abrdn China Investment Company Limited

LEI: 213800RIA1NX8DP4P938

(Formerly Aberdeen Emerging Markets Investment Company Limited)

Seeking long-term capital growth by investing predominantly in Chinese equities

Annual Report
31 October 2021

Visit our Website
To find out more about abrdn China Investment Company Limited,
please visit **abrdnchina.co.uk**

abrdn China Investment Company Limited is a closed-end investment company with its Ordinary shares listed on the Premium Segment of the London Stock Exchange.

The Company's name, objective and investment policy were changed following approval by shareholders at an Extraordinary General Meeting on 26 October 2021, and in November 2021 the Company completed its combination with Aberdeen New Thai Investment Trust PLC.

The Company's new objective is to produce long-term capital growth by investing predominantly in Chinese equities.

Financial Highlights

Net asset value ("NAV") per Ordinary share total return[1,3,4]	NAV per Ordinary share[2]	Ordinary share price total return[1,3,4]
+19.8%	813.2p	+18.7%
2020 +8.9%	2020 698.3p	2020 +12.2%

Ordinary share price – mid market	
695.0p	
2020	605.0p

Discount[3]	
-14.5%	
2020	-13.4%

Reference Index Net Total Return in sterling terms	
+10.7%	
2020	+8.2%

Net Assets	
£373.8m	
2020	£321.0m

Net gearing[3]	
0.0%	
2020	1.6%

Revenue return per Ordinary share	
(0.61p)	
2020	1.60p

Ongoing charges ratio ('OCR')[3]	
0.98%	
2020	1.02%

1 Performance figures stated above include reinvestment of dividends on the ex-date
2 See note 14 in the Notes to these Financial Statements for basis of calculation
3 Definitions of these Alternative Performance Measures ('APMs') together with how these have been calculated can be found further below
4 The Company's performance was attributable to the fund being managed in accordance with its previous investment objective, which was to achieve consistent returns for shareholders in excess of the MSCI Emerging Markets Net Total Return Index in sterling terms and the new investment objective, following approval by shareholders at the EGM on 26 October 2021, which is to produce long-term capital growth by investing predominantly in Chinese equities.

Financial Calendar

"I would like to extend a warm welcome to all shareholders to the newly formed abrdn China Investment Company Limited. Many of you have been long-term shareholders in Aberdeen Emerging Markets Investment Company Limited and I also very much welcome those of you who previously held shares in

Financial Calendar

Online Shareholder Presentation	30 March 2022
Annual General Meeting ("AGM") (London)	12 April 2022
Half year end	30 April 2022
Announcement of Half-Yearly Financial Report for the six months ending 30 April 2022	June 2022
Financial year end	31 October 2022

Mark Hadsley-Chaplin, Chairman

Chairman's Statement

Introduction

First, I would like to extend a warm welcome to all shareholders to our newly formed abrdn China Investment Company Limited ("ACIC" or the "Company"). Many of you have been long-term shareholders in Aberdeen Emerging Markets Investment Company Limited ("AEMC") and I also very much welcome those of you who previously held shares in Aberdeen New Thai Investment Trust PLC ("ANW" or "New Thai").

The last six months have been momentous for the Company. In the Half-Yearly Report I set out the challenges we were facing with AEMC - a lack of liquidity with a small free float, a persistently wide discount and a reluctance from many investors to engage with a fund of funds structure. Even after a period of sustained absolute and relative outperformance these headwinds persisted. We therefore decided that a significant change in the mandate was in shareholders' interests. Our objective was to remain within the emerging market universe but to invest directly in equities. We considered a number of options but kept returning to the fact that after the New York Stock Exchange and NASDAQ, the Shanghai Stock Exchange is now the largest in the world. China represented AEMC's largest country exposure, and the Chinese stock market offers a wide range of companies with compelling long-term growth prospects. China is also under represented in the Investment Trust world. Before putting the proposal for a new China mandate to shareholders, we wanted to secure a first class investment management team with the experience and track record in China equity investment as we seek to deliver strong long-term performance for the future. We also sought an investment manager with experience in the Investment Trust sector that was not already managing a UK China Investment Trust. Our comprehensive selection process steered us back to abrdn which fulfils these criteria. Furthermore, we deemed the opportunity to merge with New Thai advantageous to shareholders. This merger helped to shore up assets even after allowing for the 15% tender offer and gave us the opportunity to bring on two excellent directors, Anne Gilding and Sarah MacAulay, to strengthen the board of the newly formed ACIC with the revised investment objective "to produce long-term capital growth by investing predominantly in Chinese equities".

The change in investment policy was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 26 October 2021, and the Scheme of Arrangement with the shareholders of New Thai was completed on 9 November 2021.

The described events took place towards the end of our financial year, so this Annual Report necessarily covers the activity of the Company during the financial year and therefore overwhelmingly refers to the emerging markets mandate under AEMC. Recognising the unusual position of the Company was in at the year end, where it was transitioning from being invested in emerging markets, Bernard Moody and Andrew Lister have produced the Investment Manager's Report covering the activity in the year and we have asked Nicholas Yeo and Elizabeth Kwik, our new portfolio managers, to provide an introduction to the Chinese portfolio and the investment process they will be using. We have also provided two portfolio listings. The first, which is required under accounting standards, reflects the position as at 31 October 2021. The more interesting one is the positioning as at 31 December 2021 as this shows how the new team have positioned the portfolio and therefore gives current and prospective investors a much better pointer to the future direction of the Company. I should stress that we have only requested this additional disclosure for this year because of the extremely unusual position the Company was in at the year end and should not be seen as a precedent. I very much look forward to reporting on the progress of ACIC which will be the focus of the upcoming 2022 Half-Yearly Report to be published in June.

Management Fee

At the same time, the management fee arrangements were renegotiated. From 9 November 2021, the management fee is based on the Company's market capitalisation, rather than net assets. This better aligns the interests of shareholders and the Manager as the latter is incentivised to narrow the discount. The new fee is tiered, with the first £150 million of market capitalisation being charged at 0.80%, the next £150 million at 0.75% and the the balance over £300 million being charged at 0.65%. In addition, as part of the arrangement, the Manager has agreed to waive this management fee for the first six months as a contribution to the costs of the reorganisation of the Company.

Performance

I am pleased to report that over the year to 31 October 2021 the Company's net asset value ("NAV") total return per Ordinary share was 19.8%. This compares favourably with a blended Reference Index total return of 10.7% in sterling terms against which the Company was measured during the year. The Reference Index of the Company was changed to the MSCI China All Shares Index with effect from 1 November 2021.

The Ordinary share price total return for the year was 18.7%, as the discount to NAV at which the Company's shares trade widened slightly, to 14.5% as compared to 13.4% at the start of the financial year. I am pleased to note that at the time of writing, the discount to NAV has narrowed to around 11%. The Board believes that an element of this narrowing can be attributed to the market recognising the opportunities that the Company's new mandate offers.

Dividends

Prior to the merger with New Thai, the Company's policy was to make quarterly distributions by way of dividends funded from a combination of income and capital. Accordingly, three interim dividends, each of 5.75p per Ordinary share were paid on 26 March, 25 June and 24 September 2021.

Given the new investment objective, which is to deliver capital growth, the Board has revised its dividend policy to bring it in line with this objective. The Board has also revised the dividend policy to bring distributions in line with the income delivered by the portfolio with the objective of distributing a sufficient proportion of the net income to ensure that the Company retains its investment trust status. In this context, this requires that the Company retains no more than 15% of the income generated by the portfolio in the year. The Board therefore expects that the dividend will be materially lower than has been the case in the past and will vary year on year. As the distributions are expected to be significantly lower, the Board has also determined that the Company will in future look to make a single dividend payment each year which will be paid once the annual results are known.

Loan Facility and Gearing

The Company has a £25 million multi-currency revolving loan facility which is due to mature on 25 March 2022. The Board believes that the use of gearing, which is one of the advantages of a closed ended structure, within pre-determined ranges and at times when the Investment Manager sees attractive investment opportunities, is beneficial to the longer term performance of the Company.

At the year end the facility was undrawn as the portfolio was being restructured. Since the end of the year the loan has remained undrawn.

The Company has commenced discussions with its bankers and other potential lenders and the Board expects to renew or replace the facility when it matures in March.

Changes to Share Capital and Discount Management Policy

The Company did not buy back or issue any shares during the year.

However, immediately following the year end and as part of the scheme of arrangement with New Thai, the Company made a tender offer to all shareholders that it would buy back up to 15% of the Ordinary shares in issue at a 2% discount to NAV. As a result of the offer, 6,894,773 Ordinary shares were tendered and bought back into treasury at a price of 801.92p per Ordinary share.

Simultaneously, 7,554,440 new Ordinary shares were issued to the shareholders of New Thai who elected to roll their shareholding into the Company. Following the completion of the Scheme of Arrangement, the number of Ordinary shares in issue was 46,624,826.

The Board's discount control policy is that the Company's shares should not trade at a price which, on average, represents a discount that is out of line with the Company's direct peer group. To assist the Board in taking action to deal with a material and sustained deviation in the Company's discount from its peer group, it seeks authority from Shareholders annually to buy back shares. Shares may be repurchased when, in the opinion of the Board and taking into account factors such as market conditions and the discounts of comparable companies, the Company's discount is higher than desired and shares are available to purchase in the market. The Board is of the view that the principal purpose of share repurchases is to enhance the net asset value ("NAV") for remaining shareholders, although it may also assist in addressing 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 NAV.

Shares in Public Hands

The Board has previously announced that the number of Ordinary shares which are deemed by the Listing Rules to be held in public hands is below the minimum 25% threshold. The Listing Rules provide that shares are not considered to be held in public hands (free float) if they are held by persons (or persons in the same group or persons acting in concert) who have an interest in 5% or more of a listed company's share capital, as well as shares held by directors of a listed company. On this basis, at 31 October 2021, we calculated that 16% of the issued share capital was in public hands.

On 3 December 2021 the FCA announced that it was reducing the proportion of shares required to be in public hands from 25% to 10%. As a consequence, the Company no longer breaches the regulation. The Board estimates that, following the merger, the concentration of the largest holders has been reduced and that around 24% of the Company's shares are currently in public hands.

The Board will continue to monitor the Company's free float, but believes that the combination of the improved liquidity of the Company's shares and the lower threshold applied by the FCA means that the issue is no longer of key concern at this time.

Continuation Vote and Future Performance Linked Tender Offers

At the EGM held on 26 October 2021, shareholders approved new Articles of Association which contain a provision for continuation resolutions to be put to shareholders such that, at the Company's annual general meeting to be held in 2027 and at every fifth annual general meeting thereafter, the Directors undertake to propose an ordinary resolution that the Company continue in existence (the "Continuation Resolution"). If the Continuation Resolution is not passed then within four months of the vote to continue failing the Directors shall formulate and put to shareholders proposals relating to the future of the Company, having had regard to, inter alia, prevailing market conditions and applicable regulations and legislation.

In addition, the Board intends that, if the Company's NAV total return over five years ending December 2026 does not exceed the total return of the MSCI China All Shares Index (in sterling terms), the Company will undertake a tender offer for up to 25% of the Company's issued share capital (excluding any Shares held in treasury). Any such tender offer will be at a price equal to the then prevailing formula asset value ("FAV") per Share less 2%.

Investment Trust status

Following the merger with New Thai, the Company applied to HMRC for approval as an investment trust under Chapter 4 of Part 24 CTA 2010 and Chapter 1 of Part 2 of The Investment Trust Tax Regulations. As a result, the Company will be considered to be an investment trust from the start of the current financial year and will become resident in the United Kingdom for tax purposes. In respect of each accounting period for which the Company is approved by HMRC as an investment trust, the Company will be exempt from UK taxation on its chargeable gains.

The Company will, however, be liable to pay UK corporation tax on its net income in the normal way. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, but double taxation relief may be available. The Company should in practice be exempt from UK corporation tax on dividend income received, provided that such dividends fall within one of the "exempt classes" in Part 9A of the Corporation Tax Act 2009.

