BAILLIE GIFFORD CHINA GROWTH TRUST PLC

Annual Report and Financial Statements
31 January 2023

BAILLIE GIFFORD

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Investor Disclosure Document

The UK Alternative Investment Fund Managers Regulations requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at bailliegiffordchinagrowthtrust.com.

Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Investment trusts are UK public listed companies and as such comply with the requirements of the Financial Conduct Authority. They are not authorised or regulated by the Financial Conduct Authority (FCA).

Baillie Gifford China Growth Trust plc currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's Ordinary Shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the FCA in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you reside in the UK and you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately. If you reside outwith the UK, you should consult an appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your holding in Baillie Gifford China Growth Trust plc, please forward this document, together with accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

The principal investment objective of the Company is to produce long-term capital growth by investing predominantly in shares of, or depositary receipts representing the shares of, Chinese companies.

Financial Highlights – Year to 31 January 2023

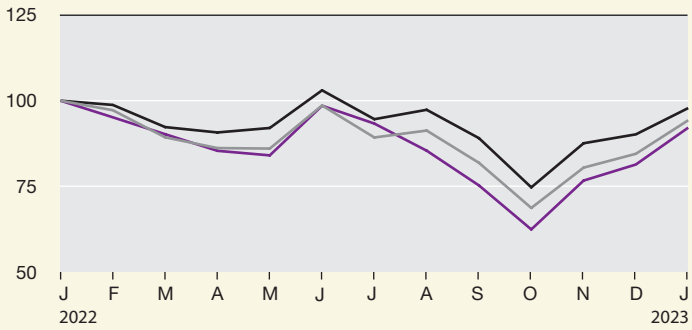
Share Price† (7.9%)	**NAV† (5.7%)**	**Benchmark* (2.2%)**
2022 (37.1%)	2022 (27.0%)	2022 (20.5%)

Source: Refinitiv/Baillie Gifford. All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

NAV, Share Price and Benchmark Total Return†

(figures rebased to 100 at 31 January 2022)

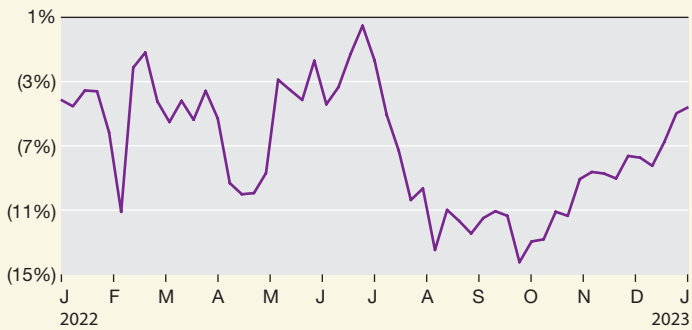
- Share price
- NAV
- Benchmark*



(Discount)/Premium† to Net Asset Value per share

(figures plotted on a weekly basis)

- (Discount)/Premium



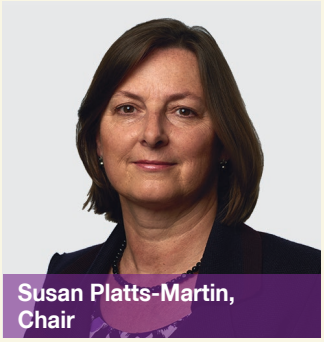
* The benchmark is the MSCI China All Shares Index (in sterling terms).
† Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.
Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 72.

Past performance is not a guide to future performance.

Strategic Report

The Strategic Report, which includes pages 2 to 26 and incorporates the Chair's Statement, has been prepared in accordance with the Companies Act 2006.

Chair's Statement



Susan Platts-Martin, Chair

The 12 months under review has been a volatile and disappointing period for Chinese equities. For the majority of the Company's financial year, the Chinese economy struggled with physical lockdowns resulting from its Zero Covid policy and market sentiment was negatively impacted by regulatory crackdowns, as well as politics and geopolitics. In the last quarter of the Company's financial year, there has been more positive news to report as China began to reopen earlier and more quickly than expected bringing the timing of the economic recovery forward.

