>(6,674)</u>
Total net assets		<u>155,829</u>	<u>117,084</u>
Capital and reserves			
Share capital	14	16,920	14,981
Share premium account	15	20,232	1,218
Capital redemption reserve	15	3,149	2,224
Other non-distributable reserve	15	7,367	7,367
Other reserve	15	9,013	15,977
Capital reserve	15	97,794	73,992
Revenue reserve	15	1,354	1,325
Total equity shareholders' funds		<u>155,829</u>	<u>117,084</u>
Net asset value per ordinary share			
Undiluted	16	230.24p	195.40p
Diluted	16	<u>n/a</u>	<u>194.70p</u>

The financial statements on pages 31 to 50 were approved by the Board of Directors on 30 September 2013 and were signed on its behalf by:



Hugh Bolland,
Chairman

The Notes on pages 35 to 50 form an integral part of these financial statements.

Cash Flow Statement

for the year ended 31 July 2013

	Notes	year ended 31.07.13 £'000	year ended 31.07.12 £'000
Operating activities			
Investment income received		2,293	3,032
Income received from long CFDs		44	-
Investment management fees paid		(1,451)	(1,663)
Directors' fees paid		(128)	(123)
Other cash payments		(457)	(594)
Net cash inflow from operating activities	17	<u>301</u>	<u>652</u>
Servicing of finance			
Interest paid on long CFDs and bank loans		(166)	(219)
Net cash outflow from servicing of finance		<u>(166)</u>	<u>(219)</u>
Financial investments			
Purchase of investments		(113,823)	(108,698)
Disposal of investments		110,751	110,939
Net cash (outflow)/inflow from financial investments		<u>(3,072)</u>	<u>2,241</u>
Derivative activities			
Payments on long CFD positions closed		(272)	-
Movements on amounts held in margin accounts		(856)	-
Net cash outflow from derivative activities		<u>(1,128)</u>	<u>-</u>
Dividend paid to shareholders		<u>(596)</u>	<u>(615)</u>
Net cash (outflow)/inflow before financing		<u>(4,661)</u>	<u>2,059</u>
Financing			
Repurchase of ordinary shares		(7,190)	(3,035)
Exercise of rights attached to subscription shares		21,878	105
Net cash outflow from bank loans repaid		(9,875)	-
Net cash inflow/(outflow) from financing		<u>4,813</u>	<u>(2,930)</u>
Increase/(decrease) in cash	18	<u>152</u>	<u>(871)</u>

The Notes on pages 35 to 50 form an integral part of these financial statements.

Notes to the Financial Statements

1 ACCOUNTING POLICIES

The Company has prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice: "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued by the Association of Investment Companies ("AIC") in January 2009.

a) Basis of accounting – The financial statements have been prepared on a going concern basis as the Company's assets consist mainly of securities which are readily realisable and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and under the historical cost convention, except for the measurement at fair value of fixed asset investments and derivative assets and liabilities. It is also assumed that the Company will continue to be approved as an investment trust by HM Revenue & Customs.

b) Income – Income from equity investments is credited to the Income Statement on the date on which the right to receive the payment is established. Overseas dividends are stated gross of withholding tax. UK dividends are stated at the amount actually receivable, which is net of the attaching tax credit. Interest receivable on short term deposits is credited on an accruals basis. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the dividend foregone is recognised in the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the dividend foregone is recognised in the capital column of the Income Statement. Derivative income from dividends on long contracts for difference ("CFDs") is included in 'Income' and recognised in the revenue column of the Income Statement.

c) Special dividends – Special dividends are treated as a capital receipt or a revenue receipt depending on the facts and circumstances of each particular case.

d) Expenses and finance costs – All expenses are accounted for on an accruals basis and are charged in full to the revenue column of the Income Statement. Finance costs are accounted for using the effective interest rate method and in accordance with the provisions of Financial Reporting Standard ("FRS") 26 "Financial Instruments: Recognition and Measurement".

e) Taxation – Irrecoverable overseas withholding tax suffered is recognised at the same time as the income to which it relates. Deferred taxation is recognised in respect of all timing differences that have originated, but not reversed, at the Balance Sheet date, and where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax, have occurred. A deferred taxation asset is recognised when it is more likely than not that the asset will be recoverable.

f) Foreign currency – The Directors, having regard to the currency of the Company's share capital and the predominant currency in which its investors operate, have determined the functional currency to be UK sterling. Transactions denominated in foreign currencies are calculated in UK sterling at the rate of exchange ruling as at the date of transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. All capital gains and losses, including exchange differences on the translation of foreign currency assets and liabilities, are dealt with in the capital column of the Income Statement.

g) Valuation of investments – The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "at fair value through profit or loss". They are included initially at fair value, which is taken to be their cost and subsequently, the investments are valued at fair value, which is measured as follows:

- Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed, or otherwise at fair value based on published price quotations; and
- Unlisted investments where there is not an active market are valued using an appropriate valuation technique so as to establish what the transaction price would have been at the Balance Sheet date.

In accordance with the AIC SORP the Company includes transaction costs, incidental to the purchase or sale of investments, within gains/(losses) on investments and has disclosed them in Note 9 on page 40.

Notes to the Financial Statements

1 ACCOUNTING POLICIES *continued*

h) Derivative instruments – The Company has obtained exposure to Asian equities through the use of long CFDs. The gearing level is monitored and reviewed by the Board on an ongoing basis. CFDs are measured at fair value which is the difference between the settlement price of the contract and the fair value of the underlying shares in the contract, which is calculated in accordance with policy 1(g). All gains and losses in the fair value of CFDs are included in the ‘losses on derivative instruments held at fair value through profit or loss’ in the capital column of the Income Statement. Income received from dividends on CFDs is included in ‘Income’ and the finance costs are included in ‘Finance costs’ in the revenue column of the Income Statement.

i) Gearing – With effect from 1 March 2013, the Company achieves a geared position through the use of long CFDs. Until 28 February 2013 the Company had gearing via bank loans.

j) Capital reserve – The following are accounted for in capital reserve:

- Gains and losses on the disposal of investments and derivative instruments;
- Changes in the fair value of the investments and derivative instruments held at the year end;
- Foreign exchange gains and losses of a capital nature; and
- Dividends receivable which are capital in nature.

As a result of technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/10: “Distributable Profits”, changes in fair value of investments which are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as ‘capital reserve’ in the Reconciliation of Movements in Shareholders’ Funds and the Balance Sheet. At the Balance Sheet date all investments held by the Company were listed on a recognised stock exchange and were considered to be readily convertible to cash.

k) Dividends – In accordance with FRS 21: “Events after the Balance Sheet Date” dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

	2013 £'000	2012 £'000
2 INCOME		
Income from investments designated at fair value through profit and loss		
Overseas dividends	2,703	2,784
Overseas scrip dividends	234	215
	<u>2,937</u>	<u>2,999</u>
Income from derivative instruments held at fair value through profit and loss		
Dividends from long CFDs	44	-
Total income	<u>2,981</u>	<u>2,999</u>
	2013 £'000	2012 £'000

3 INVESTMENT MANAGEMENT FEE

Investment management fee	<u>1,485</u>	<u>1,267</u>
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A summary of the terms of the Management Agreement is given in the Directors’ Report on page 18.