Annual General Meeting ("AGM") and Online Shareholder Presentation

AGM

The AGM will be held at 12 noon on 12 April 2022 at the offices of abrdn plc, Bow Bells House, 1 Bread Street, London EC4M 9HH. The meeting will include a presentation from the Investment Manager and will be followed by lunch.

We encourage all shareholders to complete and return the proxy form enclosed with the Annual Report so as to ensure that your votes are represented at the meeting. If you hold your shares in the Company via a share plan or a platform and would like to attend and/or vote at the AGM, then you will need to make arrangements with the administrator of your share plan or platform. For this purpose, investors who hold their shares in the Company via the abrdn Investment Plan for Children, Share Plan or ISA will find a Letter of Direction enclosed. Shareholders are encouraged to complete and return the Letter of Direction in accordance with the instructions.

Given the evolving nature of the Covid-19 pandemic, should circumstances change significantly, rendering an in-person AGM inadvisable or not permissible, we will notify shareholders of any changes to the arrangements by updating the Company's website, **abrdnchina.co.uk,** and through an RNS announcement, where appropriate, with as much notice as possible.

The Notice of the Meeting is contained in the Annual report.

Online Shareholder Presentation

In order to encourage as much interaction as possible with our shareholders, we will also be hosting an Online Shareholder Presentation, which will be held at 10.00am on 30 March 2022. At this event you will receive a presentation from the Investment Manager and have the opportunity to ask live questions of the Chairman and the Investment Manager. The online presentation is being held ahead of the AGM to allow shareholders to submit their proxy votes prior to the meeting.

Full details on how to register for the online event can be found at: **http://bit.ly/abrdn-China-webinar.**

Details are also contained on the Company's website.

You will be able to submit questions in advance of the Online Shareholder Presentation and the AGM at the following email address: **abrdn.china@abrdn.com.**

Should you be unable to attend the online event, the Investment Manager's presentation will be made available on the Company's website shortly after the presentation.

In the meantime, the Board strongly encourages all shareholders to exercise their votes in respect of the AGM in advance of the meeting, and to appoint the Chairman of the meeting as their proxy, by completing the enclosed form of proxy, or letter of direction for those who hold shares through the abrdn savings plans. This should ensure that your votes are registered.

Management Team

abrdn recommended appointing Nicholas Yeo and Elizabeth Kwik to lead the Chinese equities team when the decision was made to change the investment mandate. They will manage the Company's portfolio from Hong Kong and Shanghai, where the 13 strong Chinese equities team is based. As part of the search process, the Board met the team and were impressed by them and their track record.

At the same time, Bernard Moody and Andrew Lister will cease to be involved in the day–to-day running of the portfolio. On behalf of the Board, I would like to thank Bernard, Andrew and the whole of the Closed End Fund Strategies team who have done an excellent job of managing the portfolio and it should be stressed that the change of mandate and management team is not in any way a reflection of the service that they provided. We wish them well.

Board Composition

I am delighted to welcome Anne Gilding and Sarah MacAulay to the Board. They joined following the Scheme of Arrangement, both having been directors of New Thai.

William Collins has announced his intention to retire from the Board at the Company's AGM, he has made an invaluable contribution over his ten-year tenure, and I shall make further tribute to him in the Half-Yearly Report after his departure. In the meantime, his role as Senior Independent Director has now been passed to Helen Green.

As previously advised, it is my intention to retire from the Board once my succession is agreed and at least one new Director has been appointed. I envisage that this shall be achieved well before the 2023 AGM, we shall of course keep shareholders fully informed.

Outlook

The Chinese Equities team has now been running the portfolio for almost four months and I am delighted to report that the portfolio has got off to a good start, outperforming the investment trust sector average in that time, albeit in testing times, particularly since the start of 2022. This is early evidence of the capabilities of the team, who are all based in Hong Kong and Shanghai and are able to bring their experience of investing in an "All China" mandate, incorporating as it does companies listed on exchanges in Hong Kong, Shanghai and Shenzen. The Investment Manager is in the process of applying for a Qualified Foreign Investor ("QFI") licence which will allow the Company to exploit this expertise more fully and the Investment Manager expects the number of holdings to stabilise at around 50 positions.

We hope that the timing of the change of the mandate may yet prove to be fortuitous – Chinese equity markets fell over 20% in sterling terms in 2021, while the FTSE All-Share Index was up 14%. Consensus is that China will become the largest economy in the world by the end of the decade and, while we would be naive to expect that there will not be bumps in the road, we believe that the prospects for a portfolio focused on this growth market are good. We believe that the regulatory changes that we saw the Chinese Government impose last year have now been priced into the market and we do not expect to see much further intervention by the Government on such a scale. When this is coupled with the early signs of easing of Covid restrictions in some Western markets and a more benign economic backdrop in China, the Board is optimistic that the long-term prospects of the Company are compelling.

Mark Hadsley-Chaplin
Chairman
24 February 2022

Strategic Report

We see the brightest future for firms able to adapt to changing regulatory frameworks and align with policy objectives in areas such as digital innovation, green technology, access to affordable healthcare and improved livelihoods. We are focused on five themes that we believe will drive returns in 2022.

Investment Manager's Report

Market Environment

Emerging markets began the period strongly as the prospect of vaccine roll-outs led investors to focus on the potential for a rebound in global economic activity. This, in turn, resulted in significant style rotation, with those markets, sectors and stocks which had suffered the greatest economic impact in the early stages of the pandemic rallying strongly. The "risk-on" environment saw the US dollar weaken and a rally in the prices of energy and most industrial commodities as well as emerging market currencies. By late February, the MSCI Emerging Markets Index was up by almost 23%, but it gave up some of those gains as increasing concerns about the outlook for inflation pushed US bond yields higher, negatively impacting sentiment towards emerging market assets. As the year progressed, the MSCI Emerging Markets Index was largely range-bound and performance was hampered by increased holdings traded were a small detractor. The Ordinary share price total return was 18.7%, as the discount to NAV at which the Company's Ordinary shares trade widened to 14.5% from 13.4% at the start of the financial year.

Portfolio Positioning

During the latter part of the period, we worked to improve portfolio liquidity whilst retaining market exposure, notably through reducing exposure to less liquid investments while adding to exchange traded funds. Following shareholder approval of the new investment policy on 26 October 2021 we began the process of exiting remaining legacy investments. Good progress was made over the final days of the month and 69.8% of the Company's net assets were in cash or pending settlement by period end. The Hong Kong team began the process of deploying the cash and building the regulatory scrutiny of companies with internet enabled business models in China. Sentiment towards China deteriorated further late in the period as investors focused on default risks in the real estate sector and the potential for the situation to spiral into a broader financial crisis. For the financial year in its entirety, the MSCI Emerging Markets Index rose by 10.7%.

Fund Performance

During the financial year the Company's net asset value ("NAV") total return was 19.8% which compares favourably with the return of 10.7% from the Reference Index. Performance attribution analysis shows that fund selection was the largest contributor to the Company's NAV outperformance. In particular, the Company's investments in Aberdeen Standard SICAV I – China A Share Equity Fund, Neuberger Berman China Equity Fund and Weiss Korea Opportunity Fund performed well in comparison with their respective benchmarks. Another meaningful contributor to performance was Russian holding Baring Vostok Investments, which had an excellent period as several underlying portfolio holdings completed successful initial public offerings. The only significant detractor was Naspers which suffered from its exposure to Chinese internet giant Tencent. Asset allocation was also a positive contributor to relative performance. An overweight allocation to Russia and underweight positioning in China were significant positives, in part offset by a negative contribution from being underweight in Taiwan. Changes in the discounts to NAV at which underlying closed-end fund

Chinese portfolio in early November 2021.

Aberdeen Asset Managers Limited
24 February 2022

Investment Manager's Report (New Investment Objective)

The China Opportunity and Why Now?

The enduring strength of China's vast consumer market allied to pro-growth domestic policies underscore our optimism about the prospects for A-shares in 2022 and beyond.

In contrast to developed markets such as the US and UK, where authorities are tightening policy to tame inflation, China has moved to ease financial conditions and access to funding. Although the Covid-19 pandemic has curtailed Chinese consumption for the past two years, the market's size means even sluggish retail sales growth generates a big increase in absolute terms. We predict China's consumer market will surpass the US in dollar terms by 2040.

Looking ahead, we suspect China's zero-Covid approach will allow life to go on largely as normal, but there will also be bouts of volatility as the authorities react to spikes in incidences of the virus. Still, we expect any pain to be short term. It won't change the government's commitment to bringing domestic consumption back to China. Investors will benefit by maintaining exposure to this structural trend.

We see the brightest future for firms able to adapt to changing regulatory frameworks and align with policy objectives in areas such as digital innovation, green technology, access to affordable healthcare and improved livelihoods. We are focused on five themes that we believe will drive returns in 2022.

Aspiration: We expect consumer names to fare well as China strives for a self-sufficient economic model. We buy into the

Digital: This theme aligns with the government's objectives of localisation, improving productivity, lowering costs, increasing innovation and helping to propel economic growth. Our holdings in this segment are primarily software-related names which have advantages given their knowledge of the domestic market and preference for localisation in areas such as cyber security and cloud services. One of our holdings in this area is **Venustech,** a leading cyber security provider in China.

Green: This theme aligns with government policy on decarbonisation and net-zero emissions by 2060. Our holdings include solar wafer producers, component makers, battery and related component makers, automation-related firms and a company focused on upgrading electricity grids for a renewable future. We hold **Contemporary Amperex Technology,** the world's largest electric vehicle battery maker.

Health: The portfolio is overweight healthcare services, including firms providing innovative research and clinical trial services that bring high-quality therapies to market cheaply and quickly. Our holdings align with policy objectives to make healthcare cheaper and more accessible which is important given that China has a rapidly ageing society. **Hangzhou Tigermed Consulting,** a leading contract research organization company primarily serving Chinese pharmaceutical firms, is one of key holdings in healthcare.

Wealth: This theme aligns with China's policy objectives of becoming a moderately prosperous society by 2035. The financial services sector plays a key role in creating and protecting wealth. We hold **China Merchants Bank,** which is arguably China's highest "premiumisation" story – that urbanisation and rising middle-class wealth will drive demand for premium goods and services in the long run. **China Tourism Group Duty Free,** the largest duty free retailer in China, is our core holding in this space to capitalise on middle-class growth.

quality consumer banking franchise and **Hundsun Technologies,** the leading financial software service provider supporting the development of capital markets such as trading and portfolio management.

Investment Process

We believe that deep fundamental research into companies, mediated through team debate and a rigorous stock selection process, is the key to unlocking investment insight and driving investment returns in portfolios. We utilise a bottom-up, fundamental stock picking approach, which guides selection decisions in sector, regional and country allocations, constrained by appropriate risk controls of course.

Idea generation
Universe **c.1800** stocks

Broad Universe

- Wide & dynamic opportunity set
- Quant tools refine coverage
- Outstanding corporate access
- Deep sector expertise

Research
Extensive coverage **c.210** stocks

Deep Analysis

- Common investment language
- Fully embedded ESG
- Clear non-consensus insights
- Continuous review of outputs

Peer review
Buy Rec. **c.110** stocks

Rigorous Team Debate

- Informed peer review of insights
- Collaboration on sectors & themes
- Cross asset class insights

Portfolio construction
30-60 stocks

Focused on Client Outcomes

- Pods drive clear accountability
- Bottom up. best ideas led
- Quant and risk analytics
- Effective diversification

ESG considerations embedded throughout the process

Comprehensive independent oversight of investment process and client mandate parameters

Source: abrdn, 31 December 2021

We aim to run a portfolio of 30-60 holdings, focusing on companies that our research analysts identify as having the most attractive quality and valuation characteristics, offering the best expected risk-adjusted returns, within a diversified portfolio. Our quality assessment focuses on five key factors; namely the durability of the business model and competitive advantage, the attractiveness of the industry, the strength of financials, the capability of management, and our assessment of the company's Environmental, Social and Governance ("ESG") credentials.

We seek to build high-conviction portfolios where stock-specific insights drive performance, giving investors direct access to our best investment ideas. Conviction is built through idea sharing, peer review and effective debate.