Given travel restrictions to China, in April 2022 the Board met virtually with the Managers' team based in Shanghai engaging with the various individuals on a number of topics relevant to the Company. The 'boots on the ground' in China is a key strength of the Managers that the Board identified early on when considering the change of manager in 2020. The Board were impressed with the calibre of the individuals who are working, alongside the team based in Edinburgh, to identify the best stocks for the Company's portfolio.

During the financial year to 31 January 2023, the Company's net asset value total return, calculated by deducting borrowings at fair value, was -5.7% and the share price total return was -7.9%. This compares with a total return of -2.2% for the MSCI China All Shares Index (in sterling terms).

Over the period from 16 September 2020 (the date of the adoption of the China strategy), the Company's net asset value and share price returned -14.2% and -16.4% respectively compared to a total return of -12.7% for the MSCI China All Shares Index (in sterling terms).

As I noted in my statement last year, the Managers have a long-term investment approach, and we would ask shareholders to judge performance over periods of five years or more. Further information about the Company's portfolio performance is covered by our portfolio managers, Sophie Earnshaw and Roderick Snell, in their Managers' Report.

Discount/Premium and Share Issuance

The Company's share price discount to net asset value at the last financial year end was 4.1%, the Company's share price ended the year at a discount to net asset value of 6.3%.

Unlike the financial year ending 31 January 2022, no shares have been issued by the Company during the period as the shares have predominantly traded at a discount to net asset value. The discount has been 15.5% at its widest but the shares have also traded at a modest premium of up to 2.9% during the period. The Company has not bought back any shares over the period, though the Board keeps its liquidity policy under close review.

Dividend

Since the adoption of the China strategy and the appointment of Baillie Gifford as Manager in September 2020, the Company's long term returns are now expected to be predominantly generated from capital growth as opposed to income. During the financial year, the revenue return per share increased by 121% from 0.97p to 2.14p.

Last year, being the first complete financial year since the adoption of the China mandate, the Board agreed to match the dividend of the previous financial year and was able to do so given the sizeable reserves of the Company. This year the dividend will reset to a level that is in accordance with the dividend policy of the Company, which is that any dividend paid will be by way of a final dividend and be not less than the minimum required for the Company to maintain its investment trust status.

The Board is proposing a final dividend of 1.7p, which, subject to shareholder approval, will be paid on 26 July 2023, with the shares trading ex-dividend on 22 June 2023.

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 74 to 76. See disclaimer on page 72.
Past performance is not a guide to future performance.

Ongoing Costs

The ongoing charges figure for the year is 0.94%. Last year, the ongoing charges were 0.72% (and without the fee waiver provided by Baillie Gifford in relation to the first six months of its appointment in September 2020 it would have been 0.81%).

Gearing

In April 2021, the Company entered into a US$40m revolving credit facility with The Royal Bank of Scotland International Limited ('RBSI'). As at 31 January 2023, US$7.5m has been drawn down under the facility, and gearing stood at 2.5%.

Unlisted Investments

The Company holds one unlisted investment, ByteDance, which represented 5.7% of the total assets as at 31 January 2023. The valuation process, which is based on an independent assessment by S&P Global, is set out on page 7.

ESG

The consideration of Environmental, Social and Governance ('ESG') factors is an integral part of the Managers' long-term investment approach. Further details on the Managers' approach can be found on pages 9 to 14.

The Board

The Board welcomed Jonathan Silver to the Board in September 2022 following a search undertaken with the support of an external recruitment consultant. Jonathan is a chartered accountant who has held a number of senior financial positions and sits on other boards including another investment trust.

Andrew Robson is to retire from the Board at the AGM in 2023. The Board extends its thanks to Andrew for his valued contribution. Andrew has been an exemplary Chair of the Audit Committee since his appointment in July 2014 and has acted as senior independent director since June 2021. Jonathan Silver will take up the position as Chair of the Audit Committee and Magdalene Miller will take over as Senior Independent Director.

As Andrew and I both complete our nine year tenure this summer, the Board considered that it would be appropriate for me to stay on as Chair until 2024 in the interest of continuity given recent changes to the Company's mandate, manager and a number of other Board changes. Our next hire will be for my successor as Chair as I plan to step down in the first half of next year after a suitable handover period. A search is underway supported by an external recruitment consultant and a new appointment to the Board will be announced in due course.

All Directors are subject to annual re-election at the AGM in June. Biographies of each of the Directors can be found on page 27.

Annual General Meeting

The AGM will be held at 4pm on Thursday, 15 June 2023 at the Institute of Directors, 116 Pall Mall, London. The meeting will be followed by a presentation from the Managers and all shareholders are invited to attend.

I would remind shareholders that they are able to submit proxy voting forms before the applicable deadline on Tuesday, 13 June 2023, and also to direct any questions to the Board or Managers in advance by email to trustenquiries@bailliegifford.com or calling 0800 917 2112 (Baillie Gifford may record your call).

Outlook

China's macroeconomic, regulatory and pandemic policies are looking to align with a pro-growth stance, for the first time in three years. China is likely to be one of the very few major economies where growth could accelerate in 2023, enjoying a re-opening like much of the rest of the world experienced in 2022. In addition and unlike the majority of the world, China is experiencing extremely low inflation (averaging approximately 2% at December 2022).

The rapid re-opening from Zero Covid, the increased household savings and clear domestic policy support for growth for 2023 all point towards the 'need' for a strong recovery. China has a very different development model from the West and it is important to understand the context of the changes happening in China. The Managers Report details the principles to be borne in mind when investing in China. There are several risks, not least geopolitical, where misjudgements notably in respect of Taiwan could lead to severe market disruption. However, whilst China is a market where there is likely to be ongoing short term volatility, the prospects for significant long term growth remain.

Susan Platts-Martin
Chair
4 April 2023

Managers' Report

This has been another volatile year for Chinese growth equities; one of significant change and, perhaps, under-appreciated continuity. Market sentiment, as ever, has proven fickle. Headlines announcing the demise of the asset class have been replaced by frantic calls to reposition oneself for the great re-opening.

At Baillie Gifford, we think it's important to remain level-headed in all market environments. We aim to look through the noise and identify long-term structural trends and the companies that benefit from them. As such, we'll highlight a number of broadly positive changes that have occurred in the second half of last year, followed by a number of factors that are likely to remain consistent.

So, what's changed? In October we witnessed the 20th National Congress of the Chinese Communist Party ('CCP') in which the constitution was changed to allow Xi Jinping to serve a third term as President. Membership of the seven-person Politburo Standing Committee also changed significantly. The market's reaction to this news was overwhelmingly negative and, as we noted at the time, discounted a number of significant positives. The most important of which, in our view, was the government's ability, post consolidation of power, to act decisively and swiftly to counter severe economic weakness. Fast forward a couple of months and this is exactly what we have witnessed. Rather than a sharp ideological turn to the left, the CCP put forward a markedly pro-growth agenda whilst dismantling two of the biggest detractors to economic growth, namely Zero Covid and the 'Three Red Lines', (which set caps on leverage for property developers). Support for the private sector has been reiterated in numerous forums and the regulatory environment has remained stable as was promised in May. Economic growth is rebounding and market sentiment has improved.

From afar these changes might appear bewildering. But they result from a set of principles that are under-appreciated in their continuity and are important to bear in mind when building a conceptual framework for investing in China. These are as follows:

— The CCP has a longstanding commitment to wealth creation and this continues under Xi. Let's not forget that the principle contradiction, or the most important problem identified by the CCP to solve under Xi's reign, is 'uneven and unbalanced growth and the people's desire for a better life'.

— This 'desire for a better life' will be delivered in a uniquely Chinese way, one that attempts to harness the benefits whilst rectifying some of the biggest excesses of capitalism. Common prosperity, or the attempt to rectify severe income inequality, is key here. But contrary to popular belief, it is not new. Instead, one can trace it back to the founder of the socialist market economy, Deng Xiaoping, and his oft repeated but truncated quote: 'Let some people get rich first'. The second half of this quote is well-known in China but largely forgotten in the West: 'for the purpose of achieving common prosperity faster'.

— As Xi's report to the 20th National Congress made clear, both the state and the private sector are vital to China achieving its goal of becoming a prosperous society by 2049. The private sector is crucial in that it creates the majority of GDP growth, technological innovation and job creation. But its investment priorities will continue to be guided by the state and by a regulatory framework that prioritises wealth creation for all, rather than wealth creation for the few.

— Whilst China's unique brand of authoritarianism has not precluded economic growth or innovation as many thought it would, it does present challenges to investors that are likely to persist. We should expect periods in the future where the balance between market versus state becomes unstable. We should expect periods of volatility caused by abrupt changes to regulatory norms. But we should also expect continued pragmatism and a willingness to roll back policies that do not contribute to China's long-term goals; goals which are, in the main, conducive to investment returns.

Reminding ourselves of these underlying principles and the conceptual framework that results is important during periods of volatile performance. It allows us to keep our heads when everyone around us is losing theirs. Put another way, being cognisant that China's development model is markedly different to our own and likely to remain so helps us to take advantage of the opportunities of investing there, whilst also being fully aware of the risks.

In our view, the opportunities open to growth investors in China have remained remarkably consistent throughout this period of volatility. Indeed, our analysis of company fundamentals over time continues to point to China as a place to find high growth companies. For example, over the last five years, over 10% of Chinese companies with a starting market cap of US$2bn or more have grown their profits by over five fold. That compares to around 6% for global markets and 6% for the US.

In addition, the type of growth company on offer continues to expand. We have companies such as Li Ning or Proya that are poised to benefit both from China's growing middle class, but also from a shift in brand preferences amongst younger Chinese consumers; we have companies like Longi and CATL that have helped China build out almost two thirds of the world's solar capacity and two thirds of the world's battery capacity with the goal of helping China achieve net zero by 2060; we have companies such as Inovance and Estun that continue to move up the value chain in robotics and automation and thereby contribute to broader productivity growth; we have companies such as Sinocera and SG Micro that are helping China develop expertise and self-sufficiency in materials science and semi-conductors… The list goes on.

As noted above, the opportunities within China have remained remarkably consistent. But so have the risks. This is an asset class in which drawdowns and periods of market volatility are the norm rather than the exception. Indeed, the propensity for volatility has likely been heightened by the increasingly competitive relationship between China and the US, and tensions with Taiwan as noted more fully in our Interim Management Report published in October 2022. As such, this remains an asset class with big risks and big opportunities, and one that is only suitable for those with the appropriate risk tolerance and long-term time horizon.

Portfolio Positioning and Recent Activity

The current portfolio represents a selection of the best and most innovative public and private Chinese growth companies. As one would expect for a long-term growth manager, the themes that we are excited about within the Company remain largely consistent with those discussed in last year's Managers' Report. These include our investments in companies exposed to the green revolution both in China and abroad; companies that contribute to China's ambition to advance its manufacturing capabilities in robotics and automation; 'little giants' that have developed significant expertise in relatively niche but strategically important industries such as semiconductors; software related companies that are helping traditional industries upgrade; leading domestic brands that have the scope to challenge foreign brands within China and abroad; long duration growth companies within the platform economy that continue to add value to consumers' lives; in short, companies that we believe at the broadest level are likely to contribute to China's economic, societal and environmental development over the next decade.

In terms of new purchases, we bought holdings in Centre Testing and Dongguan Yiheda, both of which are contributing to the upgrading of traditional industries in China. Centre Testing is a company that provides testing, inspection and certification services to a broad range of companies and industries. Our first in-depth report on the company was written in early 2020. Whilst we admired the growth potential of the business and the quality of the management team, we were less convinced by the valuation. Since then, the shares have substantially de-rated providing us with a good opportunity to make an attractive investment. Centre Testing is a leading private player within an industry dominated by state-owned enterprises and foreign companies. It has a scale and reputation advantage over smaller domestic competitors and a service edge over global companies and state-owned-enterprises. This should allow it to take share. It is also able to supplement this organic growth via acquisitions of smaller competitors in new verticals. As such, we believe it is likely to grow at a double-digit rate for a very long time, an outcome that is not reflected in the current valuation.

Dongguan Yiheda makes a wide variety of parts used in factory automation equipment. It offers a product catalogue to design engineers of non-standard, customisable parts. It then manufacturers these parts quickly and at scale thereby saving time and reducing costs for its design engineer customers. The opportunity for Yiheda is to increase the number and type of parts it offers within its catalogue and thereby gain a greater share of wallet within factory automation equipment. The overall addressable market in machine parts is large and growing and the founder believes it can treble its share. The growth runway for the company is therefore very long and the business itself is profitable and cash generative.

As noted in our Interim Report, we also made investments in Jiangsu Azure, a leading small form battery maker in the power tools market, and Kinlong, a hardware provider to the building industry. For Jiangsu Azure, the electrification of the power tools market is a strong structural growth driver, whilst the company also has longer term opportunities in batteries for vacuum cleaners and e-bikes. Its focus on these relatively niche markets and its willingness to invest also gives it scope to take further share from global competitors such as LG and Samsung. Kinlong has a strong reputation for quality amongst its building industry customers. It is the number one player in a number of the segments in which it operates with c.10% share. Its growth opportunity is a function of continued growth in end markets, the expansion of its product portfolio, and continued market share gains. This is another good quality, long-term growth company that we were able to buy at a time of share price weakness.

We have also made additions to a number of stocks throughout the year on valuation grounds. These include Alibaba, China's leading ecommerce business; KE Holdings, an online real estate portal; China Merchant's Bank, China's leading wealth management and high-end banking business; and Ping An Bank, a leading retail bank and part of the Ping An group of companies.

In order to fund the above, we sold a number of our lower conviction, smaller holdings. These include both Tencent Music and Bilibili. Tencent Music was bought due to its potential in on-demand music streaming. However, both the regulatory backdrop and the competitive environment deteriorated markedly post-purchase. The regulator's anti-monopoly ruling impacted the viability of Tencent Music's exclusivity contracts with labels and has made it much easier for competitors to add popular songs to their portals. ByteDance has also entered the market and is increasingly seen as a platform via which new artists can be incubated. As such, we believe the company's growth outlook and longer term profitability are likely to be lower than we initially thought and that investment returns from here are unlikely to be attractive. Bilibili is a media and entertainment company popular with generation Z. We sold the holding during the period due to unexpectedly strong competition from ByteDance and Kuaishou, and markedly weaker operational performance as a result. The company appeared overly reliant on subsidies for growth and as such we became less convinced by its long-term business model.

In the healthcare space, we sold BGI, Zai Labs, and Hutchison China Meditech, partly due to weaker than expected operational performance, and partly to reduce our healthcare overweight given concerns around sanctions risk within this sector. We also sold small holdings in Lufax, an SME lender, and Yatsen, a cosmetics company.

Performance

Over the twelve months to the end of January 2023, the Company's net asset value total return was -5.7%. Over the same period, the benchmark total return was -2.2%. Our underperformance was largely due to allocation including lack of exposure to energy and consumer staples, and an overweight position in communication services. