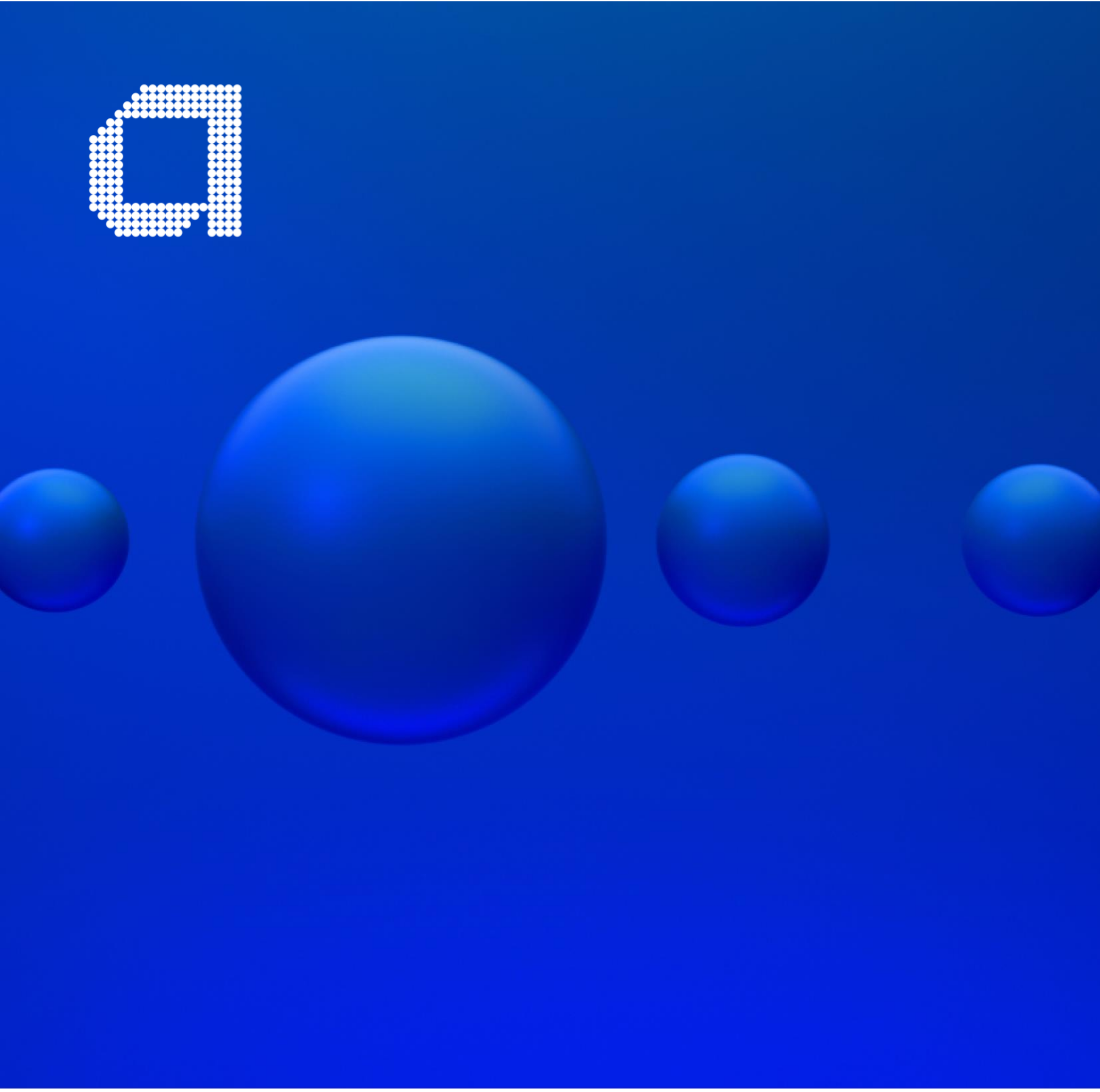

abrdn China Investment Company Limited

Alternative Investment Fund Managers Directive
Pre-investment Disclosure Document

Article 23 AIFMD/Rule 3.2 FCA FUND Sourcebook

abrdn.com

16 February 2024

abrdn China Investment Company Limited

This document is issued by abrdn Fund Managers Limited, as alternative investment fund manager of abrdn China Investment Company Limited, in order to make certain information available to prospective investors in the Company prior to their investment, in accordance with the requirements of the FCA Handbook implementing the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 in the United Kingdom and is available on the Company's website: www.abrdnchina.co.uk.

Defined terms used in this pre-investment disclosure document can be found in section 20 below.