The analysis of ESG risks and opportunities is fully integrated into the entire investment process with the aim to make better-informed investment decisions and benefit from active ownership of these assets. It is one of the key dimensions on which we assess the investment case for any company in which we invest.

Our primary risk control is at the stock level with our rigorous company research process helping us to avoid stock-specific errors. However, we do also pay close attention to portfolio level risks and we have access to a number of on desk quantitative risk tools. This ensures that we are well informed of, and comfortable with, the risk positions that result from our bottom-up stock picking.

This strategy is managed with a greater emphasis on a traditional buy-and-hold approach, resulting in low turnover which we would expect to be in the range of 10-20% in normal market conditions. Typically, the strategy will have higher return on equity/assets and lower debt to equity than the MSCI China All Shares Index.

Portfolio Listing as at 31 December 2021

Due to the scheme of reconstruction and resultant material change of the portfolio, we present an unaudited breakdown of the investment portfolio of investments held by the Company as at 31 December 2021 as follows.

Security investment name	Industry (Sub-Sector)	Value** (£'000)	Percentage of portfolio (%)
Tencent Holdings Ltd	Interactive Media & Services	25,485	7.4%
Aberdeen Standard SICAV I – China A Share Equity Fund *	Unit Trusts	21,606	6.3%
Kweichow Moutai Co Ltd	Beverages	17,853	5.2%
China Merchants Bank Co Ltd	Banks	17,767	5.1%
Meituan	Internet & Direct Marketing Retail	14,639	4.2%
China Tourism Group Duty Free Corp Ltd	Specialty Retail	14,215	4.1%
Alibaba Group Holding Ltd	Internet & Direct Marketing Retail	11,935	3.5%
Contemporary Amperex Technology Co Ltd	Electrical Equipment	11,914	3.5%
JD.com Inc	Internet & Direct Marketing Retail	10,870	3.2%
Bank of Ningbo Co Ltd	Banks	9,498	2.8%
Wanhua Chemical Group Co Ltd	Chemicals	7,835	2.3%
Sungrow Power Supply Co Ltd	Electrical Equipment	7,758	2.3%

Fuyao Glass Industry Group Co Ltd	Auto Components	7,349	2.1%
Li Ning Co Ltd	Textiles, Apparel & Luxury Goods	7,267	2.1%
Wuliangye Yibin Co Ltd	Beverages	7,034	2.0%
Shenzhou International Group Holdings Ltd	Textiles, Apparel & Luxury Goods	6,973	2.0%
AIA Group Ltd	Insurance	6,800	2.0%
LONGi Green Energy Technology Co Ltd	Semiconductors & Semiconductor Equipment	6,304	1.8%
Ping An Bank Co Ltd	Banks	6,089	1.8%
Shenzhen Mindray Bio-Medical Electronics Co Ltd	Health Care Equipment & Supplies	6,059	1.8%
Nari Technology Co Ltd	Electrical Equipment	6,017	1.7%
China Vanke Co Ltd	Real Estate Management & Development	5,952	1.7%
Hundsun Technologies Inc	Software	5,916	1.7%
Hong Kong Exchanges & Clearing Ltd	Capital Markets	5,827	1.7%
Foshan Haitian Flavouring & Food Co Ltd	Food Products	5,728	1.7%
Wuxi Biologics Cayman Inc	Life Sciences Tools & Services	5,658	1.6%
Sinoma Science & Technology Co Ltd	Chemicals	5,251	1.5%
By-health Co Ltd	Personal Products	5,078	1.5%
Hangzhou Tigermed Consulting Co Ltd	Life Sciences Tools & Services	4,971	1.4%
Aier Eye Hospital Group Co Ltd	Health Care Providers & Services	4,946	1.4%
Chacha Food Co Ltd	Food Products	4,834	1.4%
Luxshare Precision Industry Co Ltd	Electronic Eqpt Instruments & Components	4,803	1.4%
China Meidong Auto Holdings Ltd	Specialty Retail	4,531	1.3%
CIFI Ever Sunshine Services Group Ltd	Real Estate Management & Development	4,212	1.2%
Proya Cosmetics Co Ltd	Personal Products	4,206	1.2%
Hefei Meiya Optoelectronic Technology Inc	Machinery	3,959	1.2%
Shanghai M&G Stationery Inc	Commercial Services & Supplies	3,914	1.1%
Yantai China Pet Foods Co Ltd	Food Products	3,759	1.1%
Jiangsu Hengrui Medicine Co Ltd	Pharmaceuticals	3,634	1.1%
GDS Holdings Ltd	IT Services	3,557	1.0%
Qingdao TGOOD Electric Co Ltd	Electrical Equipment	3,554	1.0%
China Conch Venture Holdings Ltd	Construction & Engineering	3,519	1.0%
Zai Lab Ltd	Biotechnology	3,476	1.0%
Amoy Diagnostics Co Ltd	Biotechnology	3,456	1.0%
Maxscend Microelectronics Co Ltd	Electronic Eqpt Instruments & Components	3,151	0.9%
Venustech Group Inc	Software	2,817	0.8%
Shanghai MicroPort MedBot Group Co Ltd	Health Care Equipment & Supplies	1,824	0.5%
Komodo Fund *	Unit Trusts	1,154	0.3%
Weiss Korea Opportunity Fund Limited *	Unit Trusts	396	0.1%
Total investments		**345,350**	**100.0%**

* Security also held at 31 October 2021
** Unaudited

Sector Breakdown as at 31 December 2021

Further to the portfolio listing above, the sector breakdown of the portfolio as at 31 December 2021 was as follows.

Sector breakdown	%
Consumer Discretionary	22.5
Financials	20.0
Consumer Staples	14.0
Industrials	11.8
Health Care	9.9
Information Technology	7.7
Communication Services	7.4
Materials	3.8
Real Estate	2.9

Source: Datastream

Nicholas Yeo and Elizabeth Kwik
abrdn Hong Kong Limited
24 February 2022

The Investment Manager's Approach to ESG

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Investment Manager embeds Environmental, Social and Governance ("ESG") factors into the research of each asset class as part of the investment process. ESG investment is about active engagement, in the belief that the performance of assets owned by the Company can be improved over the longer term.

What is ESG, and why do we do it?

ESG considerations have been an integral part of the Investment Manager's decision-making process for almost 30 years. The Investment Manager believes that ESG factors are financially material and can meaningfully affect a company's performance. Hence, a company's ability to generate returns sustainably for investors depends on the management of its environmental impact, its consideration of the interests of society and all stakeholders, and on the way it is governed. By putting ESG factors at the heart of its investment process, the Investment Manager aims to generate better outcomes for the Company's shareholders. The three factors can be considered as follows:

- Environmental factors relate to how a company conducts itself with regard to environmental conservation and sustainability. Types of environmental risks and opportunities include a company's energy consumption, waste disposal, land development and carbon footprint, among others.
- Social factors pertain to a company's relationship with its employees and suppliers. Risks and opportunities can include (but are not limited to) a company's initiatives on employee health and well-being, and how supplier relationships align with corporate values.
- Corporate governance factors can include the corporate decision-making structure, independence of board members, the treatment of minority shareholders, executive compensation and political contributions, among others.

At the investment stage, ESG factors and analysis help to frame where best to invest by considering material risks and opportunities alongside other financial metrics. Due diligence can ascertain whether such risks are being adequately managed, and whether the market has understood and priced them accordingly.

The Investment Manager is an active owner, voting at shareholder meetings in a deliberate manner, working with companies to drive positive change, and engaging with policymakers on ESG and stewardship matters.

Can we measure it?

There are elements of ESG that can be quantified, for example the diversity of a board, the net carbon impact of a company, and the level of employee turnover. While diversity can be monitored, measuring inclusion is more of a challenge. Although it is possible to measure the level of staff turnover, it is more challenging to quantify corporate culture. Relying on calculable metrics alone would lead potentially to misleading insights. As active managers, quantitative and qualitative assessments are blended to better understand the ESG performance of a company.

The Investment Manager's analysts consider such factors in a systematic and globally-applied approach to assess and compare companies consistently on their ESG credentials, both regionally and against their peer group. Some of the key questions asked of companies include:

- How material are ESG issues for this company, and how are they being addressed?
- What is the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

The questions asked differ from company to company; the type of questions poised to a bank would be quite different from those of a semi-conductor manufacturing firm.

The ESG Scoring System

Having considered the regional universe and peer group in which a company operates, the Investment Manager allocates it an ESG score between one and five. This is applied across every stock covered globally. Examples of each category and a small sample of the criteria used are detailed below:

1. Best in class	**2. Leader**	**3. Average**	**4. Below average**	**5. Laggard**
ESG considerations are material part of the company's core business strategy Excellent disclosure Makes opportunities from strong ESG risk management	ESG considerations not market leading Disclosure is good, but not best in class Governance is generally very good	ESG risks are considered as a part of principal business Disclosure in line with regulatory requirements Governance is generally good but some minor concerns	Evidence of some financially material controversies Poor governance or limited oversight of key ESG issues Some issues in treating minority shareholders poorly	Many financially material controversies Severe governance concerns Poor treatment of minority shareholders

Climate Change

Climate change is one of the most significant challenges of the 21st century and has big implications for investors. The energy transition is underway in many parts of the world, and policy changes, falling costs of renewable energy, and a change in public perception are happening at a rapid pace. Assessing the risks and opportunities of climate change is a core part of the investment process. In particular, the Investment Manager considers:

- **Transition risks and opportunities**
  Governments could take robust climate change mitigation actions to reduce emissions and transition to a low-carbon economy. This is reflected in targets, policies and regulation and can have a considerable impact on high-emitting companies.
- **Physical risks and opportunities**
  Insufficient climate change mitigation action will lead to more severe and frequent physical damage. This results in financial implications, including damage to crops and infrastructure, and the need for physical adaptation such as flood defences.

The Investment Manager has aligned its approach with that advocated by the investor agenda of the Principles for Responsible Investment ("PRI") – a United Nations-supported initiative to promote responsible investment as a way of enhancing returns and better managing risk.

The PRI provides an intellectual framework to steer the massive transition of financial capital towards a more sustainable global economy. It also encourages fund managers to demonstrate climate action across four areas: investments; corporate engagement; investor disclosure; and policy advocacy as explained below:

Focus		Objective	Aim
Investments	**Research & Data**	Provide high-quality climate change insights and thematic research across asset classes and regions. This includes using climate-related data as an input into the investment process.	**Provide relevant high-quality data and insights on climate-change trends, risks and opportunities that are fully integrated into our decision making and drive positive outcomes for our clients**
	Investment Integration	Understand the potential financial impacts of climate-change risks and opportunities across regions and sectors, integrate these into our investment decisions and understand the implications for our portfolios.	
	Client Solutions	Undertand client needs in relation to climate change and low-carbon product demand. Develop innovative climate-related client solutions and products across all asset classes.	
Corporate Engagement	**Investee Engagement & Voting**	Better understand investee exposure and management of climate change risks and opportunities. Influence investee companies on management of climate change risks and opportunities via engagement and voting. Highlight expectation to apply the TCFD framework when reporting on climate-related data.	
Policy Advocacy	**Collaboration & Influence**	Collaborate with climate-change-related industry associations and participate in relevant initiatives. Engage with peers and policymakers to drive industry developments and best practice.	
Investor Disclosure	**Disclosure**	Disclose climate-change-related data using the TCFD reporting framework across the four pillars: governance, strategy, risk management, metrics & targets.	

Alignment with PRI Investor Agenda

Importance of Engagement

The Investment Manager is committed to regular, ongoing engagement with the companies in which it invests, to help to maintain and enhance their ESG standards into the future.

As part of the investment process, the Investment Manager undertakes a significant number of company meetings each year on behalf of the Company. The Company is supported by on-desk ESG analysts, as well as a well-resourced specialist ESG Investment team. These meetings provide an opportunity to discuss various relevant ESG issues including board composition, remuneration, audit, climate change, labour issues, human rights, bribery and corruption. Companies are strongly encouraged to set clear targets or key performance indicators on all material ESG risks.

ESG engagements are conducted with consideration of the ten principles of the United Nations Global Compact, and companies are expected to meet fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption.