Notes to the Financial Statements

	2013 £'000	2012 £'000
4 OTHER EXPENSES		
AIC fees	13	14
Custody fees	62	104
Directors' expenses	20	20
Directors' fees*	108	108
Legal and professional fees	84	64
Marketing expenses	88	40
Printing and publication expenses	65	48
Registrars' fees	55	48
Fees payable to the Company's Auditor for the audit of the annual financial statements	20	20
Other expenses	50	49
Costs associated with the exercise of the subscription share rights	27	-
	<u>592</u>	<u>515</u>

*Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 29.

	2013 £'000	2012 £'000
5 FINANCE COSTS		
Interest paid on long CFDs	36	-
Interest paid on bank loans	99	204
	<u>135</u>	<u>204</u>

Notes to the Financial Statements

	2013 £'000	2012 £'000
6 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES		
a) Analysis of the taxation charge for the year		
Overseas taxation suffered (see Note 6b)	<u>109</u>	<u>123</u>
b) Factors affecting the taxation charge for the year		
The taxation charge for the year is lower than the standard rate of UK corporation tax for an investment trust company of 23.67% (2012: 25.32%).		
The differences are explained below:		
	2013 £'000	2012 £'000
Return/(loss) on ordinary activities before taxation	<u>24,536</u>	<u>(20,264)</u>
Return/(loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 23.67% (2012: 25.32%)	5,808	(5,131)
Effects of:		
(Gains)/losses on investments not taxable*	(5,634)	5,385
Income not taxable	(654)	(735)
Excess management expenses	484	484
Overseas taxation expensed	(4)	(3)
Overseas taxation suffered	<u>109</u>	<u>123</u>
Current taxation charge (Note 6a)	<u>109</u>	<u>123</u>

*Investment trust companies are exempt from taxation on capital gains if they meet the HM Revenue & Customs criteria set out in Section 1159 Corporation Taxes Act 2010.

c) Deferred taxation

There are excess management expenses of £7,231,000 (2012: £5,284,000) and excess loan relationship deficits of £2,615,000 (2012: £2,516,000) which could constitute a deferred taxation asset. It is unlikely that this deferred taxation asset will be utilised in the future and therefore it has not been recognised in these financial statements.

Notes to the Financial Statements

	revenue	2013 capital	total	revenue	2012 capital	total
7 RETURN/(LOSS) PER ORDINARY SHARE						
Undiluted	1.05p	40.01p	41.06p	1.45p	(34.99p)	(33.54p)
Diluted	1.05p	39.99p	41.04p	n/a	n/a	n/a

The return/(loss) per ordinary share is based on the net return/(loss) on ordinary activities after taxation for the year and on the weighted average number of ordinary shares in issue during the year. The returns for the year ended 31 July 2013 were: revenue return £625,000 (2012: £880,000), capital return £23,802,000 (2012: loss £21,267,000) and total return £24,427,000 (2012: loss £20,387,000). The weighted average number of ordinary shares in issue during the year was 59,496,253 (2012: 60,772,836).

The diluted returns per ordinary share are based on the returns on ordinary activities after taxation for the year and on the weighted average number of ordinary shares in issue during the year, increased to include the potential number of ordinary shares that could have been issued at the beginning of the year on the exercise of rights attached to the subscription shares. For the purposes of calculating this number of potential ordinary shares, the excess of the average ordinary share price during the period over the 191 pence exercise price of a subscription share was multiplied by the number of subscription share rights in issue. The number of potential ordinary shares represents the number of ordinary shares that could have been purchased at the average ordinary share price with this excess amount. The weighted average number of ordinary shares in issue during the year on this diluted basis was 59,515,839.

There were no diluted returns per ordinary share for the year ended 31 July 2012 because the average ordinary share price during the year was below the 191 pence exercise price of a subscription share.

	2013 £'000	2012 £'000
8 DIVIDENDS		
Dividend paid		
Final dividend of one penny per ordinary share paid for the year ended 31 July 2012 (2011: one penny)	596	615
Dividend proposed		
Final dividend proposed of 1.10 pence per ordinary share for the year ended 31 July 2013 (2012: one penny) (based on the number of shares in issue at the date of this report)	744	594

The Directors have proposed the payment of a final dividend for the year ended 31 July 2013 of 1.10 pence per ordinary share to be paid on 6 December 2013 to shareholders on the register on 11 October 2013 (ex-dividend date 9 October 2013).

Notes to the Financial Statements

	2013 £'000	2012 £'000
9 INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		
Investments designated at fair value through profit or loss		
Listed overseas	151,273	123,758
	2013 £'000	2012 £'000
Opening book cost	108,740	119,657
Opening investment holding gains	15,018	26,499
Opening fair value of investments	123,758	146,156
Movements in the year		
Purchases at cost	114,041	109,403
Sales - proceeds	(111,481)	(110,764)
Sales - realised gains/(losses) on sales in the year	15,997	(9,556)
Movement in investment holding gains/(losses) in the year	8,958	(11,481)
Closing fair value of investments	151,273	123,758
Closing book cost	127,297	108,740
Closing investment holding gains	23,976	15,018
Closing fair value of investments	151,273	123,758
	2013 £'000	2012 £'000
Gains/(losses) on investments		
Gains/(losses) on sales of investments in the year	15,997	(9,556)
Investment holding gains/(losses) in the year	8,958	(11,481)
	24,955	(21,037)

The portfolio turnover rate for the year was 83.1% (2012: 86.3%).

Gains/(losses) on investments are shown net of investment transactions costs and are summarised below:

	2013 £'000	2012 £'000
Purchase costs	385	204
Sales costs	592	338
	977	542

Notes to the Financial Statements

	2013		2012	
	fair value £'000	exposure £'000	fair value £'000	exposure £'000
10 DERIVATIVE INSTRUMENTS				
Derivative assets/(liabilities) held at fair value through profit or loss				
Long CFDs – assets	736	4,146	-	-
Long CFDs – liabilities	(1,604)	11,983	-	-
	<u>(868)</u>	<u>16,129</u>	<u>-</u>	<u>-</u>
			2013 £'000	2012 £'000
Losses on derivative instruments held at fair value through profit or loss in the year				
Losses on long CFD positions closed			(272)	-
Movement in investment holding losses on long CFDs			(868)	-
			<u>(1,140)</u>	<u>-</u>
			2013 £'000	2012 £'000
11 DEBTORS				
Securities sold for future settlement			802	72
Accrued income			330	64
Other debtors			85	70
			<u>1,217</u>	<u>206</u>
			2013 £'000	2012 £'000
12 BANK LOANS				
Unsecured loan facility			<u>-</u>	<u>9,563</u>

The Company entered into a two year revolving credit facility with Scotiabank Europe PLC for an amount of up to US\$15,000,000 on 28 February 2012 and the full amount was drawn down for the 3 months to 29 May 2012 at an interest rate of 1.87%. This was further rolled over; for the 3 months to 29 August 2012 at 1.84%, for the 3 months to 29 November 2012 at 1.80% and for the 3 months to 28 February 2013 at 1.69%. The loan was repaid on 28 February 2013 and the credit facility was cancelled. The Company now uses long CFDs to achieve gearing.