Note: Proposal for the Reconstruction and Voluntary Winding up of the Company

The Board of abrdn China Investment Company is pleased to announce that heads of terms have been agreed in principle for a proposed combination of the Company with the assets of Fidelity China Special Situations PLC ("Fidelity China") (the "Proposals"). It believes the Proposals will benefit shareholders in the Company ("Shareholders") going forward. Fidelity China is the top performing as well as the largest and most liquid UK investment trust investing in China. The combination, if approved by each company's shareholders, will be implemented through a Guernsey scheme of reconstruction under which the Company will be placed into voluntary liquidation and part of its cash, assets and undertaking will be transferred to Fidelity China in exchange for the issue of new ordinary shares in Fidelity China to Shareholders.

1. Investment Strategy, Policy and Objectives of the Company, Types of Assets the Company May Invest in, Investment Techniques and Investment Restrictions

Information about the Company's investment strategy, policy and objectives, the types of assets in which the Company may invest, investment techniques and any investment restrictions is contained in the Annual Report.

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.

Sustainable Finance Disclosure Regulation

The Manager integrates sustainability risks and opportunities into its research, analysis and investment decision-making processes. The AIFM believes that the consideration of sustainability risks and opportunities can have a material impact on long-term returns for investors. The Company is managed using an investment process integrating environmental, social and governance ("**ESG**") factors but does not promote environmental or social characteristics or have specific sustainable investment objectives. This means that whilst sustainability risk factors and risks are considered, they may or may not impact portfolio construction. The Manager's ESG integration requires, in addition to its inclusion in the investment decision making process, appropriate monitoring of sustainability considerations in risk management and portfolio monitoring. Where the Manager believes it can influence or gain insight, the Manager actively engages with the companies and assets in which it invests. The Manager believes this will create long-term value, including in relation to ESG practice. Where the Manager has rights, it also votes at Annual General Meetings of target companies to drive change. abrdn also engages with policymakers on sustainability risk and stewardship matters. Combining the integration of sustainability risks and opportunities with broader monitoring and engagement activities may affect the value of investments and therefore returns.. Further information on the Manager's approach on sustainable investing and sustainability risk integration is available at www.abrdn.com under "Sustainable Investing".

Sustainable Finance Disclosure Regulation

The EU SFDR is designed to enable investors to better understand sustainability-related investment strategies, notably sustainability risk integration, promotion of environmental or social characteristics and pursuit of a sustainable investment objective. As part of this enhanced transparency, investment funds are subject to disclosure requirements depending on the degree of consideration given to sustainability and binding investment criteria. The disclosure requirements are defined in the following EU SFDR articles:

- Article 6 – Funds which integrate sustainability risks into their investment process but do not give binding commitments, do not promote environmental and/or social characteristics and do not have sustainable investments as their objective.
- Article 8- Funds that promote social and/or environmental characteristics, invest in companies that follow good governance, give binding commitments but do not have a sustainable investment objective.
- Article 9 - Funds that have sustainable investment or carbon reduction as their objective and give binding commitments.
- The Company is subject to EU SFDR Article 6.

Principle adverse impact ("PAI") consideration

Under EU SFDR all funds have to indicate whether they consider PAIs on sustainability factors and if so, how this is applied.

PAI indicators are metrics that measure the negative effects on environmental and social matters. With the exception of house exclusions, PAIs are not considered for Article 6 funds. Therefore, as an Article 6 fund, the Manager does not consider PAIs in relation to the Company.

EU Taxonomy

The EU Taxonomy regulation provides a methodology to identify whether economic activities can be considered environmentally sustainable or not. The investments underlying an Article 6 Fund do not take into account the EU criteria for environmentally sustainable economic activities.

2. Key Risks

The Board and Audit Committee carry out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also identifies emerging risks which might affect the Company.

The Board is aware that there are a number of principal risks and uncertainties which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board, through the Audit Committee carries out a robust assessment of the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation.

The principal risks and uncertainties faced by the Company have been reviewed by the Audit Committee in the form of a risk matrix and the Committee also gives consideration to the emerging risks facing the Company.

During the Financial Year, the Board identified the implications for the Company's investment portfolio of a changing climate, and the increased use of AI, as emerging risks which could impact investee companies in the future. The global geopolitical situation and investor attitudes towards China are also emerging, and crystalising risks.

The Board has continued to assess these emerging risks and their impact on the portfolio as they develop. The Board receives regular reporting from the Manager on its approach to engagement with investees on these emerging risks amongst a variety of different topics.

The principal risks currently facing the Company, together with a description of the mitigating actions the Board has taken, are set out in the table below.

The Board considers its risk appetite in relation to each principal risk and monitors this on an ongoing basis. Where a risk is approaching or is outside the tolerance level, the Board will consider taking action to manage the risk. Currently, the Board considers the risks to be managed within acceptable levels.