This engagement is not limited to a company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's customers and clients.

Information about the Manager, Investment Manager and Investment Management Team

Manager (Aberdeen Standard Fund Managers Limited)

The Company's Alternative Investment Fund Manager is Aberdeen Standard Fund Managers Limited ("ASFML" or the "Manager"), which is a wholly owned subsidiary of abrdn plc and is authorised and regulated by the FCA. ASFML has been appointed to provide investment management, risk management and promotional activities to the Company.

The abrdn Group's assets under management and administration were £532 billion as at 30 June 2021, managed for a range of clients including 22 UK-listed closed end investment companies.

Investment Manager (abrdn Hong Kong Limited)

Following approval of the change to the Company's investment policy at the EGM on 26 October 2021, the Company's portfolio is managed by abrdn Hong Kong Limited ("aHKL") by way of a group delegation agreement in place between ASFML and aHKL. aHKL is authorised and regulated by the Securities and Futures Commission of Hong Kong.

The Investment Management Team

Nicholas Yeo

Director and Head of Equities, China

Nicholas Yeo is the Head of China/Hong Kong Equities team at abrdn. Nicholas joined abrdn in 2000 via the acquisition of Murray Johnstone. He was seconded to the London Global Emerging Market team for two years where he covered EMEA and Latin American companies, before returning to the Asian Equities team in Singapore in March 2004. In March 2007, he transferred to Hong Kong to lead Chinese equity research.

Nicholas holds a BA (Hons) in Accounting and Finance from The University of Manchester and an MSc in Financial Mathematics from Warwick Business School. He is a CFA charterholder.

Elizabeth Kwik

Investment Manager

Elizabeth Kwik is an Investment Manager on the China/Hong Kong Equities Team at abrdn where she is responsible for researching the Consumer Discretionary, Automobiles & Components and Banking sectors. Elizabeth sits on the China A share and All China equity fund portfolio construction groups. She joined abrdn in 2013.

Elizabeth holds a Bachelor of Science in Economics from the London School of Economics. She is a CFA charterholder.

Portfolio

The Company's NAV total return for the year was 19.8%, which compares favourably to a total return of 10.7% from the Reference Index for the year.

Investments

Portfolio listing as at 31 October 2021

Security investment name	Country of establishment	Value (£'000)	Percentage of net assets (%)
Aberdeen Standard SICAV I – China A Share Equity Fund	Luxembourg	21,874	5.8
Korea Value Strategy Fund Ltd	British Virgin Islands	16,282	4.4
Weiss Korea Opportunity Fund Limited	Guernsey	15,543	4.2
Diversified Growth Company QIC GCC Equity Fund	Luxembourg	15,371	4.1
Aberdeen New India Investment Trust PLC	United Kingdom	10,826	2.9
Ton Poh Fund	Cayman Islands	9,903	2.6
Laurium Limpopo Africa Fund	Cayman Islands	8,227	2.2
Baring Vostok Investments PCC Limited	Guernsey	7,306	1.9
Aberdeen Asian Income Fund Limited	United Kingdom	6,215	1.7
Komodo Fund	Cayman Islands	1,358	0.4
Total investments		**112,905**	**30.2**
Cash plus other net current assets and liabilities		260,883	69.8
Net assets		**373,788**	**100.0**

Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance.

All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship with the Manager.

New Investment Objective and Investment Policy

A change of investment objective and investment policy was approved by shareholders on 26 October 2021. The new investment objective and investment policy is set out below:

Investment Objective

The Company's investment objective is to produce long-term capital growth by investing predominantly in Chinese equities.

Investment Policy

The Company invests in companies listed, incorporated or domiciled in the People's Republic of China ("China"), or companies that derive a significant proportion of their revenues or profits from China operations or have a significant proportion of their assets there. In furtherance of the investment policy, the portfolio will normally consist principally of quoted equity securities and depositary receipts although unlisted companies, fixed interest holdings or other non-equity investments may be held. Investments in unquoted companies will be made where the Investment Manager has a reasonable expectation that the company will seek a listing in the near future. The portfolio is actively managed and may be invested in companies of any size and in any sector.

The Company is expected to have an ESG rating equal to, or better than, the MSCI China All Shares Index and have meaningfully lower carbon intensity than the Index.

The portfolio is actively managed and the Company aims to outperform the MSCI China All Shares Index (in sterling terms). This index is used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainability criteria. In order to achieve its objective, the Company will take positions whose weightings diverge from the index or invest in securities which are not included in the index. Investments may deviate significantly from the components of, and their respective weightings in, the MSCI China All Shares Index. Due to the active nature of the management process, the Company's performance profile may deviate significantly from that of the index.

The portfolio is expected normally to comprise between 30 and 60 securities (including any unlisted securities held) but may hold up to 100. No individual issuer will represent a greater weight in the portfolio than the lower of (i) 10% or (ii) its weight in the MSCI China All Shares Index (in sterling terms) plus 5%, as measured at the time of investment. The maximum permitted exposure to a single group is 20% of the Company's total assets, as measured at the time of investment.

The Company may continue to hold certain illiquid assets which were acquired prior to adoption of this policy pending their orderly disposal. These assets are not expected to represent a significant proportion of the portfolio.

Principal Risks, Emerging Risks and Uncertainties

Together with the issues discussed in the Chairman's Statement and the Investment Manager's Report, the Board considers that the main risks and uncertainties faced by the Company fall into the following categories:

(i) Risks relating to the Company

- The Company has no employees and the Directors have been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third-party service providers for its executive functions and is exposed to the risk that misconduct by employees of those service providers, any failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, or the termination of those appointments could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of its Ordinary shares.

(ii) Risks relating to the investment policy

There can be no guarantee that the Company will achieve its investment objective or that investors will get back the full value of their investment.

- The investments of the Company are subject to the risk of changes in market prices or macroeconomic factors. Any such changes could have an adverse effect on the value of the portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to shareholders and the market value of its Ordinary shares.
- The Company's NAV is inherently sensitive to the performance of Chinese equity markets which could result in the Company's Ordinary shares trading at a discount or being less liquid.
- The portfolio will be concentrated in a single country and will therefore be exposed to risks associated with geographical concentration, including being exposed to the fluctuations of a more limited geographical market and fewer currencies than a less concentrated portfolio.
- The Company is exposed to particular economic, regulatory, political, geopolitical, environmental and taxation risks associated with investments in the People's Republic of China, which could have an adverse effect on the portfolio, the Company's financial condition, results of operations and prospects were they to materialise, with a consequential adverse effect on the market value of its Ordinary shares.
- The Company is exposed to currency and foreign exchange risk as a result of holding investments denominated in currencies other than sterling which could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of its Ordinary shares.

(iii) Risks relating to the Manager/Investment Manager

- The success of the Company is dependent on the Alternative Investment Fund Manager ("AIFM") and the Investment Manager and their expertise, key personnel, and ability to source and advise appropriately on investments. As a result of this, the Company's portfolio, financial condition, results of operations, prospects and the value of the shares could be adversely affected by: competitive pressures on the AIFM or the Investment Manager's ability to source and make successful investments; any failure by the AIFM or the Investment Manager to carry out due diligence and obtain relevant information on prospective investments; or any loss of key personnel of the AIFM or the Investment Manager and any inability to recruit appropriate replacements in a timely fashion.

(iv) Risks relating to regulation, taxation and the Company's operating environment

- The Covid-19 pandemic may adversely affect the performance of investee companies due to ongoing macroeconomic and market uncertainty, which may in turn adversely impact the Company's financial performance and prospects and the value of its portfolio.
- Changes in the laws or regulations in Guernsey or the UK which govern the Company's and the Investment Manager's operations may have an adverse effect on the ability of the Company and the Manager / Investment Manager to carry on their respective businesses and any such changes could have an adverse effect on the portfolio and on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

Management or mitigation of the above risks
The Company has a risk management process in place. This mechanism enables the Board to monitor the Company's spread of investments across several sectors. The Board receives and monitors reports from the Manager and the Administrator on a quarterly basis at the minimum.

(v) Internal Risks

Poor allocation of the Company's assets by the Investment Manager, poor governance, compliance or administration, including poor controls over cyber security, could result in shareholders not making acceptable returns on their investment in the Company.

Management or mitigation of internal risks
The Board monitors the performance of the Manager and the other key service providers at regular Board meetings. The Manager provides reports to the Board on compliance matters and the Administrator provides reports to the Board on compliance and other administrative matters. The Board has established various committees to ensure that relevant governance matters are addressed by the Board.

(vi) Emerging Risks

Emerging risks are slow moving trends, innovations and shifts with potential consequence to a specific industry or sector in the long term. They can include movements in: demographics, economics, society, technological innovations, national policy and governance. Long term shifts in temperatures and weather patterns caused by human activity, primarily due to the burning of fossil fuels, or by natural phenomena may have a negative effect on ecological and socioeconomic wellbeing.

Management or mitigation of emerging risks
A risk management register and associated risk heat map, providing a visual reflection of the Company's identified and emerging risks have been established to monitor and mitigate risks to the Company, with both a risk pre mitigation and risk post mitigation score determined, depending on the impact of the risk combined with the probability of the risk occurring.

(vii) Failure to manage premium and/or discount

The Board's discount control policy is that the Company's shares should not trade at a price which, on average, represents a discount that is out of line with the Company's direct peer group. To assist the Board in taking action to deal with a material and sustained deviation in the Company's discount from its peer group, it seeks authority from Shareholders annually to buy back shares. Shares may be repurchased when, in the opinion of the Board and taking into account factors such as market conditions and the discounts of comparable companies, the Company's discount is higher than desired and shares are available to purchase in the market. The Board is of the view that the principal purpose of share repurchases is to enhance the net asset value ("NAV") for remaining shareholders, although it may also assist in addressing 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 NAV.

Statement of Directors' Responsibilities

In Respect of the Annual Report and Accounts

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Guernsey company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the IASB and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that 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, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, but not for the content of any information included on the website that has been prepared or issued by third parties. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each 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 Company's auditor is aware of that information.

Responsibility Statement of the Directors in Respect of the Annual Report

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 Management Report (comprising the Chairman's Statement, the Investment Manager's Report and the Governance reports including 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 that it faces.

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Helen Green
Director

William Collins
Director
24 February 2022

Financial Statements

Net assets per Ordinary share increased by 16.5% to 813.2p, while the revenue loss was 0.61p per Ordinary share as compared to a profit of 1.60p per Ordinary share in 2020.

Statement of Comprehensive Income

		Year ended 31 October 2021			Year ended 31 October 2020		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains on investments at fair value through profit or loss	4	–	64,438	64,438	–	25,522	25,522
Losses on currency movements		–	–	–	–	(166)	(166)
Net investment gains		**–**	**64,438**	**64,438**	**–**	**25,356**	**25,356**
Investment income	5	3,667	–	3,667	4,187	–	4,187
		3,667	**64,438**	**68,105**	**4,187**	**25,356**	**29,543**
Investment management fees	6	(2,753)	–	(2,753)	(2,216)	–	(2,216)
Other expenses	6	(882)	–	(882)	(842)	–	(842)
Operating profit before finance costs and taxation		**32**	**64,438**	**64,470**	**1,129**	**25,356**	**26,485**
Finance costs	9	(176)	–	(176)	(212)	–	(212)
Operating profit before taxation		**(144)**	**64,438**	**64,294**	**917**	**25,356**	**26,273**
Withholding tax expense		(138)	–	(138)	(183)	–	(183)
Total profit and comprehensive income for the year		**(282)**	**64,438**	**64,156**	**734**	**25,356**	**26,090**
Earnings per Ordinary share	10	**(0.61p)**	**140.19p**	**139.58p**	**1.60p**	**55.16p**	**56.76p**

The Total column of this statement represents the Company's Statement of Comprehensive Income, prepared under IFRS. The revenue and capital columns, including the revenue and capital earnings per Ordinary share data, are supplementary information prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

The notes form part of these financial statements.