Notes to the Financial Statements

	2013 £'000	2012 £'000
13 OTHER CREDITORS		
Securities purchased for future settlement	573	589
Amount payable on ordinary shares repurchased	-	226
Finance costs payable on bank loans	-	31
Other creditors	296	240
	<u>869</u>	<u>1,086</u>

	2013		2012	
	shares	£'000	shares	£'000
14 SHARE CAPITAL				
Issued, allotted and fully paid				
Ordinary shares of 25 pence each				
Beginning of the year	59,918,781	14,980	61,628,970	15,407
Issue of ordinary shares on exercise of rights attached to subscription shares	11,454,432	2,864	47,311	12
Repurchase of ordinary shares	(3,693,000)	(924)	(1,757,500)	(439)
End of the year	<u>67,680,213</u>	<u>16,920</u>	<u>59,918,781</u>	<u>14,980</u>
Subscription shares of 0.01 pence each*				
Beginning of the year	11,454,432	1	11,501,743	1
Exercise of rights attached to subscription shares and conversion into ordinary shares	(11,454,432)	(1)	(47,311)	-
End of the year	<u>-</u>	<u>-</u>	<u>11,454,432</u>	<u>1</u>
Total share capital		<u>16,920</u>		<u>14,981</u>

*The terms of the rights attached to the subscription shares are detailed in the Directors' Report on page 17.

15 RESERVES

The "share premium account" represents the amount by which the proceeds from the issue of ordinary shares, on the exercise of rights attached to subscription shares, exceeded the nominal value of those ordinary shares. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The "capital redemption reserve" maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The "other non-distributable reserve" represents an amount transferred, via a court order, in prior years from the warrant reserve. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The "other reserve" represents amounts transferred, via court orders, in prior years from the share premium account and the capital redemption reserve. It is not distributable by way of dividend. It can be used to fund share repurchases.

The "capital reserve" represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It is not distributable by way of dividend. It can be used to fund share repurchases.

The "revenue reserve" represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividend.

Notes to the Financial Statements

16 NET ASSET VALUE PER ORDINARY SHARE

The undiluted net asset value per ordinary share is based on net assets of £155,829,000 (2012: £117,084,000) and on 67,680,213 (2012: 59,918,781) ordinary shares, being the number of ordinary shares in issue at the year end.

There was no diluted net asset value per ordinary share at 31 July 2013 because all the rights attached to subscription shares were exercised during the year and there are no longer any subscription sharers in issue. The diluted net asset value per ordinary share for the year ended 31 July 2012 was calculated on the basis of what the financial position would have been if all the rights attached to the 11,454,432 outstanding subscription shares had been exercised at that date. This basis of calculation is in accordance with guidelines laid down by the AIC.

2013	2012
£'000	£'000

17 RECONCILIATION OF NET RETURN/(LOSS) BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Net total return/(loss) before finance costs and taxation	24,671	(20,060)
Capital (return)/loss for the year	(23,802)	21,267
Net revenue return before finance costs and taxation	869	1,207
Scrip dividends	(234)	(215)
(Increase)/decrease in other debtors	(281)	342
Increase/(decrease) in other creditors	56	(559)
Overseas taxation suffered	(109)	(123)
Net cash inflow from operating activities	301	652
	2013	2012
	£'000	£'000

18 RECONCILIATION OF NET CASH MOVEMENTS TO MOVEMENT IN NET FUNDS/(DEBT)

Net debt at the beginning of the year	(5,794)	(4,693)
Net cash inflow/(outflow)	152	(871)
Net decrease in bank loans	9,875	-
Foreign exchange movement on cash at bank	299	217
Foreign exchange movement on bank loans	(312)	(447)
Change in net funds/(debt)	10,014	(1,101)
Net funds/(debt) at the end of the year	4,220	(5,794)

	2013	cash	foreign	2012
	£'000	flows	exchange	£'000
		£'000	movements	
			£'000	
Analysis of movements in net funds/(debt)				
Cash at bank	4,220	152	299	3,769
Bank loans	-	9,875	(312)	(9,563)
	4,220	10,027	(13)	(5,794)

Notes to the Financial Statements

19 FINANCIAL INSTRUMENTS

MANAGEMENT OF RISK

The general risk analysis undertaken by the Board and its overall policy approach to risk management are set out in the Business Review on pages 15 to 17. This Note is incorporated in accordance with Financial Reporting Standard 29 "Financial Instruments: Disclosures" ("FRS29") and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments comprise:

- Equity shares and derivative instruments (which comprise long CFDs) held in accordance with the Company's investment objective and policies; and
- Cash, liquid resources and short term debtors and creditors that arise from its operations.

The risks identified by FRS 29 arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk, credit risk and derivative instruments risk. The Board reviews and agrees policies for managing each of these risks, which are summarised in this note.

Market price risk

Interest rate risk

The Company finances its operations through share capital raised. In addition, the Company has a geared exposure to Asian equities through the use of long CFDs which incur funding costs and consequently the Company is exposed to a financial risk as a result of increases in Asian interest rates.

Interest rate risk profile of financial assets and liabilities

The analysis below summarises the extent of the Company's assets and liabilities which are affected by changes in interest rates.

	2013 £'000	2012 £'000
Financial assets		
Amounts held in margin accounts	856	-
Cash at bank	4,220	3,769
	<u>5,076</u>	<u>3,769</u>
Financial liabilities		
Gearing through long CFDs	(16,997)	-
Unsecured bank loan*	-	(9,563)
	<u>(16,997)</u>	<u>(9,563)</u>
Total net financial liabilities	<u>(11,921)</u>	<u>(5,794)</u>

*The Company's US dollar denominated unsecured bank loan was repaid on 28 February 2013.

Notes to the Financial Statements

19 FINANCIAL INSTRUMENTS continued

Foreign currency risk

The Company's total return and total net assets can be affected by foreign exchange movements because the Company has income and assets which are denominated in currencies other than the Company's base currency which is UK sterling.

Three principal areas have been identified where foreign currency risk could impact the Company:

- Movements in foreign exchange rates affecting the value of investments and long CFDs;
- Movements in foreign exchange rates affecting short term timing differences; and
- Movements in foreign exchange rates affecting income received.

The Company does not hedge, by the use of derivative instruments, the UK sterling value of investments, long CFDs and other net assets which are priced in other currencies.

The Company might also be subject to short term exposure from exchange rate movements, for example, between the date when an investment is bought or sold and the date when settlement of the transaction occurs. Income denominated in foreign currencies is converted to UK sterling on receipt.

Currency exposure of financial assets

The company's financial assets comprise equity investments, long CFDs, short term debtors and cash. The currency profile of these financial assets is shown below:

currency	2013				
	investments designated at fair value through profit or loss £'000	exposure to long CFDs £'000	short term debtors £'000	cash* £'000	total £'000
Australian dollar	1,537	-	-	-	1,537
Chinese renminbi	25,944	-	-	-	25,944
Hong Kong dollar	40,231	5,733	675	-	46,639
Indian rupee	1,844	-	7	-	1,851
Indonesian rupiah	1,489	-	23	-	1,512
Korean won	32,505	-	3	-	32,508
Malaysian ringgit	10,504	-	251	92	10,847
Singapore dollar	7,262	-	17	-	7,279
Taiwan dollar	21,904	-	76	1	21,981
UK sterling	-	-	83	-	83
US dollar	8,053	10,396	82	4,983	23,514
	<u>151,273</u>	<u>16,129</u>	<u>1,217</u>	<u>5,076</u>	<u>173,695</u>

*Cash includes cash at bank and amounts held in margin accounts.