Risk	Mitigating Action
Strategy - the Company's objectives or the investment trust sector as a whole become unattractive to investors, leading to a fall in demand for the Company's shares.	Through regular updates from the Manager, the Board has monitored the relevance of the Company's strategy, the performance of equity markets, the economic and political environment, risks to the delivery of the Company's strategy in light of the external environment and the discount/ premium at which the Company's shares have traded relative to the net asset value. It receives feedback from the Company's broker and updates from the Manager's investor relations team at Board meetings to help to better understand investor sentiment towards the Company and its strategy. The Company engaged with its largest shareholders extensively during the development of the Proposals. The Company consulted with a number of its major shareholders during the development of the Proposals. Those shareholders, which comprise approximately 73 per cent of the Company's shareholder register, have indicated support for the Proposals.
Investment Performance - the Board recognises that market risk is significant in achieving	The Board meets the Manager on a regular basis and has kept investment performance under close review. The Board recognises that market risk is significant in achieving performance and consequently it reviews strategy and investment guidelines to ensure that these are appropriate. The Board has set and has monitored the investment restrictions and guidelines and regular reports are received from the Manager on stock selection, asset allocation, gearing, revenue forecasts and the costs of running the Company. Representatives of the Manager attend all Board meetings and a detailed formal appraisal of the Manager is carried out by the Management Engagement Committee on an annual basis to ensure that the continued appointment of the Manager remains in the best interests of the shareholders. The Board engages with shareholders at its AGM and with larger shareholders at least annually to listen to sentiment towards the Company and its performance directly. As set out above, the Company engaged with its largest shareholders extensively during the development of the Proposals in light of performance challenges during the year.
Exogenous risks such as health, social, financial, economic and geopolitical - the effects of instability or change arising from these risks could have an adverse impact on stock markets and the value of the investment portfolio.	The Board has discussed issues as they emerged with the Manager. During the year under review, such issues included increased inflation and interest rates and the resulting volatility that it created in global stock markets, the Russian invasion of Ukraine and associated sanctions, investor attitudes towards China and equity markets, and the steps that the Manager had taken or might take to limit their impact on the portfolio and the operations of the Company. The Board oversees the Manager's performance at each Board Meeting and formally considers whether the Company's strategy remains fit for purpose, in light of exogenous risks. The Board also regularly discusses the economic environment, geopolitical risks, industry trends and the potential impact on the Company with the Company's broker.

Risk	Mitigating Action
Operational Risk – in common with most investment trusts, the Board delegates the operation of the business to third parties, the principal delegate being the Manager. Failure of internal controls and poor performance of any service provider could lead to disruption, reputational damage or loss to the Company.	The Audit Committee receives and reviews reports from the Manager on its internal controls and risk management (including an annual ISAE3402 Report). It also receives and reviews report from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. Written agreements are in place with all third party service providers. The Manager has monitored closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings and key performance indicators. A formal appraisal of the Company's main third party service providers is carried out by the Management Engagement Committee on an annual basis.
Governance Risk – the Directors recognise the impact that an ineffective board, unable to discuss, review and make decisions, could have on the Company and its shareholders.	The Board is aware of the importance of effective leadership and board composition. The Board regularly reviews its own performance and, at least annually, formally reviews the performance of the Board and Chair through its performance evaluation process.
Discount / Premium to NAV – a significant share price discount or premium to net asset value per share could lead to high levels of uncertainty for shareholders.	The Board has kept the level of the Company's discount / premium under regular review and has agreed parameters with the Manager for the management of share premium / discount to NAV. The Company has participated in the Manager's investment trust promotional programme where the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.
Financial obligations - inadequate controls over financial record keeping and forecasting, the setting of an inappropriate gearing strategy or the breaching of loan covenants could result in the Company being unable to meet its financial obligations, losses to the Company and its ability to continue trading as a going concern.	At each Board meeting, the Board reviewed management accounts and revenue forecasts. The Directors set the gearing policy within which the portfolio is managed. The Company's annual financial statements are audited by the independent auditor.
Legal and regulatory Risks – the Company operates in a complex legal and regulatory environment. As a Guernsey company investing in China with shares publicly quoted on the London Stock Exchange, as an alternative investment fund and an investment trust, there are several layers of risk of this nature.	The Board has ensured that there is a breadth and depth of expertise within the Board and the organisations to which the Company has delegated to manage legal and regulatory risks. There are also authorities whereby the Board or individual Directors can take further advice by employing experts should that ever be considered necessary.

3. Risk Management Systems

The directors of abrdn Fund Managers Limited collectively assume responsibility for aFML's obligations under the AIFMD including monitoring the Company's risk profile during the year.

aFML, as a fully integrated member of the abrdn plc group of companies, receives a variety of services and support in the conduct of its business activities from the resources of the abrdn Group. aFML conducts its risk oversight, including the conduct of its risk oversight function, through the operation of the abrdn Group's risk management processes and systems.