Statement of Financial Position

	Note	As at 31 October 2021 £'000	As at 31 October 2020 £'000
Non-current assets			
Investments at fair value through profit or loss	4	112,905	324,975
Current assets			
Cash and cash equivalents		201,795	8,315
Sales for future settlement		59,838	924
Other receivables		119	367
		261,752	**9,606**
Total assets		**374,657**	**334,581**
Current liabilities			
Other payables		(835)	(1,111)
Finance costs payable	9	(34)	–
Bank loan payable	9	–	(12,500)
Total liabilities		**(869)**	**(13,611)**
Net assets		**373,788**	**320,970**
Equity			
Share capital	12	148,735	149,616
Capital reserve	13	230,544	176,563
Revenue reserve		(5,491)	(5,209)
Total equity		**373,788**	**320,970**
Net assets per Ordinary share	14	**813.20p**	**698.29p**

Approved by the Board of Directors and authorised for issue on 24 February 2022 and signed on its behalf by:

Helen Green
Director

William Collins
Director

The notes form part of these financial statements.

Incorporated in Guernsey: Company registration number 50900

Statement of Changes in Equity

For the year ended 31 October 2021

	Note	Share capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 November 2020		**149,616**	**176,563**	**(5,209)**	**320,970**
Profit for the year		–	64,438	(282)	64,156
Dividends paid	11	–	(10,457)	–	(10,457)
Tender offer and share issue costs (Scheme of Reconstruction)	20	(881)	–	–	(881)
Balance at 31 October 2021		**148,735**	**230,544**	**(5,491)**	**373,788**

For the year ended 31 October 2020

	Note	Share capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 November 2019		**149,616**	**161,204**	**(5,943)**	**304,877**

Profit for the year		–	25,356	734	26,090
Dividends paid	11	–	(9,997)	–	(9,997)
Balance at 31 October 2020		**149,616**	**176,563**	**(5,209)**	**320,970**

The capital reserve at 31 October 2021 is split between realised gains of £183,241,000 and unrealised gains of £47,303,000 (2020: realised gains of £85,726,000 and unrealised gains of £90,837,000).

The revenue reserve and realised element of the capital reserve represents the amount of the Company's retained reserves.

The notes form part of these financial statements.

Statement of Cash Flows

	Note	Year ended 31 October 2021 £'000	Year ended 31 October 2020 £'000
Operating activities			
Cash inflow from investment income		3,885	4,184
Cash outflow from management expenses		(4,093)	(2,305)
Cash inflow from disposal of investments*		401,220	93,513
Cash outflow from purchase of investments*		(183,626)	(65,209)
Cash outflow from withholding tax		(138)	(183)
Net cash flow from operating activities	**15**	**217,248**	**30,000**
Financing activities			
Repayment of bank borrowings	9	(25,000)	(12,500)
Proceeds from bank borrowings	9	12,500	–
Borrowing commitment fee and interest charges	9	(142)	(212)
Dividend paid	11	(10,457)	(9,997)
Tender offer and share issue costs (Scheme of reconstruction)	20	(669)	–
Net cash flow used in financing activities		**(23,768)**	**(22,709)**
Net increase in cash and cash equivalents		**193,480**	**7,291**
Effect of foreign exchange		–	(166)
Cash and cash equivalents at start of the year		8,315	1,190
Cash and cash equivalents at end of the year		**201,795**	**8,315**

* Receipts from the disposal and purchase of investments have been classified as components of cash flow from operating activities because they form part of the Company's operating activities.

The notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 October 2021

1. **Reporting entity**

abrdn China Investment Company Limited (the "Company") is a closed-ended investment company, registered in Guernsey on 16 September 2009. The Company's registered office is 11 New Street, St Peter Port, Guernsey, GY1 2PF. The Company's Ordinary shares have a premium listing on the London Stock Exchange and commenced trading on 10 November 2009. The Company changed its name to abrdn China Investment Company Limited on 26 October 2021 (formerly Aberdeen Emerging Markets Investment Company Limited). The financial statements of the Company are presented for the year ended 31 October 2021.

The Company invests in companies listed, incorporated or domiciled in the People's Republic of China ("China"), or companies that derive a significant proportion of their revenues or profits from China operations or have a significant proportion of their assets there. Prior to the combination with Aberdeen New Thai Investment Trust PLC on 26 October 2021, the Company was managed in accordance with its previous investment objective, which was to achieve consistent returns for shareholders in excess of the MSCI Emerging Markets Net Total Return Index in sterling terms. In furtherance of the new investment policy, the portfolio will normally consist principally of quoted equity securities and depositary receipts although unlisted companies, fixed interest holdings or other non-equity investments may be held. Investments in unquoted companies will be made where the Manager has a reasonable expectation that the company will seek a listing in the near future. The portfolio is actively managed and may be invested in companies of any size and in any sector.

Manager

The investment activities of the Company were managed by Aberdeen Standard Fund Managers Limited ("ASFML") during the year ended 31 October 2021.

Non-mainstream pooled investments ("NMPIs")
The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to NMPIs and intends to continue to do so for the foreseeable future.

2. Basis of preparation

(a) Statement of compliance
The financial statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and are in compliance with the Companies (Guernsey) Law, 2008. There were no significant changes in the accounting policies of the Company in the year to 31 October 2021.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for Investment Companies issued by the Association of Investment Companies ("AIC") in April 2021 is consistent with the requirements of IFRS, the Directors have prepared the financial statements on a basis compliant with the recommendations of the SORP.

The "Total" column of the Statement of Comprehensive Income is the profit or loss account of the Company. The "Capital" and "Revenue" columns provide supplementary information prepared under guidance published by the AIC.

The financial statements were approved and authorised for issue by the Board on 24 February 2022.

This report will be sent to shareholders and copies will be made available to the public at the Company's registered office. It will also be made available on the Company's website: **abrdnchina.co.uk**.

(b) Going concern
The Directors have adopted the going concern basis in preparing the financial statements. The Board formally considered the Company's going concern status at the time of the publication of these financial statements and a summary of the assessment is provided below.

Since the adoption of the new investment policy, as approved by shareholders at the EGM held on 26 October 2021, the Board considered it appropriate to reset the five year interval between Continuation Resolutions so that the next Continuation Resolution will be put to shareholders at the Annual General Meeting of the Company to be held in 2027.

The Directors believe that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows.

As at 31 October 2021, the Company held £201.8 million in cash and £112.9 million in investments. It is estimated that approximately 99% of the investments held at the year end could be realised in one month. The total operating expenses for the year ended were £3.6 million, which on an annualised basis represented approximately 0.98% of average net assets during the year. The Company also incurred £0.2 million of finance costs. At the date of approval of this report, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover. The Company's net assets at 11 February 2022 were £341.1 million.

The Company has a £25 million revolving loan facility with RBSI, terminating on 26 March 2022. As at 31 October 2021, none of the RBSI facility was drawn down. The liquidity of the Company's portfolio, as mentioned above, sufficiently supports the Company's ability to repay its borrowings at short notice.

In light of the Covid-19 pandemic, the Directors have fully considered and assessed the Company's portfolio of investments. A prolonged and deep market decline could lead to falling values of the investments or interruptions to cashflow. However, the Company currently has more than sufficient liquidity available to meet any future obligations.

The Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements and, after due consideration, that the Company is able to continue in operation for a period of at least 12 months from the date of approval of these financial statements.

(c) Basis of measurement
The financial statements have been prepared on the historical cost basis except for investments held at fair value through profit or loss which are measured at fair value.

(d) Functional and presentation currency
The Company's investments are largely exposed to Chinese markets. However, the Company's Ordinary shares are issued in GBP sterling and the majority of its investors are UK based. The vast majority of service providers are also denominated in sterling. Therefore, the financial statements are presented in sterling, which is the Company's functional currency. All financial information presented in sterling has been rounded to the nearest thousand pounds.

(e) Capital reserve
Profits achieved by selling investments and changes in fair value arising upon the revaluation of investments that remain in the portfolio are all charged to profit or loss in the capital column of the Statement of Comprehensive Income and allocated to the capital reserve. The capital reserve attributable to realised profits is also used to fund dividend distributions.

(f) Revenue reserve
The balance of all items allocated to the revenue column of the Statement of Comprehensive Income in each year is transferred to the Company's revenue reserve. The revenue reserve is also used to fund dividend distributions.

(g) Use of estimates, assumptions and judgements
The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Use of estimates and assumptions
Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below.

Classification and valuation of investments
Investments are designated as fair value through profit or loss on initial recognition and are subsequently measured at fair value. The valuation of such investments requires estimates and assumptions made by the management of the Company depending on the nature of the investments as described in notes 3 (a) and 18 and fair value may not represent actual realisable value for those investments.

Allocation of investments to fair value hierarchy
IFRS requires the Company to measure fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under IFRS are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Use of judgements
The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

3. Significant accounting policies

(a) Investments
As the Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as fair value through profit or loss on initial recognition. These investments are recognised on the trade date of their acquisition at which the Company becomes a party to the contractual provisions of the instrument. At this time, the best evidence of the fair value of the financial assets is the transaction price. Transaction costs that are directly attributable to the acquisition or issue of the financial assets are charged to profit or loss in the Statement of Comprehensive Income as a capital item. Subsequent to initial recognition, investments designated as fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss in the Statement of Comprehensive Income and determined by reference to:

i) investments quoted or dealt on recognised stock exchanges in an active market are valued by reference to their market bid prices;

ii) investments other than those in i) above which are dealt on a trading facility in an active market are valued by reference to broker bid price quotations, if available, for those investments;

iii) investments in underlying funds, which are not quoted or dealt on a recognised stock exchange or other trading facility or in an active market, are valued at the net asset values provided by such entities or their administrators. These values may be unaudited or may themselves be estimates and may not be produced in a timely manner. If such information is not provided, or is insufficiently timely, the Investment Manager uses appropriate valuation techniques to estimate the value of investments. In determining fair value of such investments, the Investment Manager takes into consideration the relevant issues, which may include the impact of suspension, redemptions, liquidation proceedings and other significant factors. Any such valuations are assessed and approved by the Directors. The estimates may differ from actual realisable values;

iv) investments which are in liquidation are valued at the estimate of their remaining realisable value; and

v) any other investments are valued at the directors' best estimate of fair value.

Transfers between levels of the fair value hierarchy are recognised as at the end of the reporting period during which the change has occurred.

Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset. Gains or losses are recognised in profit or loss in the capital column of the Statement of Comprehensive Income. The Company uses the weighted average cost method to determine realised gains and losses on disposal of investments.

(b) Foreign currency
Transactions in foreign currencies are translated into sterling at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into sterling at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are retranslated into sterling at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into sterling using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss and, depending on the nature of the gain or loss, are allocated to the revenue or capital column of the Statement of Comprehensive Income. Foreign currency differences on retranslation of financial instruments designated as fair value through profit or loss are shown in the "Losses on currency movements" line.

(c) Income from investments

Dividend income is recognised when the right to receive it is established and is reflected in the Statement of Comprehensive Income as Investment income in the revenue column. For quoted equity securities this is usually on the basis of ex-dividend dates. For unquoted investments this is usually on the entitlement date confirmed by the relevant holding. Income from bonds is accounted for using the effective interest rate method.

Special dividends and distributions described as capital distributions are assessed on their individual merits and may be credited to the capital reserve if considered to be closely linked to reconstructions of the investee company or other capital transactions. Bank interest receivable is accounted for on a time apportionment basis and is based on the prevailing variable interest rates for the Company's bank accounts.

(d) Treasury shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity shareholders' funds through the Company's reserves. When such shares are subsequently sold or re-issued to the market any consideration received, net of any directly attributable incremental transaction costs, is recognised as an increase in equity shareholders' funds through the share capital account. Shares held in treasury are excluded from calculations when determining NAV per share.

(e) Cash and cash equivalents

Cash comprises cash and demand deposits. Cash equivalents, which include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Investment management fees and finance costs

Investment management fees and finance costs are charged to the Statement of Comprehensive Income as a revenue item and are accrued monthly in arrears. Finance costs include interest payable and direct loan costs. Performance-related fees, if any, are payable directly by reference to the capital performance of the Company and are therefore charged to profit or loss in the Statement of Comprehensive Income as a capital item.