Notes to the Financial Statements

19 FINANCIAL INSTRUMENTS continued

currency	investments designated at fair value through profit or loss £'000	2012			
		exposure to long CFDs £'000	short term debtors £'000	cash £'000	total £'000
Australian dollar	423	-	-	-	423
Chinese renminbi	28,332	-	-	-	28,332
Hong Kong dollar	30,065	-	90	-	30,155
Indian rupee	590	-	6	-	596
Indonesian rupiah	3,503	-	-	-	3,503
Korean won	40,721	-	3	-	40,724
Malaysian ringgit	22	-	-	-	22
Singapore dollar	9,914	-	37	-	9,951
Taiwan dollar	10,188	-	-	1	10,189
UK sterling	-	-	70	182	252
US dollar	-	-	-	3,586	3,586
	<u>123,758</u>	<u>-</u>	<u>206</u>	<u>3,769</u>	<u>127,733</u>

Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves and it has a geared exposure to Asian equities through the use of long CFDs.

The Company's financial liabilities comprise long CFDs and other short term creditors. The currency profile of these financial liabilities is shown below:

currency	2013			
	gearing through long CFDs £'000	US dollar denominated bank loan £'000	short term creditors £'000	total £'000
Hong Kong dollar	5,077	-	522	5,599
Malaysian ringgit	-	-	52	52
UK sterling	-	-	292	292
US dollar	11,920	-	3	11,923
	<u>16,997</u>	<u>-</u>	<u>869</u>	<u>17,866</u>

Notes to the Financial Statements

19 FINANCIAL INSTRUMENTS continued

currency	gearing through long CFDs £'000	2012		total £'000
		US dollar denominated bank loan* £'000	short term creditors £'000	
Hong Kong dollar	-	-	582	582
UK sterling	-	-	473	473
US dollar	-	9,563	31	9,594
	-	9,563	1,086	10,649

*The Company's US dollar denominated unsecured bank loan was repaid on 28 February 2013.

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective. The Manager is responsible for actively managing and monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk/reward profile.

Liquidity risk

The Company's assets mainly comprise readily realisable securities, which can be sold easily to meet funding commitments if necessary. Short term flexibility is achieved by the use of overdraft facilities as required.

Counterparty risk

All securities and derivative instruments are transacted with brokers and carry the risk that the counterparty to a transaction may not meet its financial obligations. All counterparties for any type of trading are assessed by an independent Credit Research and Analysis function. Exposures to counterparties are monitored and reported frequently. Margin on derivatives contracts mitigates counterparty risk exposure in accordance with the terms outlined in market standard (ISDA) derivative legal contracts.

Credit risk

Investments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with a large number of brokers and are settled on a delivery versus payment basis. Limits are set on the amount that can be due from any one broker. All security transactions are through brokers which have been approved as an acceptable counterparty. This is reviewed on an ongoing basis. At the year end, the exposure to credit risk includes cash at bank, outstanding securities transactions and the long CFDs at fair value.

Derivative instruments risk

The risks and risk management processes which result from the use of derivative instruments are included within the risk categories disclosed in this Note on pages 44 to 48. Derivative instruments are used by the Manager to gain unfunded long exposure to equity markets, sectors or single stocks. "Unfunded" exposure is exposure gained without an initial outflow of capital. The risk and performance contribution of these instruments to the Company's portfolio is overseen by a specialist derivative instruments team which draws on over forty years experience in derivative risk management. This team uses sophisticated portfolio risk assessment tools to advise the Manager on portfolio construction.

RISK SENSITIVITY ANALYSIS

Investments exposure sensitivity analysis

An increase of 10% in the fair value of the investments at 31 July 2013 would have increased the total return on ordinary activities and total net assets by £15,127,000 (2012: £12,376,000). A decrease of 10% in the fair value of investments would have had an equal but opposite effect.

Notes to the Financial Statements

19 FINANCIAL INSTRUMENTS continued

Derivative instruments exposure sensitivity analysis

The Company invests in long CFDs to gain exposure to the equity markets. An increase of 10% in the price of shares underlying the CFDs at 31 July 2013 would have increased total net assets and total return on ordinary activities by £1,613,000 (2012: nil). A decrease of 10% would have had an equal but opposite effect.

Interest rate risk sensitivity analysis

If the Company's exposures at 31 July 2013 to bank balances and long CFDs were held throughout the year, with all other variables remaining constant, then if interest rates increased by 0.25% total net assets and total return on ordinary activities would have decreased by £30,000 (2012: £14,000). A decrease in interest rates by 0.25% would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

At 31 July 2013, if UK sterling had strengthened by 10% in relation to the larger currency exposures, then with all other variables held constant, total net assets and total return on ordinary activities would have (decreased)/increased by the amounts shown below.

If UK sterling had strengthened the impact would have been:

	2013 £'000	2012 £'000
Chinese renminbi	(2,359)	(2,576)
Hong Kong dollar	(3,731)	(2,688)
Korean won	(2,955)	(3,702)
Taiwan dollar	(1,998)	(926)
US dollar	(1,055)	546

If UK sterling had weakened the impact would have been:

	2013 £'000	2012 £'000
Chinese renminbi	2,883	3,148
Hong Kong dollar	4,560	3,286
Korean won	3,612	4,525
Taiwan dollar	2,442	1,132
US dollar	1,228	(668)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

As explained in Notes 1(g) and 1(h) on pages 35 and 36, investments are stated at fair value, which is bid or last market price, and long CFDs are stated at fair value, which is the difference between the settlement price and the value of the underlying shares in the contract. Other financial assets and liabilities are stated in the Balance Sheet at values which are not materially different to their fair values. In the case of cash, book value approximates to fair value due to the short maturity of the instruments. The exception was the US dollar denominated unsecured bank loan, whose fair value, given below, was calculated by discounting future cash flows at the then current US dollar interest rates.

	2013		2012	
	fair value £'000	book value £'000	fair value £'000	book value £'000
Unsecured bank loan*	-	-	9,608	9,563

*The Company's US dollar denominated unsecured bank loan was repaid on 28 February 2013.