4. Leverage

Leverage Limits

The maximum level of Leverage which the Manager is entitled to employ on behalf of the Company (expressed as a ratio to total assets) is:

Commitment Method	2.00x
Gross Method	2.00x

Types of Leverage

Although leverage is often used as another term for gearing, under the AIFMD regulations leverage is expressed as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. It defines two types of leverage, the gross method and the commitment method. These are essentially the same other than the commitment method allows derivative instruments to be netted off to reflect 'netting' or 'hedging arrangements'. Non-sterling cash is deemed to carry a currency exposure so is considered to be leverage. In accordance with the AIFMD the Company is obliged to disclose the maximum expected leverage levels under both methods and this is disclosed below. In order to comply with the AIFMD the maximum leverage levels have been set in accordance with the maximum gearing allowable by the Company's Articles of Incorporation. However, the day-to-day management of gearing and leverage levels will be conducted within the tighter limits set by the Company's investment policy.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the Company through non-fully funded exposure to underlying markets or securities. Leverage is considered in terms of the Company's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the Company is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. aFML is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the Company, expressed as the ratio between the total exposure of the Company and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method basis are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the Company requires the calculation to:

- Include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities
- Exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond

- Include derivative instruments which are converted into the equivalent position in their underlying assets
- Exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known
- Include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed
- Include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable

Exposure values under the commitment method basis are calculated on a similar basis but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The calculation of leverage assumes that a leverage ratio of 1.00:1 equates to zero leverage. A ratio of less than 1.00:1 would mean that the portfolio included uninvested cash whilst a ratio above 1.00:1 would mean that the portfolio had leverage to the ratio amount above 1.00:1.

The Company does not have in place any collateral or asset reuse arrangements.

5. Modification of Investment Policy

In accordance with the FCA listing rules, any material change to the Company's investment policy will require the FCA's prior approval as well as the approval of Shareholders. In considering what is a material change the Company must have regard to the cumulative effect of any changes since Shareholders last had the opportunity to vote.

6. Contractual Relationship between the Company and Investors, Applicable Law and the Enforcement of Judgements

The Company is incorporated in Guernsey as a closed-ended investment company under The Companies (Guernsey) Law 1994 (as amended) and its Shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange.

Investors who acquire shares in the Company will do so subject to the Articles. The Articles are one of the Company's constitutional documents and contain the rights and restrictions attaching to the Company's Shares. The Articles may only be amended by way of a special resolution. A Shareholder's liability to the Company will be limited to the value of the Shares held by such Shareholder.

As the Company is incorporated in Guernsey, it may not be possible for an investor located outside that jurisdiction to effect service of process upon the Company within the local jurisdiction in which that investor resides. All or a substantial portion of the assets of the Company may be located outside of the local jurisdiction in which an investor resides and, as a result, it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

A number of legal instruments provide for the recognition and enforcement in Guernsey of judgments given in other states. Where no particular legal instrument applies, a judgment creditor may nevertheless have rights to seek to enforce a judgement under Guernsey law.

Details on how to invest in abrdn China Investment Company Limited are set out in the Annual Report.

7. Information on the AIFM, Depositary and Service Providers

AIFM/Manager

The Company has appointed abrdn Fund Managers Limited, which is a company limited by shares and is incorporated in England and Wales, as its alternative investment fund manager. The Manager is a subsidiary of abrdn plc, a company incorporated in Scotland.

The Manager is authorised and regulated by the FCA as an alternative investment fund manager. Pursuant to the Management Agreement, the Manager provides investment management services (including portfolio management), risk management services and general administrative services to the Company.

The duties of the Manager also include (but are not limited to) the following:

- The proper valuation of the Company's assets and the calculation and publication of the Net Asset Value of the Company.
- To review its delegation of the portfolio management function to the Investment Manager on an ongoing basis.
- To ensure that appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the Company can be performed.
- To implement a risk management system to identify, measure and manage appropriately all risks relevant to the Company's investment strategies and to review this system on an annual basis.
- To ensure that a single depositary is appointed to ensure, among other things, the proper monitoring of the Company's cash flows and the safe-keeping of the Company's assets that can be held in custody.
- To employ an appropriate liquidity management system.
- To adopt procedures enabling it to monitor the liquidity risk of the Company and ensure that the liquidity profile of the Company's investments complies with its underlying obligations.
- To use adequate and appropriate human and technical resources necessary for the proper management of the Company.
- To make available an annual report for the Company no later than four months following the end of its annual accounting period.

The Management Agreement may be terminated on six months' written notice by either the Company or the Manager, or immediately by either party by notice upon the insolvency or winding up of the other party. The Company may also terminate the agreement immediately, inter alia, if either the Manager or the Investment Manager ceases to maintain their regulatory permissions.

The Manager has delegated the portfolio management of the Company to abrdn Hong Kong Limited. Further details of the delegation arrangements are set out in paragraph 9 below.

Depositary

The Company has appointed BNP Paribas S.A., Guernsey Branch to act as its depositary. Pursuant to the Depositary Agreement, the Depositary must carry out the duties specified in the AIFMD, including:

- Cash monitoring and verifying the Company's cash flows.

- Oversight of the Company and the Manager, including:

    - Ensuring that the sale, issue, re-purchase, redemption, transfer, buy back and valuation of the Company's shares are carried out in accordance with the Company's constitutional documentation and applicable laws, rules and regulations.
    - Ensuring that in transactions involving the Company's assets the consideration is remitted to the Company within the usual time limits.
    - Ensuring that the Company's income is applied in accordance with the Company's constitutional documentation and applicable laws, rules and regulations.
    - Carrying out instructions received from the Manager unless they conflict with the Company's constitutional documentation or any applicable law, rule or regulation, or the provisions of the Depositary Agreement.

In carrying out such functions the Depositary shall act honestly, fairly, professionally, independently and in the interests of Shareholders.

The Depositary is liable to the Company and/or Shareholders for the loss of a financial instrument held in custody by the Depositary or a delegate, unless the Depositary is permitted to discharge, and has discharged, such liability under AIFMD and the Depositary Agreement. The Depositary delegates safekeeping and administration of financial instrument held in custody to BNP Paribas S.A. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of a financial instrument held in its custody. The Depositary is also liable to the Company and/or Shareholders for all other losses suffered by them as a result of the Depositary's negligent and/or intentional failure to properly fulfil its duties.

Under the Depositary Agreement, the Company has indemnified the Depositary against certain liabilities suffered by the Depositary arising directly out of the performance of its obligations under the Depositary Agreement, except in the case of any liability arising from the fraud, negligence, intentional failure or breach of contract of the Depositary or any of its affiliates or delegates, or the loss of financial instruments as described above.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new depositary is appointed by the Company.

Administrator

BNP Paribas S.A., Guernsey Branch has been appointed as Administrator to the Company pursuant to the Administration Agreement.

Company Secretary

abrdn Holdings Limited has been appointed as the Company Secretary following a delegation from abrdn Fund Managers Limited pursuant to the Management Agreement.

Registrar and UK Transfer Agent

The registrar of the Company is Link Asset Services and is responsible for keeping the register of shareholders, which may be inspected at the Registrar's office at Longue Hougue House, St Sampson, Guernsey GY2 4JN, during normal business hours. With the consent of the Company, the Registrar has retained Link Asset Services as the Company's UK transfer agent to receive notices and documents of transfer from shareholders in the United Kingdom for onward transmission to the Registrar.

Auditor

KPMG Channel Islands Limited has been appointed as the Company's auditor responsible for auditing the annual financial statements in accordance with auditing standards and, as appropriate, regulations, and for providing its report to the Company's shareholders in the annual report and financial statements. In addition, applicable law and regulation may require other reports to be prepared for the Company and, as the appointed auditor of the Company, the Auditor will undertake such work under the auditor service agreement between the Company and the Auditor.

Stockbroker

Shore Capital Markets Limited and Numis Securities Limited have been appointed as the Company's joint stockbrokers to provide the Company with corporate broking and associated financial advisory services.

Investors' rights against service providers will vary depending on a range of factors. Investors may be afforded certain rights against service providers by the general law of the jurisdiction in which they are based.

8. Protection from Professional Liability Risks

The Manager has effective internal operational risk management policies and procedures in order to appropriately identify measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self-assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. All risks and events are facilitated via the internal risk management system, which provides a platform to facilitate the convergence of governance, risk and compliance.

The Manager is required to cover professional liability risks, such as the risk of loss of documents evidencing title of assets to the Company, and complies with such requirement by maintaining an amount of its own funds in accordance with AIFMD.

9. Delegation Arrangements and Management of Conflicts

Delegation Arrangements

From time to time, the AIFM may delegate certain management functions to its affiliated subsidiaries, including abrdn Hong Kong Limited, or to third parties. The Manager has delegated portfolio management to the Investment

Manager, abrdn Hong Kong Limited, having considered the quality of services offered including the financial control systems in operation in so far as they relate to the affairs of the Company.

Portfolio Management

The Manager has delegated portfolio management to the Investment Manager, which is authorised and regulated by the Securities and Futures Commission of Hong Kong. The Investment Manager is part of the abrdn plc group of companies of which the Manager is also part.

Pursuant to the Investment Management Agreement the Investment Manager will be responsible for managing the purchase and sale of investments within the categories allowed. The Investment Manager has discretion to take day to day investment decisions and to deal in investments in relation to the investment management of the Company, without prior reference to the Manager. The Manager is entitled to give further instructions to the Investment Manager. Notwithstanding the delegation of portfolio management to the Investment Manager, the Manager will at all times remain responsible for the portfolio management function and the Investment Manager has undertaken to abide by, and be subject to, the Manager's overall supervision, direction and control.

Conflicts of Interests

The Manager and the Investment Manager are committed to treating clients and shareholders fairly and have implemented procedures and processes to ensure that this is the case. In particular, the Manager and the Investment Manager have approved and adopted the Conflicts of Interests Policy of the abrdn Group.

The objective of the Conflicts of Interests Policy is to ensure the fair treatment of clients and shareholders in cases of conflicts of interests or potential conflicts of interests which may arise in the course of providing management, advisory or administrative services to the Company.

To achieve this objective, the Conflicts of Interests Policy seeks to ensure that the Company and its service providers and the Manager and its delegates have adequate organisational and structural measures in place:

- To identify circumstances which constitute or may give rise to a conflict of interests entailing a material risk of damage to the interests of the Company or its shareholders.
- To provide procedures, mechanisms and systems to manage or resolve any such conflicts of interests; where such conflict cannot otherwise be avoided, ensuring that the Company, the Manager and the Investment Manager always act in the best interests of shareholders.
- To maintain a proper record of any such conflict or potential conflict and to ensure proper reporting to affected shareholders.

The following circumstances have been identified as constituting, or potentially giving rise to, conflicts of interests:

- Directors of the Manager are senior executives of, and employed by, the abrdn Group.
- The Manager and the Investment Manager are affiliated entities of the abrdn Group. The key terms of the Investment Management Agreement are similar to those which might be agreed between independent third parties.
- The abrdn Group and its affiliates may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the Company; they may also utilise the same or similar strategies as those adopted by the Investment Manager on behalf of the Company. In addition, the Company may make investments in other funds managed or advised by the abrdn Group or its affiliates.

In order to ensure that actual and potential conflicts of interests are appropriately identified, managed and monitored, the abrdn Group has established a formal committee which operates under documented terms of reference and which meets regularly to maintain oversight of the Conflicts of Interests Policy and the management of live conflicts situations. The abrdn Group maintains a documented matrix of known or inherent conflicts of interests, as well as a documented register of live actual or potential conflicts of interests arising in the carrying on of its business operations.

10. Valuation Procedures

The Company's accounting policies, including its policy in relation to the valuation of investments, are set out in the Annual Report.

The Company has delegated a number of its duties to the Manager including the proper valuation of the Company's assets, the calculation of the Net Asset Value of the Company and the publication of such Net Asset Values. Accordingly, the Manager has approved and adopted the abrdn Group's Valuation Policy. The Manager considers that the Valuation Policy contains appropriate and consistent procedures to ensure that a proper and independent valuation of the assets of the Company can be performed.

The Company has appointed the Administrator to maintain the accounting records of the Company and to calculate monthly statements of net asset value of the Company.

Investments in third party funds may not have a readily available market and are therefore valued based on the fair value of each third party fund as reported by the respective third party manager, which includes estimates made by those third party managers. The Board and Manager believe that this value, in most cases, represents fair value as of the relevant statement date, although, if other factors lead the Board or Manager to conclude that the fair value attributed by the third party manager does not match their estimate of actual fair value, the Board and Manager will adjust the value of the investment from the third party manager's estimate.

11. Liquidity Risk Management and Redemption Rights

For closed ended funds such as the Company, the liquidity risk management is limited to the liquidity required to meet obligations in relation to its investments and to satisfy accrued expenses and creditors as they fall due. The Manager manages these liquidity risks by retaining sufficient cash and cash equivalent balances together with a selection of readily realisable investments. The Manager may also use borrowings to meet capital commitments.

There are no redemption rights attaching to shares in the Company.

12. Fees, Charges and Expenses

The Manager is entitled to receive a fee from the Company for its services as Manager. The 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%.

The Company also incurs annual fees, charges and expenses in connection with administration, directors' fees, marketing, auditors' fees, lawyers' fees and depositary charges. The Company's Ongoing Charges for the latest financial year, and as shown in the most recently published Annual Report, amounted to 0.98%.

13. Fair Treatment/Preferential Treatment of Investors

The Manager is subject to the FCA's rules on treating customers fairly and has adopted a policy regarding treating customers fairly, the operation of which is overseen by a formal committee comprised of senior managers from the abrdn Group's various business units and from its risk division. The role of the Conduct Risk Committee, which meets regularly and operates under documented terms of reference, is to ensure that among other matters the Conduct Risk Policy is implemented and maintained and to consider any actual or potential Conduct Risk Policy issues arising in connection with the abrdn Group carrying on its business operations. General awareness training on the Conduct Risk Policy and what it means to the abrdn Group and its customers is delivered to all abrdn Group staff.

No investor in the Company obtains preferential treatment or the right to obtain preferential treatment.

14. Availability of the AIF's Latest Annual Report

The Company's latest annual report is available on the Company's website: www.abrdnchina.co.uk.

15. Procedure and Conditions for the Issue and Sale of Shares

The issue of new shares by the Company either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA listing rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker. They can also be purchased through the abrdn Group savings schemes and qualify fully for inclusion within tax-efficient ISA wrappers. For further information about how shares in the Company may be purchased, investors are directed to the section headed “Investor Information” in the Annual Report.

16. Latest NAV of the AIF

The Company’s NAV is published by way of an announcement on a regulatory information service.

For internet users, additional data on the Company, including the latest published NAV, the closing price of ordinary shares for the previous day of trading on the London Stock Exchange, performance information and a monthly factsheet, is available on the Company’s website: www.abrdnchina.co.uk.

17. AIF’s Historical Performance

The Company’s historical performance data, including copies of the Company’s previous annual reports and accounts are available on the Company’s website: www.abrdnchina.co.uk.

18. Prime Brokerage

The Company has not appointed a prime broker.

19. Periodic Disclosures

The Manager will, at least as often as the annual report and accounts are made available to Shareholders, make available information required to be periodically disclosed under Article 23 of AIFMD to shareholders.

The information described above will be provided to Shareholders by way of a regulatory news service announcement on the London Stock Exchange.

20. Defined Terms

The following defined terms are used in this pre-investment disclosure document:

abrdn Group	The abrdn plc group of companies
Administrator	BNP Paribas S.A., Guernsey Branch
AIFMD	European Union Directive 2011/61/EU, together with its implementing measures
AIFM, aFML or **Manager**	abrdn Fund Managers Limited
Annual Report	the Company’s Annual Report and Accounts for the year ended 31 October 2023
Articles	the Company’s articles of incorporation
Auditor	KPMG Channel Islands Limited
Commitment Method	the commitment method for calculating leverage as prescribed under Article 8 of the AIFMD, which excludes certain hedging instruments from the calculation
Company or **AIF**	abrdn China Investment Company Limited
Conduct Risk Committee	The abrdn Group’s formal committee for overseeing, among other matters, the Conduct Risk Policy
Conduct Risk Policy	The abrdn Group’s documented policy regarding treating customers fairly
Conflicts of Interests Policy	The abrdn Group’s documented conflicts of interests policy
Depositary	BNP Paribas S.A., Guernsey Branch
ESG	environmental, social and governance
EU SFDR	the European Union Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.
EU Taxonomy	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

FCA	Financial Conduct Authority
GFSC	Guernsey Financial Services Commission
Gross Method	the gross notional method for calculating leverage as prescribed under Article 7 of the AIFMD, which includes certain hedging instruments within the calculation
Investment Manager	abrdn Hong Kong Limited
Investment Management Agreement"	Investment management agreement between the Manager and the Investment Manager dated on or around 22 October 2021
Leverage	Any method by which the AIFM increases the exposure of the Company whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means
Management Agreement	Amended and restated management agreement between the Company and the Manager dated on or around 20 January 2023
Net Asset Value or NAV	The net asset value of the Company
Ongoing Charges	Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the Association of Investment Companies' industry standard method
Proposals	On 28 November 2023, the Board announced that heads of terms had been agreed in principle for a proposed combination of the assets of the Company with the assets of Fidelity China Special Situations PLC.
Registrar	Link Asset Services
Shares	The ordinary shares of the Company
Shareholders	Shareholders in the Company

Other important information

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Appendix to Pre-investment Disclosure Document

abrdn Fund Managers Limited: Risk management

Risk Management function

abrdn plc and its subsidiaries ("the Group") is committed to building and continuously improving a sound and effective system of internal control and a risk management framework that is embedded within its operations; this is the Group's first line of defence.

The Group's Risk Division, as the second line of defence, exists to support management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Conduct & Compliance, Operational Risk and investment risk Oversight. The team is headed by the Group's CRO, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system (SHIELD).

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the chair of the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment; it is the Group's third line of defence.

The Group's corporate governance structure is supported by several committees that bring together Group's subject matter experts from different departments, to assist the Boards of Directors of abrdn plc, its subsidiaries and the funds to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those that deal with investment recommendations to the Boards. The specific goals and guidelines on the functioning of these committees are described in their respective terms of reference.

Description of the process of identifying, assessing and managing risks

- **Market risk:** Is monitored through factor modelling used to calculate both absolute and relative ex ante quantities such as tracking error (TE) and Value at Risk (VaR). The VaR is computed on a NAV basis as the maximum loss that the portfolio should incur over 20 days, 99% of the time under normal market conditions. The fund's portfolio risks are decomposed into intuitive components to pinpoint areas of unexpected market risk. The techniques are applied to all relevant asset classes. The market risk is further monitored through the computation of the level of leverage by both the gross and net approach. The leverage is calculated by converting each FDI into the equivalent position in the underlying assets of those derivatives, on a NAV basis. The market risk linked to the concentration risk is mitigated through investment restrictions set according to the basic principle of diversification.
- **Liquidity risk:** The Group has a Liquidity Risk Management Policy in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity Risk is monitored on both the asset and liability sides. To measure and monitor asset liquidity risk the Group employs a number of methods specific to the underlying assets. In all cases, the approach is to reference the actual holdings of the sub-fund against a true measure of the market at both an aggregate and a position level. The Group has implemented a Group Pricing Policy which details the operational responsibilities for pricing assets, this policy is owned and overseen by the Group pricing Committee. On the liability side, investor transactions and, beyond this, investor behaviour are the main driver of liquidity within each sub-fund. In this context, the articles and prospectuses contain certain key provisions or limits which provide protection to the funds and ultimately investors, in situations where liquidity might become a concern. In addition, the fund receives and analyses periodic reports in respect of the shareholder concentration within each sub-fund. Any shareholder concentrations and transactional behaviour are identified at sub-fund level and any particular concerns noted are escalated to the relevant Group Committee and respective Boards, if material.
- **Credit and counterparty risk:** The credit and counterparty risks linked to derivatives transactions are managed through processes outlined in the Group's Counterparty Credit Risk Policy. This Policy underpins on the following principles: Internal Credit assessments; credit limits; exposure calculation and oversight and Control. Credit research on counterparties is carried out by the Credit Investment Team. Research is conducted on the basis of qualitative and quantitative analysis and is presented for discussion at the Credit Committee on a monthly basis. Each counterparty is reviewed at least once per annum. Furthermore the Risk and Exposure

Committee (REC) and/or credit Committee can impose house level restrictions on concentrations. Credit risk exposures are calculated net of collateral received. The methodology for calculating an amount for potential exposure arising from movements in mark to market is approved by the REC. Acceptable collateral and other commercial and credit terms for inclusion in the International Swap and Derivative Association (ISDA) documentation is defined in the Group Derivative Management Policy. Counterparty credit exposures are monitored against internal limits by an investment control team and monitored by the Group Credit Committee and Risk and Exposure Committee.

- **Legal risk:** All key contractual arrangements entered into by the funds are reviewed by the Legal Department and, where required, by external legal counsel. If these contracts refer to delegation arrangements, where applicable, there is an operating memorandum defining information flows between the parties, frequency of services and deadlines, a clear attribution of rights and responsibilities of each party and, when applicable, the key performance indicators to measure performance. Any litigation issues are also handled by the Legal Department.

  Each OTC derivatives are framed within the legal provisions of the ISDA Master agreement which defines the rights and obligations of parties engaging in derivatives trading. The ISDA master agreements are negotiated and signed between each umbrella/sub-fund and the counterparty. The Credit Support Annexe (CSA) is a legally binding document which is annexed to the ISDA agreement and details the Minimum Transfer Amount (MTA) or collateral required by AAML when engaging in OTC derivatives trading with counterparties. The Group Derivative Management Committee is responsible for approving the commercial terms associated to derivative documentation for the Group.
- **Tax risk:** The Group uses external tax consultants to advise on tax structuring, transactions and tax reporting.
- **Operational risk:** The Operational Risk Management Framework ensures that the operational risks taken and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented. The identification, measurement, management and monitoring of operational risk within the Group are achieved through the use of the Group's Operational Risk Management Framework System, SHIELD. This system provides the following key Risk Management Modules:
  - *Event Management:* This module serves as a historical loss database, in which any operational failures, loss and damage experience (Events) will be recorded. The records include professional liability damages. The process for recording, investigation and mitigation of Events aims to ensure that they are not repeated.
  - *Issues and Actions Plan:* The issues and actions module provides a standardised mechanism for identifying, prioritising, classifying, escalating and reporting internal audit findings and other on-going / unresolved matters impacting the Group from a risk or regulatory perspective (Issues).
  - *Risk and Control Self Assessment (RCSA*): The RCSA process is to ensure key risks and key controls are identified and managed effectively in order to satisfy, at a Group level, Internal Capital Adequacy (ICAAP) requirements. The RCSA also provides a systematic and holistic means of identifying risk and control gaps that could impact business or process objectives which are agreed by senior management to complete.
  - *Business Continuity Plan (BCP):* Is in place and designed for invocation where there has been significant disruption to normal business functions at any abrdn plc office that is likely to last longer than 24 hours.

Measuring risk

Where appropriate the Group applies the following measurements for each fund:

- **Leverage:** Has the effect of gearing a fund's expected performance by allowing a fund to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).
- **Volatility, Value-at-Risk (VaR) and Conditional VaR (CVaR):** Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. VaR measures with a degree of confidence the maximum the fund could expect to lose in any one given day, assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected loss, under the assumption that the VaR has been reached.
- **Tracking error (TE):** Measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.
- **Systematic and stock specific risk:** Systematic risk represents the proportion of a fund's risk that is attributable to market exposure; and specific risk represents the risk that is intrinsic to individual stocks (i.e. particular to a given stock's attributes).
- **Stress test and scenario analysis:** Captures how much the current portfolio will make or lose if certain market conditions occur.

- **Concentration risk:** By grouping the portfolio through various different exposures: country, sector, issuer, asset etc., to identify where concentration risk exists.

Escalation and reporting

The Group recognises timely and adequate reporting measures as well as escalation channels to be key components of the control process and management of risk.

The Risk team provide regular updates to the Board/senior management on the adequacy and effectiveness of the Risk Management Process indicating, where applicable, actual or anticipated deficiencies and the remedial measures.

In addition, all issues and events impacting any Group entity or the funds are logged in SHIELD, by the relevant area within the prescribed time limits.