(g) Financial liabilities

Financial liabilities (including bank loans) are classified according to the substance of the contractual arrangements entered into. Financial liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in profit or loss in the Statement of Comprehensive Income.

(h) Taxation

The Company has exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2020: £1,200).

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. The tax charges shown in profit or loss in the Statement of Comprehensive Income relate to overseas withholding tax on dividend income.

(i) Operating segments

IFRS 8, 'Operating segments' requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The Board has considered the requirements of the standard and is of the view that the Company is engaged in a single segment of business, which is investing in a portfolio of funds and products which give exposure to developing and emerging market economies. The key measure of performance used by the Board is the NAV of the Company (which is calculated under IFRS). Therefore, no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

Further information on the Company's operating segment is provided in note 19.

(j) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the recognised amounts and it intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are only presented on a net basis when permitted under IFRS.

(k) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The Company holds shares, units or partnership interests in the funds or investment products presented in the Company's portfolio. The Company does not consider its investments in listed funds to be structured entities but does consider its investments in unlisted funds to be investments in structured entities because the voting rights in such entities are limited to administrative tasks and are not the dominant factor in deciding who controls those entities.

Changes in fair value of investments, including structured entities, are included in profit or loss in the Statement of Comprehensive Income.

(l) Dividend payable

Final dividends payable to equity shareholders are recognised in the financial statements when they have been approved by shareholders and become a liability of the Company. Interim dividends payable are recognised in the period in which they are paid. The capital and revenue reserve may be used to fund dividend distributions.

(m) New standards, interpretations and/or amendments relevant to the Company

Effective in the current financial year

There are no new standards, interpretations, and/or amendments, relevant to the Company which became effective during the financial year under review.

Not yet in effect
There are a number of new standards, interpretations, and/or amendments, which did not become effective during the financial year under review.

At the date of approval of these financial statements, the following standards and interpretations were amended during the year:

- IAS 1 and IFRS 2 – Disclosure of Accounting policies (effective 1 January 2023).
- IAS 8 – Definition of Accounting Estimates (effective 1 January 2023).

The Board have assessed new but not yet effective standards applicable to the Company and have concluded that they will not have a material impact to the Company.

4. Investments at fair value through profit or loss and classification of financial instruments

	2021 £'000	2020 £'000
Quoted and listed closed end fund investments	39,890	159,968
Open ended fund and limited liability partnership investments	73,015	165,007
Total fair value investments at 31 October	**112,905**	**324,975**
Investments held at fair value through profit or loss		
Opening book cost	234,136	259,025
Opening investment holding gains	90,839	69,688
Opening fair value	**324,975**	**328,713**
Analysis of transactions made during the year		
Purchases at cost	183,626	65,105
Sales proceeds received	(460,134)	(94,365)
Gains on investments at fair value through profit or loss	64,438	25,522
Closing fair value	**112,905**	**324,975**
Closing book cost	65,600	234,136
Closing investment holding gains	47,305	90,839
Closing fair value	**112,905**	**324,975**

The company received £460,134,000 (2020: £94,365,000) from investments sold during the year. The book cost of these investments when they were purchased was £352,162,000 (2020: £89,994,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments.

Financial instruments as at 31 October 2021

	Financial assets measured at fair value £'000	Financial assets measured at amortised cost £'000	Financial liabilities measured at fair value £'000	Financial liabilities measured at amortised cost £'000	Total £'000
Investments at fair value through profit or loss	112,905	–	–	–	112,905
Cash and cash equivalents	–	201,795	–	–	201,795
Sales for future settlement and other receivables	–	59,957	–	–	59,957
Purchases for future settlement and other payables	–	–	(869)	–	(869)
Total	**112,905**	**261,752**	**(869)**	**–**	**373,788**

Financial instruments as at 31 October 2020

	Financial assets measured at fair value £'000	Financial assets measured at amortised cost £'000	Financial liabilities measured at fair value £'000	Financial liabilities measured at amortised cost £'000	Total £'000
Investments at fair value through profit or loss	324,975	–	–	–	324,975
Cash and cash equivalents	–	8,315	–	–	8,315
Sales for future settlement and other receivables	–	1,291	–	–	1,291
Purchases for future settlement and other payables	–	–	(1,111)	–	(1,111)
Bank loan payable	–	–	–	(12,500)	(12,500)
Total	**324,975**	**9,606**	**(1,111)**	**(12,500)**	**320,970**

5. Investment income

	2021 £'000	2020 £'000
Dividends from UK Investments	2,824	3,168
Dividends from Overseas Investments	843	1,018

Other income	–	1
Total Investment income	**3,667**	4,187

6. Investment Management fee and other expenses

	2021 £'000	2020 £'000
Management fee	**2,753**	**2,216**
Administration fees	202	200
Depositary and custody service fees	172	157
Registration fees	34	36
Directors' fees	140	155
Auditor's fees:		
Audit services	47	40
Non-audit services	17	16
Promotional fees	123	94
Broker fees	51	52
Miscellaneous expenses	96	92
Total other expenses	**882**	**842**
Total Investment Management fee and other expenses	**3,635**	**3,058**

Management fee (during the year ended 31 October 2021 and up to 9 November 2021)
Management services are provided by Aberdeen Standard Fund Managers Limited ("ASFML"). During the year, the management fee was payable monthly in arrears (and pro rata for part of any month during which the management agreement is in force) at an annualised rate of 0.80% of net assets, reduced by the proportion of the Company's net assets invested in funds which are managed by the abrdn Group ("abrdn Funds"), other than the investments in Aberdeen Standard SICAV I - China A Share Equity Fund and Aberdeen Standard SICAV I - Frontier Markets Bond Fund, which are held in share classes not subject to management charges at a fund level and the Manager was therefore entitled to a fee on the value of those investments.

Management fee and Agreement (following the Completion of the Scheme of Reconstruction on 9 November 2021) (the "Scheme")
Following completion of the Scheme, the Company entered into a new management agreement (the "Management Agreement") with Aberdeen Standard Fund Managers Limited ("ASFML"), pursuant to which the management fee payable by the Company to ASFML is calculated by reference to the market capitalisation of the Company, rather than its net assets (as was the case). The new management fee is structured on a tiered basis, with the first £150 million of market capitalisation being charged at 0.80%, the next £150 million being charged at 0.75%, and amounts thereafter being charged at 0.65%.

ASFML has agreed to make a contribution to the costs of implementing the Scheme by means of a waiver of the management fee for the first six months following the completion of the Scheme.

The Management Agreement is terminable by either party on not less than six months' written notice at any time.

Promotional fee
During the year the Company paid fees of £123,400 (2020: 123,400) to ASFML for the provision of promotional activities.

Company Secretary and Administrator fees
Vistra Fund Services (Guernsey) Limited ("Vistra") is appointed as Administrator and Secretary to the Company. Vistra is appointed under a contract subject to ninety days' written notice and receives a fee at a rate of £40,000 per annum plus certain additional fees (during the year ended 31 October 2021, Vistra's fee for ad hoc meetings held amounted to £8,250 (2020: £8,250)). Vistra also receives the fees payable to the UK Administration Agent.

UK Administration agent fees
Sanne Fund Services (UK) Limited (formerly PraxisIFM Fund Services (UK) Limited) is appointed by Vistra to act as administration agent in the United Kingdom. Sanne is appointed under a contract subject to not less than ninety days' notice. The UK Administration Agent receives from the Administrator a monthly fee equal to one twelfth of 0.1% of NAV subject to a maximum fee for the year ended 31 October 2021 of £153,774 (2020: £151,736) per annum. The maximum fee is increased annually, in November, by the change in the UK Retail Price Index (all items) over the preceding 12 months.

Depositary and custody services and fees
Northern Trust (Guernsey) Limited, receives fees for Depositary services calculated at the rate of 2.95 basis points per annum subject to a minimum annual fee of £20,000, effective 1 August 2018. Northern Trust (Guernsey) Limited also receives a fee for custody services. It receives an asset based fee equal to between 1.00 basis points and 60.00 basis points of the value of the assets of the Company. Transaction based fees are also payable of between £10 and £140 per transaction. The variable fees are dependent on the countries in which the individual holdings are registered. The fees for depositary and custody services payable for the year were £172,200 (2020: £157,000).

7. Directors' fees

The Director's fees payable for the year were £140,200 (2020: £155,000). There were no other emoluments paid to the Directors.

8. Transaction charges

	2021 £'000	2020 £'000
Transaction costs on purchases of investments	137	106
Transaction costs on sales of investments	250	56
Total transaction costs included in gains on investments	**387**	**162**

9. Bank loan payable and finance costs

On 29 March 2018, the Company entered into an unsecured 12 month revolving credit facility with The Royal Bank of Scotland plc, under which loans with a maximum aggregate value of £25 million may be drawn. The facility was renewed with The Royal Bank of Scotland International Limited (London Branch) ("RBSI") on 26 March 2021 for a further 12 month period, with a termination date of 26 March 2022.

Bank loan	2021 £'000	2020 £'000
Opening balance	**12,500**	**25,000**
Proceeds from bank borrowings (drawdowns)	12,500	–
Repayment of bank borrowings (repayments)	(25,000)	(12,500)
Closing balance	**–**	**12,500**

Finance costs	2021 £'000	2020 £'000
Interest payable	151	184
Facility arrangement fees and other charges	25	28
Total finance costs	**176**	**212**

At 31 October 2021, Finance costs payable of £34,000 (2020: £nil) was accrued in the Statement of Financial Position.

10. Earnings per Ordinary share

Earnings per Ordinary share is based on the total comprehensive income for the year ended 31 October 2021, being a profit of £64,156,000 (2020: profit of £26,090,000) attributable to the weighted average of 45,965,159 (2020: 45,965,159) Ordinary shares in issue (excluding shares held in treasury) during the period ended 31 October 2021.

Supplementary information is provided as follows: revenue per share is based on the net revenue loss of £282,000 (2020: profit of £734,000) and capital earnings per share is based on the net capital profit of £64,438,000 (2020: £25,356,000) attributable to the above Ordinary shares.

11. Dividends paid

Dividends paid during the year ended 31 October 2021

Dividend type (in respect of the year) – Pay date	Pence per Ordinary share	£'000
Fourth interim (2020) - paid 18 December 2020	5.50	2,528
First interim (2021) - paid 26 March 2021	5.75	2,643
Second interim (2021) - paid 25 June 2021	5.75	2,643
Third interim (2021) - paid 24 September 2021	5.75	2,643
Total dividends	**22.75**	**10,457**

Dividends paid during the year ended 31 October 2020

Dividend type (in respect of the year) – Pay date	Pence per Ordinary share	£'000
Fourth interim (2019) - paid 20 December 2019	5.25	2,413
First interim (2020) - paid 27 March 2020	5.50	2,528
Second interim (2020) - paid 26 June 2020	5.50	2,528
Third interim (2020) - paid 25 September 2020	5.50	2,528
Total dividends	**21.75**	**9,997**

12. Share capital

For the year ended 31 October 2021	Authorised	Ordinary shares of 1 p nominal value £'000	Allotted, issued and fully paid	Ordinary shares with voting rights (excluding treasury shares)	Treasury shares
Opening number of shares	Unlimited	546	54,618,507	45,965,159	8,653,348
Purchase of own shares	–	–	–	–	–
Closing number of shares	**Unlimited**	**546**	**54,618,507**	**45,965,159**	**8,653,348**

For the year ended 31 October 2020	Authorised	Ordinary shares of 1 p nominal value £'000	Allotted, issued and fully paid	Ordinary shares with voting rights (excluding treasury shares)	Treasury shares
Opening number of shares	Unlimited	546	54,618,507	45,965,159	8,653,348
Purchase of own shares	–	–	–	–	–
Closing number of shares	**Unlimited**	**546**	**54,618,507**	**45,965,159**	**8,653,348**

Purchases of own shares

There were no Ordinary shares purchased during the year (2020: none)).

Share capital account

The aggregate balance (including share premium) standing to the credit of the share capital account as at 31 October 2021 was £148,735,000 (2020: £149,616,000).

Ordinary shares

Voting rights (as at 31 October 2021)
Holders of Ordinary shares are entitled to attend, speak and vote at general meetings of the Company. Each Ordinary share (excluding shares in treasury) carries one vote. Treasury shares do not carry voting rights.

At its financial year end, the Company had 202 registered shareholders. At 31 October 2021, the Company was notified of 4 shareholders who each held more than 10% of the issued share capital and their holdings were 28.7% (2020: 28.8%), 22.1% (2020: 22.5%), 21.8% (2020: 19.6%) and 11.3% (2020: 12.2%) respectively.

Dividends
The holders of Ordinary shares are entitled to such dividend as may be declared by the Company from time to time. Shares held in treasury do not receive dividends.

Capital entitlement
On a winding up, the Ordinary shares (excluding treasury shares) shall rank pari passu for the nominal capital paid up thereon and in respect of any surplus. Shares held in treasury have no capital entitlement on a winding up of the Company.

13. Capital reserve

	2021 £'000	2020 £'000
Realised gains on investments and other capital reserve movements		
Opening balance	85,726	91,515
Dividends paid from capital reserves	(10,457)	(9,997)
Gains from disposal of investments*	114,954	15,107
Losses from disposal of investments*	(6,982)	(10,733)
Foreign exchange losses	–	(166)
Balance at 31 October	**183,241**	**85,726**
Investments held		
Opening balance	90,837	69,689
Movement in unrealised gain on revaluation of investments held*	27,661	38,149
Movement in unrealised loss on revaluation of investments held*	(71,195)	(17,001)
Balance at 31 October	**47,303**	**90,837**
Capital reserve balance at 31 October	**230,544**	**176,563**

* Net gains on investments held at fair value through profit or loss figure for the year ended 31 October 2021 totalled £64,438,000 (2020: £25,522,000).

14. Net asset value ("NAV") per Ordinary share

The NAV per Ordinary share is based on net assets of £373,788,000 (2020: £320,970,000) divided by 45,965,159 (2020: 45,965,159) Ordinary shares in issue (excluding shares held in treasury) at the year end.

The table below is a reconciliation between the NAV per Ordinary share as announced on the London Stock Exchange and the NAV per Ordinary share disclosed in these financial statements.

	As at 31 October 2021		As at 31 October 2020	
	Net assets (£'millions)	**NAV per Ordinary share (p)**	**Net assets (£'millions)**	**NAV per Ordinary share (p)**
NAV as published on 1 November 2021 and 1 November 2020 respectively	373.7	813.09	321.2	698.72
Revaluation adjustments – delayed prices	0.1	0.11	(0.2)	(0.43)
NAV as disclosed in these financial statements	**373.8**	**813.20**	**321.0**	**698.29**

15. Reconciliation of operating profit to net cash flow from operating activities

	2021 £'000	2020 £'000
Operating profit before finance costs and taxation	64,470	26,485
Less: Tax deducted at source on income from investments	(138)	(183)
Add: Realisation of investments at book cost	352,162	89,994
Less: Purchase of investments	(183,626)	(65,105)
Less: Adjustment for unrealised losses / (gains)	43,534	(21,151)
Less: Adjustment for accrued (Scheme of reconstruction)	(212)	–
Effect of foreign exchange	–	166
Increase in trade receivables	(58,666)	(869)
(Decrease)/increase in trade payables	(276)	663
Net cash flow from operating activities	**217,248**	**30,000**

16. Related party disclosures

Manager
Management fees payable are shown in the Statement of Comprehensive Income and note 6. As at 31 October 2021, management fees of £472,000 (2020: £951,000) were accrued in the Statement of Financial Position. Total management fees for the year were £2,753,000 (2020: £2,216,000).

Details of promotional fees payable can be found in note 6. The balance outstanding at the financial year end was £41,000 (2020: £61,000).

Investments held by the Company which are managed by the abrdn plc Group
As at 31 October 2021, the Company held the following investments managed by the abrdn Group;

	As at 31 October 2021 £'000	As at 31 October 2020 £'000
Aberdeen Standard SICAV I – China A Share Equity Fund	21,874	16,688
Aberdeen New India Investment Trust PLC	10,826	9,061
Aberdeen Asian Income Fund Limited	6,215	11,414
Aberdeen Standard SICAV I - Frontier Markets Bond Fund	–	13,457
Asia Dragon Trust PLC	–	5,282
Total	**38,915**	**55,902**

Directors
Total fees for the Directors in the year ended 31 October 2021 were £140,200 (2020: £155,200). There were no outstanding fees due to the Directors at the year end (2020: £nil).

17. Financial instruments – risk profile

Risk Management Framework
The Company has established procedures to enable it to manage its financial risks. The main financial risks faced from its financial instruments are market risk, liquidity risk and credit risk, which are discussed as follows.

Market risk
i) Risks associated with Chinese and emerging markets
Investment in certain emerging securities markets, including China, may involve a greater degree of risk than that associated with investment in more developed securities markets. In particular, in certain countries in which the Company is proposing to invest:

- liquidity and settlement risks may be greater;
- accounting standards may not provide the same degree of shareholder protection as would generally apply internationally;
- national policies may restrict the investment opportunities available to foreign investors, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests;
- the fiscal and monetary systems remain relatively undeveloped and this may affect the stability of the economic and financial markets of those countries;
- substantial limitations may exist with respect to the Company's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors; and
- assets may be subject to increased political and/or regulatory risk.

The day to day management of the market risks is the responsibility of the Investment Manager, which analyses markets within a framework of quality, value, growth and change. The Board believes the Investment Manager utilises its proven research and management selection experience to ensure that these risks are minimised, as far as is possible. The investment policy employed by the Investment Manager ensures that diversification within investee funds is taken into account when deciding on the size of each investment so the Company's exposure to any one underlying company should never be excessive. The Company's market positions are monitored by the Board in the monthly portfolio valuations and at Board meetings.

ii) Currency risk
As stated under i) above, the Company invests in Chinese markets. It is therefore exposed to currency risks which affect both the performance of its investee funds and also the value of the Company's holdings against the Company's functional currency, sterling. The Company holds sterling and occasionally other foreign currencies for brief periods in its account with the custodian, but only at times when it expects to invest that currency into portfolio holdings shortly after.

It is not the Company's policy to hedge against foreign currency movements, nor does the Company use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. Movements in exchange rates are likely to affect directly and indirectly the value of the Company's investments.

Currency price risk sensitivity
The effect of a 1% appreciation/depreciation in the exchange rate of the US dollar over sterling would have resulted in an increase/decrease of £830,000 (2020: £1,526,000) in the Company's investments held at fair value through profit or loss at the Statement of Financial Position date. This analysis assumes that all other variables remain constant.

iii) Interest rate risk
No significant interest rate risks arise in respect of any current asset. The Company, generally, does not hold significant cash balances, with short-term borrowings being used when required. All cash held as a current asset is sterling or US dollar.

On 29 March 2018, the Company entered into an unsecured 12 month revolving credit facility with The Royal Bank of Scotland plc, under which loans with a maximum aggregate value of £25 million may be drawn. The facility was renewed with The Royal Bank of Scotland International Limited (London Branch) ("RBSI") on 26 March 2021 for a further 12 month period, with a termination date of 26 March 2022. As at 31 October 2021, nothing was drawn down (2020: £12.5 million was drawn down at an all-in monthly rate of 0.76925%)

Movements in interest rates are likely to indirectly affect the value of the Company's investments.

Interest rate risk sensitivity
Movements in interest rates are likely to directly affect bank loan interest payments and commitment fees and are likely to indirectly affect the value of the Company's investments. Both of which are not likely to affect the Company's net assets to a material extent. However, it is not possible to give an accurate assessment of how significant changes in interest rates would affect the prices of equity investments held by the Company.

Quantitative analysis
A breakdown of the pricing denominations of the funds in which the Company is invested is shown below.

The Company's financial assets and liabilities at 31 October comprised:

	As at 31 October 2021				As at 31 October 2020			
	Cash flow Interest rate risk £'000	**Non interest rate risk £'000**	**Total £'000**	**% of net assets**	**Cash flow Interest rate risk £'000**	**No interest rate risk £'000**	**Total £'000**	**% of net assets**
Non-current asset investments at fair value:								
EUR denominated	–	–	–	–	–	8,335	8,335	2.6
GBP denominated	–	32,584	32,584	8.7	–	164,017	164,017	51.1
USD denominated	–	80,321	80,321	21.5	–	152,623	152,623	47.5
Cash and cash equivalents								
GBP*		182,718	182,718	48.9		6,697	6,697	2.1
USD*		19,077	19,077	5.1		1,618	1,618	0.5
Short term receivables	–	59,957	59,957	16.0	–	1,291	1,291	0.4
Short term payables	(34)	(835)	(869)	(0.2)	(12,500)	(1,111)	(13,611)	(4.2)
	(34)	**373,822**	**373,788**	**100.0**	**(12,500)**	**333,470**	**320,970**	**100.0**

* Cash held at the custodian is in a 0% interest bearing account

iv) Other price risks
The principal price risk for the Company is the price volatility on the investment portfolio. The Investment Manager attempts to diversify the price risk by spreading the Company's investments across a number of geographical regions and economic sectors. The Board meets regularly to review the Investment Manager's performance and the asset allocation.

Market price risk sensitivity
The effect on the portfolio of a 10% increase or decrease in market prices would have resulted in an increase or decrease of £11,290,500 (2020: £32,497,000) in the investments designated as fair value through profit or loss at the Statement of Financial Position date, equivalent to 3.0% (2020: 10.1%) of the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

Liquidity risks
A large portion of the Company's investments are in quoted securities. A high percentage of securities are listed on the Chinese, London or New York Stock Exchanges and are considered to be readily realisable by comparison with most emerging market securities. The Company also holds unquoted investments, which are predominantly in open-ended funds. The Company has made application to fully redeem its investments in unquoted and open-ended investments. Some delay may be encountered in obtaining liquidity in respect of these securities; the Company may utilise its borrowing powers on a short-term basis to avoid delays in reinvestment of the proceeds of redemptions.

The Investment Manager has estimated the percentages of the portfolio that could be liquidated within various timescales, assuming one third of daily trading volumes. The results are shown below.

Liquidation Period	**2021* (%)**	**2020 (%)**
One month	39.7	68
Three months	78.3	84
One year	95.9	91

* Towards the year ended 31 October 2021, in preparation of implementing the Scheme of reconstruction, the majority of the Company's assets were liquidated.

The analysis above supports the Company's ability to repay borrowings, considering the Company is permitted to borrow, at the point of borrowing, up to 15% of its net assets compared to the Company's ability to realise an estimated 39.7% of its portfolio within one month.

The Company had no (2020: £nil) purchase transactions and £59,838,000 (2020: £924,000) sales transactions awaiting settlement at the year end.

The liquidity of the underlying holdings in the funds in which the Company is invested may have an impact on the ability of the Company to realise its holdings in those funds.

Credit risks
The Company's principal direct credit risk is the risk of default on cash held at the custodian. Cash at bank at 31 October 2021 included £201,795,000 (2020: £8,315,000) held by the custodian, Northern Trust (Guernsey) Limited. The Company monitors the credit quality of the custodian. Interest is based on the prevailing money market rates.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be low as trading is almost always done on a delivery versus payment basis. When investments are made in open-ended funds, the Investment Manager performs due diligence on those funds before making any investment.

All of the assets of the Company are held by the custodian or through the custodian's nominated sub custodians. Bankruptcy or insolvency of the Company's custodian, Northern Trust (Guernsey) Limited, or its sub custodians may cause the Company's rights with respect to securities held by them to be delayed or limited. The latest credit ratings at the time of approval of this document for Northern Trust (Guernsey) Limited's parent company, The Northern Trust Company, were as follows:

	Standard & Poor's	Moody's	Fitch Ratings
Short-term/deposit	A-1+	P-1	F1+
Long-term/deposit	AA-	Aa2	AA

The Company's investments may be exposed to credit risk.

Capital management
The Company considers that its capital consists of its net assets.

The Company's authorised share capital consists of an unlimited number of Ordinary shares of £0.01 par value. At 31 October 2021, there were 45,965,159 (2020: 45,965,159) Ordinary shares in issue (excluding shares held in treasury).

The Manager and the Company's brokers monitor the demand for the Company's shares and the Directors review the position at Board meetings. Details on the Company's policies for issuing further shares and buying back shares can be found in the Directors' Report.

The Company entered into an unsecured revolving credit facility with RBSI on 29 March 2018, under which loans with a maximum aggregate value of £25 million may be drawn. The facility was renewed with The Royal Bank of Scotland International Limited (London Branch) ("RBSI") on 26 March 2021 for a further 12 month period, with a termination date of 26 March 2022. As at 31 October 2021, nothing was drawn down (2020: £12.5 million was drawn down at an all-in monthly rate of 0.76925%).

Restrictions imposed by RBSI in connection with the loan facility include the following covenants:

- Consolidated net tangible assets are not less than £175 million.
- Consolidated gross borrowings expressed as a percentage of the investment portfolio value shall not exceed 15%.
- Consolidated gross borrowings expressed as a percentage of the adjusted investment portfolio value shall not exceed 22.5%.
- The Borrower's portfolio must contain a minimum of 20 eligible Investments of which a minimum of 5 shall be of a closed-ended structure.

The Company does not have any externally imposed capital requirements other than disclosed above.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities with financial instruments either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plans;
- ethical business standards;
- insurance; and
- risk mitigation.

The Directors' assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular discussions with the main service providers to the Company and a review of their internal controls documents prepared under industry recognised guidance, if available.

18. Valuation of financial instruments

The Company's financial assets and liabilities held at fair value through profit or loss are valued at fair value in accordance with the provisions of IFRS as described in note 2 (g).

The classification of the Company's investments held at fair value is detailed in the table below:

	31 October 2021 £'000	31 October 2020 £'000
Level 1	69,419	277,526
Level 2	42,128	45,320
Level 3	1,358	2,129
Total	**112,905**	**324,975**

The Company recognises transfers between levels of fair value hierarchy at the date the change occurred.

There were no investments transferred between levels during the year (2020: three investments transferred between levels).

Level 1 classification basis

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities in active markets. The Company does not adjust the quoted price for these instruments.

Level 2 classification basis
Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include monthly priced investment funds. The underlying net asset values of the open ended funds included under level 2 are prepared using industry accepted standards and the funds have a history of accepting and redeeming funds on a regular basis at net asset value. The net asset values of regularly traded open ended funds are considered to be reasonable estimates of the fair values of those investments and such investments are therefore classified within level 2 if they do not meet the criteria for inclusion in level 1.

Level 3 classification basis
Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. The level 3 figure consists of an investment in Komodo Fund which is valued at the unadjusted net asset values provided by the administrator of that fund.

The movement on the level 3 classified investments during the year is shown below:

	2021 £'000	**2020 £'000**
Opening balance	**2,129**	**1,779**
Additions during the year	–	–
Disposals during the year	–	(5,592)
Profit or loss on disposals during the year	–	1,837
Transfer of investment from level 2 to level 3	–	6,852
Valuation adjustments*	(771)	(2,747)
Closing balance at 31 October	**1,358**	**2,129**

* Total gains/(losses) included in profit or loss on assets held at year end.

Level 3 classified investments sensitivity analysis
If the fair value of level 3 classified investments changed by 5%, the impact on the Company's net assets attributable to equity holders would be 0.01% (2020: 0.02%). As at 31 October 2021, the Company's net assets attributable to equity holders would be adversely affected by a maximum of 0.3% (2020: 0.3%) if level 3 classified investments were written off to £nil.

Structured entities
The Company had invested in a portfolio of funds and products which gave diversified exposure to developing and emerging market economies. The Company does not consider those investments in listed funds to be structured entities but does consider those investments in unlisted funds to be investments in structured entities because the voting rights in such entities are limited to administrative tasks and are not the dominant factor in deciding who controls those entities.

The investments in structured entities are subject to the terms and conditions of offering documents and/or constitutional documents. These investments are subject to market price and other risks arising from their underlying portfolios. Investee funds are managed by portfolio managers who are compensated by the respective funds for their services. Such compensation generally may consist of an asset based fee and/or a performance based fee.

The investments in structured entities are financial assets which are designated as fair value through profit or loss in the Company's financial statements. During the year ended 31 October 2021, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The exposure to investments in investee funds and products at fair value by strategy employed is disclosed in the following table.

2021

Strategy	**Number of investee funds**	**Fair value range £'000**	**Weighted average fair value £'000**	**Investment at fair value £'000**	**% of total net assets of underlying funds**
Equity long-only	5	1,358 – 16,282	13,081	51,141	45.3%

2020

Strategy	**Number of investee funds**	**Fair value range £'000**	**Weighted average fair value £'000**	**Investment at fair value £'000**	**% of total net assets of underlying funds**
Equity long-only	9	1,059 – 35,730	19,088	100,754	31.0%

Equity long-only
Portfolio managers implementing equity long-only strategies generally take long positions in equity related instruments such as ordinary shares, preferred shares, convertible bonds, Depositary receipts, exchange traded funds and market access products such as index futures with the expectation that the asset will rise in value.

19. Operating segments
The Board of Directors is responsible for ensuring that the Company's objective and investment strategy is followed. The day-to-day implementation of the investment strategy has been delegated to the Investment Manager but the Board retains responsibility for the overall direction of the Company. The Board reviews the investment decisions of the Investment Manager at regular Board meetings to ensure compliance with the investment strategy and to assess the achievement of the Company's objective. The Investment Manager has been given full authority to make investment decisions on behalf of the Company in accordance with the investment strategy and analyses markets within a framework of quality, value, growth and change. The investment policy employed by the Investment Manager ensures that diversification within investee funds is taken into account when deciding on the size of each investment so the Company's exposure to any one underlying company should never be excessive. The Company's positions are

monitored as a whole by the Board in monthly portfolio valuations and at Board meetings. Any significant change to the Company's investment strategy requires shareholder approval.

No single investment accounted for more than 5.8% (2020: 11.1%) of the Company's net assets at the Company's year end. The Investment Manager aims to identify funds which it considers are likely to deliver consistent capital growth over the longer term.

20. Post balance sheet events

Scheme of Reconstruction
On 9 November 2021 the Company completed and announced its Scheme of Reconstruction. Further to the announcement of the proposed combination with Aberdeen New Thai Investment Trust PLC on 30 July 2021, the announcement of the publication of the Prospectus and Circular on 4 October 2021 and the announcement of the results of the Tender Offer on 3 November 2021, the Company announced that the scheme of reconstruction (the "Scheme") of Aberdeen New Thai Investment Trust PLC had been approved by the shareholders of Aberdeen New Thai Investment Trust PLC. As a result of the Scheme, the change in share capital of the Company was as follows:

- **Share issue** – The Company acquired approximately £62 million of net assets from ANW in consideration for the issue of 7,554,440 new Ordinary shares in the Company.
- **Tender Offer** – A total of 6,894,773 Ordinary shares were repurchased by the Company on 10 November 2021 under the Tender Offer and held in treasury.

The cost of implementing the Scheme amounted to approximately £881,000 of which £669,000 was paid within the year under review.

Purchase of own shares
In addition to the Scheme mentioned above, since the year ended 31 October 2021, the Company has purchased 29,048 of its own Ordinary shares and held them in Treasury.

Appointment of New Directors
The Board of the Company also announced the appointment of two new Directors, Anne Gilding and Sarah MacAulay, with effect from 9 November 2021.

Investment Trust status
Following the merger with New Thai, the Company applied to HMRC for approval as an investment trust under Chapter 4 of Part 24 CTA 2010 and Chapter 1 of Part 2 of The Investment Trust Tax Regulations. As a result, the Company will be considered to be an investment trust from the start of the current financial year and will become resident in the United Kingdom for tax purposes.

Depreciation notification
Subsequent to the period end, the Company's NAV has suffered as a result of a decline in stockmarket values. The NAV per share as at the close of business on 22 February 2022 the latest available prior to signing this report, was 710.44p, a decline of 12.6% compared with the NAV per share of 813.2p at the year end.

Alternative Performance Measures ("APMs") (unaudited)

Discount

The amount, expressed as a percentage, by which the share price is less than the NAV per Ordinary share.

		As at 31 October 2021	As at 31 October 2020
NAV per Ordinary share (pence)	a	813.20	698.29
Ordinary share price (pence)	b	695.00	605.00
Discount	**1-(b÷a)**	**14.5%**	**13.4%**

Gearing

A way to magnify income and capital returns, but which can also magnify losses. The revolving loan facility with RBSI is a common method of gearing.

		As at 31 October 2021	As at 31 October 2020
Total assets less cash/cash equivalents (£'000)	a	172,862	326,266
Net assets (£'000)	b	373,788	320,970
Gearing (net)	**(a÷b)-1**	**Nil**	**1.6%**

Leverage

Under the Alternative Investment Fund Managers Directive ("AIFMD"), leverage is any method by which the exposure of an Alternative Investment Fund ("AIF") is increased through borrowing of cash or securities or leverage embedded in derivative positions.

Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Ongoing charges

A measure, expressed as a percentage of average NAV, of the regular, recurring annual costs of running an investment company.

		As at 31 October 2021	As at 31 October 2020
Average NAV (£'000)	a	372,698	299,662
Annualised expenses* (£'000)	b	3,635	3,058
Ongoing charges	**b÷a**	**0.98%**	**1.02%**

* 100% of the Company's portfolio is held in other funds. The Company's ongoing charges figure does not reflect any costs of the underlying funds as the underlying information is not readily available.

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its Ordinary shares on the ex-dividend date.

Year ended 31 October 2021		**Ordinary share price**	**NAV**
Opening at 1 November 2020 (pence)	a	605.00	698.29
Closing at 31 October 2021 (pence)	b	695.00	813.20
Share price/NAV movement (b ÷ a) - 1	c	14.9%	16.5%
Dividend reinvestment	d	3.8%	3.3%
Total return (c+d)		**18.7%**	**19.8%**

n/a = not applicable

Year ended 31 October 2020		**Ordinary share price**	**NAV**
Opening at 1 November 2019 (pence)	a	561.00	663.28
Closing at 31 October 2020 (pence)	b	605.00	698.29
Share price/NAV movement (b ÷ a) - 1	c	7.8%	5.3%
Dividend reinvestment	d	4.4%	3.6%
Total return (c+d)		**12.2%**	**8.9%**

Additional Notes to the Annual Financial Report
The Annual General Meeting will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Tuesday 12 April 2022 at 12 noon. The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 October 2021 have been agreed with the auditor and are an abridged version of the Company's full accounts, which have been approved and audited with an unqualified report. The 2020 and 2021 statutory accounts received unqualified reports from the Company's auditor and did not include any reference to matters to which the auditor drew attention by way of emphasis without qualifying the reports, and did not contain a statement under s.498(2) or 498(3) of the Companies Act 2006. The financial information for 2020 is derived from the statutory accounts for 2020 which have been delivered to the Registrar of Companies. The 2021 accounts will be filed with the Registrar of Companies in due course.

The Annual Report and Accounts will be posted to shareholders in March 2022. Copies will be available during normal business hours from the Secretary, Vistra Fund Services (Guernsey) Limited, 11 New Street, St Peter Port, Guernsey GY1 2PF or from the Company's website, www.abrdnchina.com. It will also be submitted to the National Storage Mechanism where it will shortly be available for inspection at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise and may be affected by exchange rate movements. Investors may not get back the amount they originally invested.
By order of the Board

Vistra Fund Services (Guernsey) Limited
Company Secretary
24 February 2022

Aberdeen Standard Fund Managers Limited will be hosting an Online Shareholder Presentation, which will be held at 10.00am on 30 March 2022. Full details on how to register for the online event can be found at:

https://bit.ly/abrdn-China-webinar

Enquiries:

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Ordinary Shares - Listing Category: Premium – Equity Closed-ended Investment Funds

** Neither the content of the Company's website nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is (or is deemed to be) incorporated into, or forms (or is deemed to form) part of this announcement.*

24 February 2022
END