Notes to the Financial Statements

19 FINANCIAL INSTRUMENTS continued

FAIR VALUE HIERARCHY

FRS 29 requires financial companies to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The valuation techniques used by the Company are explained in Notes 1(g) and (h) on pages 35 and 36. The tables below set out movements in the Company's fair value hierarchy:

	level 1 investments £'000	level 2 derivative instruments £'000	2013 total £'000
Fair value of financial instruments at the beginning of the year	123,758	-	123,758
Purchases of investments at cost	114,041	-	114,041
Sales of investments – proceeds	(111,481)	-	(111,481)
Sales of investments – realised gains	15,997	-	15,997
Derivative positions closed – payments	-	272	272
Derivative positions closed – realised losses	-	(272)	(272)
Movement in investment holding gains in the year	8,958	(868)	8,090
Fair value of financial instruments at the end of the year	151,273	(868)	150,405

	level 1 investments £'000	level 2 derivative instruments £'000	2012 total £'000
Fair value of financial instruments at the beginning of the year	146,156	-	146,156
Purchases of investments at cost	109,403	-	109,403
Sales of investments – proceeds	(110,764)	-	(110,764)
Sales of investments – realised losses	(9,556)	-	(9,556)
Movement in investment holding gains in the year	(11,481)	-	(11,481)
Fair value of financial instruments at the end of the year	123,758	-	123,758

Notes to the Financial Statements

20 CAPITAL MANAGEMENT

The Company does not have any externally imposed capital requirements. The financial resources of the Company are comprised of its share capital and reserves, as disclosed in its Balance Sheet on page 33, and its gearing, as disclosed on pages 15 and 52, which is managed via the use of long CFDs. These resources are managed in accordance with the Company's investment policy, in pursuit of its investment objective, both of which are detailed in the Directors' Report on page 14. The principal risks and their management are disclosed in the Directors' Report on pages 15 to 17 and in Note 19 above.

21 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 31 July 2013 (2012: none).

22 RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE INVESTMENT MANAGER

The Directors have complied with the provisions of Financial Reporting Standard 8 "Related Party Disclosures", which require disclosure of related party transactions and balances. FIL Investments International is the Manager and Secretary of the Company and details of the services provided and fees paid are given in the Directors' Report on page 18. Fees paid to the Directors are disclosed in the Directors' Remuneration Report on page 29.

Full Portfolio Listing as at 31 July 2013

Portfolio, including long CFDs	Exposure £'000	Fair Value ¹ £'000	Total Exposure ² %
Samsung Electronics ³	10,685	2,214	6.4
Taiwan Semiconductor Manufacturing	8,419	8,419	5.0
Tencent Holdings ³	7,581	5,882	4.5
Techtronic Industries	6,887	6,887	4.1
LG Household & Healthcare ³	6,750	3,302	4.0
AIA Group ⁵	6,390	4,678	3.8
Wharf Holdings ³	5,838	4,171	3.5
China Mobile	5,573	5,573	3.3
Sarin Technologies	5,453	5,453	3.3
Hotel Shilla	5,148	5,148	3.1
Nine Dragons Paper (Holdings)	4,648	4,648	2.8
Samsonite International	4,376	4,376	2.6
Luk Fook Holdings	4,160	4,160	2.5
New Oriental	4,007	4,007	2.4
Kia Motors	3,992	3,992	2.4
Asustek Computer	3,883	3,883	2.3
Daelim Industrial	3,728	3,728	2.2
Lenova Group	3,676	3,676	2.2
ENN Energy Holdings	3,417	3,417	2.0
Geely Automobile Holdings	3,343	3,343	2.0
SJM Holdings	3,234	3,234	1.9
Powertech	3,102	3,102	1.9
CIMB Group	2,937	2,937	1.8
Bank of China Hong Kong	2,852	2,852	1.7
TPK Holdings	2,834	2,834	1.7
SouFun Holdings	2,817	2,817	1.7
Shinhan Financial Group	2,800	2,800	1.7
Shangri-La Asia	2,670	2,670	1.6
Hyundai Engineering & Construction	2,616	2,616	1.6
Pacific Basin Shipping	2,564	2,564	1.5
Haitian International Holdings	2,189	2,189	1.3
Merida	1,866	1,866	1.1
Keppel	1,809	1,809	1.1
CTCI Corp	1,800	1,800	1.1
LG Uplus	1,678	1,678	1.0

Full Portfolio Listing

as at 31 July 2013

Portfolio, including long CFDs	Exposure £'000	Fair Value ¹ £'000	Total Exposure ² %
Orion	1,657	1,657	1.0
UOA Development	1,561	1,561	0.9
Mah Sing Group	1,559	1,559	0.9
Gudang Garam	1,489	1,489	0.9
SM Entertainment	1,470	1,470	0.9
Acrux	1,401	1,401	0.8
Korea Kolmar	1,392	1,392	0.8
WCT Holdings	1,278	1,278	0.8
AsiaInfo-Linkage	1,229	1,229	0.7
PetroChina	1,154	1,154	0.7
OSK Holdings	1,119	1,119	0.7
Tata Motors	1,007	1,007	0.6
CU Medical Systems	985	985	0.6
Texwinca Holdings	982	982	0.6
Eastern & Oriental	930	930	0.6
Petronet	836	836	0.5
Alliance Financial Group	572	572	0.3
Pintaras Jaya	547	547	0.3
Kingsoft	192	192	0.1
Sinosoft	183	183	0.1
iSelect	137	137	0.1
Total Portfolio (including long CFDs)	167,402	150,405	100.0

¹ Fair value represents the carrying value in the Balance Sheet on page 33

² % of the total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

³ Investment is via equities and long CFDs

Gearing

	2013 Exposure £'000	2012 Exposure £'000
Exposure to investments	151,273	123,758
Exposure to long CFDs	16,129	-
Total Portfolio Exposure	167,402	123,758
Shareholders' Funds	155,829	117,084
Total Portfolio Exposure in excess of Shareholders' Funds	7.4%	5.7%

Distribution of the Portfolio¹ as at 31 July 2013

Portfolio, including long CFDs	South Korea	Hong Kong	China	Taiwan	Malaysia	Other	Total	Index ²	31 July 2012
Information Technology									
Semiconductor Equipment & Products	6.4	-	-	6.9	-	-	13.3	11.2	14.9
Electronic Equipment & Instruments	-	-	2.2	4.0	-	-	6.2	4.4	2.9
Internet Software & Services	-	-	6.2	-	-	-	6.2	2.3	9.2
Software	-	0.1	0.8	-	-	-	0.9	0.1	1.9
Communications Equipment	-	-	-	-	-	-	-	0.3	-
	6.4	0.1	9.2	10.9	-	-	26.6	18.3	28.9
Consumer Discretionary									
Diversified Consumer Services	3.1	3.5	2.4	-	-	0.1	9.1	2.4	4.7
Automobiles	2.4	-	2.0	-	-	0.6	5.0	3.4	5.4
Textiles, Apparel & Luxury Goods	-	3.2	-	-	-	-	3.2	0.7	2.3
Speciality Retail	-	2.5	-	-	-	-	2.5	0.5	0.9
Leisure Equipment & Products	-	-	-	1.1	-	-	1.1	0.1	-
Media	0.9	-	-	-	-	-	0.9	0.5	5.0
Auto Components	-	-	-	-	-	-	-	1.2	1.5
Multi-line Retail	-	-	-	-	-	-	-	0.4	-
Distributors	-	-	-	-	-	-	-	0.2	4.8
	6.4	9.2	4.4	1.1	-	0.7	21.8	9.4	24.6
Financials									
Real Estate Management & Development	-	3.5	-	-	2.4	-	5.9	7.1	7.9
Commercial Banks	1.7	1.7	-	-	2.1	-	5.5	18.0	8.6
Insurance	-	3.8	-	-	-	-	3.8	5.4	4.5
Capital Markets	-	-	-	1.1	0.7	-	1.8	0.7	-
Diversified Financial Services	-	-	-	-	-	-	-	1.7	-
Real Estate Investment Trusts (REITs)	-	-	-	-	-	-	-	0.8	-
	1.7	9.0	-	1.1	5.2	-	17.0	33.7	21.0
Industrials									
Construction & Engineering	3.8	-	-	-	1.1	-	4.9	2.4	1.0
Machinery	-	-	1.3	-	-	3.3	4.6	1.5	3.5
Transportation Infrastructure	-	1.5	-	-	-	-	1.5	1.5	2.1
Industrial Conglomerates	-	-	-	-	-	1.1	1.1	3.4	1.8
Transportation	-	-	-	-	-	-	-	0.4	-
Trading Companies & Distributors	-	-	-	-	-	-	-	0.6	-
Aerospace & Defence	-	-	-	-	-	-	-	0.3	-
	3.8	1.5	1.3	-	1.1	4.4	12.1	10.1	8.4

Distribution of the Portfolio¹ as at 31 July 2013

Portfolio, including long CFDs	South Korea	Hong Kong	China	Taiwan	Malaysia	Other	Total	Index ²	31 July 2012
Consumer Staples									
Household Products	4.0	4.1	-	-	-	-	8.1	0.8	8.5
Food Products	1.0	-	-	-	-	-	1.0	2.7	1.0
Tobacco	-	-	-	-	-	0.9	0.9	0.5	-
Personal Products	0.8	-	-	-	-	-	0.8	0.5	0.9
Food & Staples Retailing	-	-	-	-	-	-	-	1.0	-
Beverages	-	-	-	-	-	-	-	0.2	-
	5.8	4.1	-	-	-	0.9	10.8	5.7	10.4
Telecommunications Services									
Wireless Telecommunication Services	-	-	3.3	-	-	-	3.3	4.3	-
Diversified Telecommunication Services	1.0	-	-	-	-	-	1.0	2.9	-
	1.0	-	3.3	-	-	-	4.3	7.2	-
Materials									
Paper & Forest Products	-	-	2.8	-	-	-	2.8	0.1	0.8
Chemicals	-	-	-	-	-	-	-	2.8	-
Construction Materials	-	-	-	-	-	-	-	1.7	1.3
	-	-	2.8	-	-	-	2.8	4.6	2.1
Utilities									
Other Utilities	-	-	2.0	-	-	-	2.0	1.5	1.1
Electric Utilities	-	-	-	-	-	-	-	2.4	-
Water Utilities	-	-	-	-	-	-	-	0.1	0.9
	-	-	2.0	-	-	-	2.0	4.0	2.0
Healthcare									
Pharmaceuticals	-	-	-	-	-	0.8	0.8	0.5	0.3
Healthcare Providers & Services	0.6	-	-	-	-	-	0.6	0.4	1.1
	0.6	-	-	-	-	0.8	1.4	0.9	1.4
Energy									
Oil, Gas & Consumable Fuels	-	-	0.7	-	-	0.5	1.2	5.8	1.2
Energy Equipment & Services	-	-	-	-	-	-	-	0.3	-
	-	-	0.7	-	-	0.5	1.2	6.1	1.2
Total portfolio exposure, including long CFDs – 2013	25.7	23.9	23.7	13.1	6.3	7.3	100.0		
Index – 2013²	20.9	14.4	25.8	16.4	5.4	17.1		100.0	
Total portfolio exposure – 2012	32.9	24.3	22.9	8.2	-	11.7			100.0

¹ Distribution of the Portfolio is shown as a percentage of the total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

² MSCI All Countries Far East ex Japan Index (net)

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Asian Values PLC will be held at 25 Cannon Street, London EC4M 5TA on Friday 29 November 2013 at 11.00 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2013.
2. To approve the final dividend.
3. To re-elect Hugh Bolland as a Director of the Company.
4. To re-elect William Knight as a Director of the Company.
5. To re-elect Kate Bolsover as a Director of the Company.
6. To re-elect Philip Smiley as a Director of the Company.
7. To elect Grahame Stott as a Director of the Company.
8. To approve the Directors' Remuneration Report for the year ended 31 July 2013.
9. To re-appoint Grant Thornton UK LLP as Auditor of the Company, to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.
10. To authorise the Directors to determine the Auditor's remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions of which Resolution 11 will be proposed as an ordinary resolution and Resolutions 12 and 13 as special resolutions.

Resolutions 11 and 12 will, if approved, authorise the Directors to allot a limited number of currently unissued ordinary shares for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 5% of the number of ordinary shares of the Company in issue on 30 September 2013. The Directors will only issue new shares under this authority to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so.

11. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £845,127 (approximately 5% of the aggregate nominal amount of the issued ordinary share capital of the Company as at 30 September 2013) such authority to expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements

before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired.

12. THAT, subject to the passing of Resolution 11 set out above, the Directors be and they are hereby generally and unconditionally authorised, pursuant to Sections 570 and 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 12 as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:
 - a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of relevant equity securities where the equity securities attributable respectively to the interests of all holders of securities of such class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise);
 - b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £845,127 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company as at 30 September 2013); and
 - c) to the allotment of equity securities at a price of not less than the net asset value per share

and this power shall expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this resolution had not expired.

Resolution 13 is a special resolution which, if approved, will renew the Company's authority to purchase its ordinary shares for cancellation. The limit set by the Board is 14.99% respectively of the number of ordinary shares in issue on 30 September 2013. Purchases of shares will be made at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing net asset value per share, thereby resulting in an increased net asset value per share.

Notice of Meeting

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25 pence each in the capital of the Company (the "shares") provided that:

- a) the maximum number of shares hereby authorised to be purchased shall be 10,134,770 shares;
- b) the minimum price which may be paid for a share is 25 pence;
- c) the maximum price which may be paid for a share is an amount equal to 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Official List for the five business days immediately preceding the day on which the share is purchased;
- d) the authorities hereby conferred shall expire at the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
- e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

By Order of the Board
FIL Investments International
Secretary
30 September 2013

Registered office:
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RB

Notes to Notice of Meeting

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed and must be returned to the Registrars at the address on the form to arrive not later than 11.00 am on 27 November 2013. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.00 am on 27 November 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrars no later than 11.00 am on 27 November 2013.
6. All members are entitled to attend and vote at the Annual General Meeting and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at 6.00 pm on 27 November 2013.
7. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.
8. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.
9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by 6.00pm on 27 November 2013. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members at 6.00pm on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
10. As at 30 September 2013 (the latest practicable date prior to the publication of this document) the Company's issued ordinary share capital consisted of 67,610,213 ordinary shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 30 September 2013 was 67,610,213.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Notes to Notice of Meeting

12. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
13. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that is to be laid before the Annual General Meeting or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual reports and financial statements were laid. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.
14. Under Section 338 and Section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in such business. A resolution may properly be moved or a matter may properly be included in the business of the meeting unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business of the meeting, must be authorised by the person or persons making it, must be received by the Company not later than 16 October 2013 being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business of the meeting only) must be accompanied by a statement setting out the grounds for the request.
15. No Director has a service contract with the Company.
16. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at www.fidelity.co.uk/its

Registered Office:
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Financial Calendar

The key dates in the Company's calendar are:

31 July 2013	- financial year end
30 September 2013	- announcement of results for the year ended 31 July 2013
9 October 2013	- ex-dividend date
11 October 2013	- record date
October 2013	- publication of this report
29 November 2013	- Annual General Meeting
6 December 2013	- payment of the final dividend
Mid December 2013	- Interim Management Statement (as at 31 October 2013)
31 January 2014	- half-year end
March 2014	- announcement of half-yearly results to 31 January 2014
April 2014	- publication of half-yearly report
Mid June 2014	- Interim Management Statement (as at 30 April 2014)

Investing in Fidelity Asian Values PLC

The information on the following pages is provided by Fidelity and should not be seen as a recommendation by the Board of Fidelity Asian Values PLC.

Fidelity offers a range of options, so that you can invest in the way that is best for you. As Fidelity Asian Values PLC is a company listed on the London Stock Exchange you can also buy its shares through a stockbroker, share shop or bank.

INVESTING INSIDE AN ISA

You may invest in the Company's shares through the Fidelity ISA ("Individual Savings Account"). A Fidelity ISA can be an excellent way to get more from your investment, because you will not have to pay income or capital gains tax on your returns.

The maximum investment in a stocks and shares ISA is £11,520 for the 2013/2014 tax year. The full amount may be invested in a Stocks and Shares ISA, or you can invest up to half the ISA allowance in a Cash ISA and the balance in a Stocks and Shares ISA. The minimum initial investment in the Fidelity ISA is £1,000 as a lump sum, £250 as a top-up or £50 a month per company in a regular savings plan.

Charges – Initial Charges for investments in the Fidelity ISA may vary. For those investing personally (directly with Fidelity), there will be no initial charge. Those investing through an intermediary will pay a basic initial charge of 0.5% plus any initial fee or commission (where applicable) agreed with their intermediary. Fidelity pays stamp duty from the initial charge. There are no other charges for the Fidelity ISA, but the Company pays annual management charge to Fidelity of 1.0%, as set out in the Annual Report.

MOVING MONEY FROM A PREVIOUS ISA

If you have opened ISAs with other investment companies, you can move them into the Fidelity ISA and invest in Fidelity Asian Values PLC without losing any tax benefits. This is known as an ISA transfer and it can be a great way to give your portfolio a new focus, or realign it with your current investment goals. Please note that during the transfer your money will not be invested in the stock market so you may miss out on any growth during this time.

Charges – Fidelity does not apply an initial charge for a transfer into Fidelity Asian Values PLC. You will also not have to pay any additional transfer costs. However, please bear in mind that your current ISA manager may ask you to pay an exit fee. If your old fund provider charges you a fee for leaving them, you can claim it back from Fidelity. Please note this offer does not apply to Fidelity's share dealing service.

INVESTING OUTSIDE AN ISA

If you prefer to invest outside an ISA, or have already used your full ISA allowance, the Fidelity Investment Trust Share Plan offers you a low-cost and convenient way to put money into Fidelity Asian Values PLC. The minimum investment is £1,000 as a lump sum, £250 as a top-up or £50 a month through a regular savings plan. Holding shares within the Share Plan allows you to reinvest your dividends and make further investments without having to pay brokerage fees. You will also be able to set up a monthly

savings plan and receive statements and valuations twice a year.

Investing for children – the Share Plan is a flexible and inexpensive way to invest on behalf of children. All you need to do is enter the initials or name of the child in the Designation Box on the Share Plan application form.

Charges – There are no charges for buying, selling or holding shares through the Fidelity Investment Trust Share Plan other than stamp duty of 0.5%, which is currently payable on all share purchases. However, if you invest through a Financial Adviser, there may be an initial charge of up to 3%.

BENEFICIAL OWNERS OF SHARES – INFORMATION RIGHTS

Registered shareholders of fully listed companies are able to nominate the underlying beneficial owners of their shares to receive information rights. You should contact your registered shareholder direct to request to receive information rights. Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's Registrars, Capita Asset Services, or to the Company direct.

INVESTING ONLINE

Whilst you cannot use a Debit Card online to invest through an ISA, JISA or Share Plan, the application forms you need are all available via www.fidelity.co.uk/its. You can also invest online in Fidelity Asian Values PLC shares via the share trading facility available via our website www.fidelity.co.uk/sharenetwork. The Share Dealing service, ShareNetwork, is provided by Xest which is the online trading division of Charles Stanley & Co Limited, a leading London stockbroker. ShareNetwork enables you to buy or sell shares in any listed company during normal London Stock Exchange trading hours – between 8.00 am and 4.30 pm on any working day. Shares in ShareNetwork can either be held inside or outside of an ISA, subject to the normal ISA limits and restrictions. You will be shown a real-time price and be able to buy or sell immediately. If an order is placed when the market is closed, it will be processed as soon as the market reopens. Unlike many online share dealing services, Fidelity ShareNetwork gives you CREST personal membership for shares held direct. This means that shares are registered on the CREST system in your own name and everything relating to your shares – dividends, annual reports and so on – will be sent direct to you and you will be able to attend and vote at shareholder meetings in your own name.

Personal CREST membership does not apply to ISA holdings which must be held in the name of the ISA manager's nominee under ISA regulations. There is no extra charge for opening a ShareNetwork ISA and share purchases or sales are executed on line for only £9 per trade (Stamp duty is also payable on purchases at the rate of 0.5%). There is an

Investing in Fidelity Asian Values PLC

account administration fee of £5.10 per month, regardless of how many different shares you own and whatever their value. Of course, you need to remember that the value of tax savings and eligibility to invest in an ISA will depend on your individual circumstances, and all tax rules may change in the future.

CONTACT INFORMATION

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

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

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

Holders of ordinary shares

Capita Asset Services, Registrars to Fidelity Asian Values 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 8.30 am – 5.30 pm 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 12062, Mellon House, Ingrave Road, Brentwood, Essex CM14 9LX. 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 Worldwide Investment, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

General enquiries should be made to Fidelity, the Investment Manager and Secretary, at the Company's registered office: FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. Telephone: 01732 361 144. Fax: 01737 836 892 www.fidelity.co.uk/its

ONLINE SHAREHOLDER SERVICES – SHARE PORTAL

Through the website of our Registrars, Capita Asset Services, shareholders are able to manage their shareholding online by registering for the Share Portal, a free, secure, online access to your shareholding. Facilities include:

Account Enquiry – Allows shareholders to access their personal shareholding, including share transaction history, dividend payment history and to obtain an up-to-date shareholding valuation.

Amendment of Standing Data – Allows shareholders to change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download from this site forms such as change of address, stock transfer and dividend mandate forms as well as buy and sell shares in the Company.

To make use of any of these facilities, please log on to the Capita Asset Services website at: www.capitashareportal.com

Should you have any queries in respect of the above facilities, please do not hesitate to contact the Capita Share Portal helpline on 0871 664 0391 (calls cost 10p plus network extras), overseas +44 20 8639 3367, or by e-mail at shareportal@capita.co.uk

Capita Share Dealing Services – You can make use of a low cost share dealing service provided by Capita Asset Services to buy or sell shares. Further information is available at www.capitadeal.com, or by telephoning 0871 664 0454 (calls cost 10p per minute plus network extras. Lines are open 8.30 am – 5.30 pm Monday to Friday). Using Capita Share Dealing Services you will also be able to deal in the shares of other companies for which Capita acts as Registrar, provided you are already a shareholder in the relevant company, and that company offers the Share Deal facility to its shareholders.

Dividend Reinvestment Plan – This is a convenient way to build up your shareholding by using your cash dividends to buy more shares in the Company. If you prefer to receive shares for your next dividend instead of cash please complete an application form online at www.capitashareportal.com or call Capita IRG Trustees on 0841 664 0381 (calls cost 10p per minute plus network extras) from the UK or +44 20 8639 3402 from overseas.

ShareGift - You may donate your shares to charity free of charge through ShareGift. Further details are available at www.sharegift.org.uk or by telephoning 020 7930 3737.

KEEPING YOU UPDATED

If you hold Fidelity Asian Values PLC shares in an ISA, you will receive a yearly report detailing all of your transactions and the value of your shares. Investors with the Fidelity Investment Trust Share Plan will receive statements and valuations twice a year.

The share price of Fidelity Asian Values PLC appears daily in The Financial Times. Price and performance information is also available at fidelity.co.uk/its. You can also obtain current price information by telephoning Fidelity on 0800 41 41 10 (freephone) or FT Cityline on 0905 817 1690 (voice activated service) (calls charged at 60p per minute on a per second basis from a BT landline. Charges from other telephone networks may vary).

Investing in Fidelity Asian Values PLC

FURTHER INFORMATION

For application forms or more information about any of the investment options described here, please call the Fidelity Investment Trust Line on 0800 41 41 10 and talk to a Fidelity customer representative (9 am to 6 pm Monday to Saturday).

Alternatively, you may like to visit the Fidelity London Investor Centre at 25 Cannon Street, London EC4M 5TA, near to St Paul's Cathedral.

You can also find out more by visiting fidelity.co.uk/its or contacting your Financial Adviser.

The Fidelity Individual Savings Account ("ISA") and Junior ISA are offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by FIL Investments International. Both companies are regulated by the Financial Conduct 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 older 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 have already been acted upon by Fidelity.

Issued by Fidelity Asian Values PLC.

Fidelity, Fidelity Worldwide Investment, the Fidelity Worldwide Investment logo and the **F** symbol are trademarks of FIL Limited.

The contents of websites referred to in this document do not form part of the Annual Report.

Glossary of Terms

AMERICAN DEPOSITARY RECEIPT (ADR)

An **American Depositary Receipt** is a negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US Exchange.

BENCHMARK INDEX

MSCI All Countries Far East ex Japan Index (net).

CAPITAL GAINS TAX (CGT)

The tax you may have to pay if you sell your shares at a profit.

CONTRACT FOR DIFFERENCE (CFD)

A **Contract For Difference** is a **derivative**. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A **Contract For Difference** allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company only uses "long" **Contracts for Difference**. On "long" **Contracts for Difference**, dividends are received and interest paid.

CORPORATION TAX

The tax the Company may have to pay on its profits for a year. As an investment trust company, the Company is exempt from **corporation tax** on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income and consequently it is tax efficient and does not pay **corporation tax**.

DERIVATIVES

Financial instruments (such as futures, options and **Contracts For Difference**) whose value is derived from the value of an underlying asset.

DISCOUNT

If the share price of the Company is lower than the **net asset value** per share, the Company's shares are said to be trading at a **discount**. The **discount** is shown as a percentage of the **net asset value**. The opposite of a **discount** is a **premium**. It is more common for an investment trust to trade at a **discount** than a **premium**.

FAIR VALUE

The **fair value** is the best estimate of the value of the investments at a point in time and this is measured as:

- Listed investments valued at bid prices, or last market prices, where available, otherwise at published price quotations;
- Unlisted investments valued using an appropriate valuation technique in the absence of an active market; and
- **Contracts for Difference** are valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses).

GEARING

Gearing describes the level of a Company's leverage and is usually expressed as a percentage. It can be obtained through the use of bank loans, bank overdrafts or **Contracts For Difference** in order to increase a Company's exposure to stocks. **Gearing** is permitted in order to buy or gain exposure to further investments. If assets rise in value, **gearing** magnifies the return to ordinary shareholdings. Correspondingly, if the assets fall in value, **gearing** magnifies that fall. **Gearing** reflects the amount of leverage the Company uses to invest in the market. **Contracts For Difference** are used as a way of gaining exposure to the price movements of shares without buying the underlying shares directly.

In a simple example, if a company has £100 million of net assets and £8 million of borrowings (either via bank loans or long **Contracts For Difference**). Then the **Shareholders' funds** are 8% geared. Normally, the higher the **gearing**, the more sensitive an investment trust's shares will be to the movements up and down in the value of the investment portfolio.

HEDGING

A strategy aimed at minimising or eliminating the risk or loss through adverse movements normally involving positions in two different markets, with one offsetting the other. The Company uses **derivative** instruments for **gearing** and investment rather than hedging purposes.

NET ASSET VALUE (NAV)

Net asset value is sometimes also described as "shareholders' funds", and represents the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the **net asset value** on a per share basis.

ONGOING CHARGES

Total expenses (excluding finance costs and taxation) incurred by the Company as a percentage of average **net asset values** (previously known as the total expense ratio).

PRE-EMPTION RIGHTS

Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held by exiting shareholders. At each annual general meeting, the Board seeks shareholder approval to disapply **pre-emption right** provisions, up to 5%.

PREMIUM

If the share price of the Company is higher than the **net asset value** per share, the Company's shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value**. The opposite of a **premium** is a **discount**.

RETURN/(LOSS)

The return/(loss) generated in the period from the investments:

- **Revenue Return/(Loss)** reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation;

Glossary of Terms

- **Capital Return/(Loss)** reflects the return on capital, excluding any revenue returns;
- **Total Return/(Loss)** reflects the aggregate of revenue and capital returns in the period.

SHARE REPURCHASES

An increasingly popular way for investment trust companies to return cash to their shareholders is through offering to repurchase a proportion of shares currently held. Companies seek the permission of shareholders to do so at their annual general meetings allowing them to repurchase a proportion of their total shares (up to 14.99%) in the market at prices below the prevailing **net asset value** per share. This process is also used to enhance the **net asset value** per share and to reduce the **discount** to **net asset value**.

SHAREHOLDERS' FUNDS

Shareholders' funds are also described as "**net asset value**" and represent the total value of the Company's assets less the total value of its liabilities.

TOTAL PORTFOLIO EXPOSURE

The total of fixed asset investments at **fair value** plus the **fair value** of the underlying securities within the **Contracts For Difference**.

TOTAL RETURN PERFORMANCE

The return on the ordinary share price or **net asset value** per share taking into account the rise and fall of ordinary share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional ordinary shares (for share price total return) or the Company's assets (for **net asset value** total return).

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 Conduct Authority (FCA) 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 FCA Register at www.fca.org.uk/register to ensure they are authorised.
3. Use the details on the FCA Register to contact the firm.
4. Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
5. Search the FCA'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 FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

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

0300 123 2040



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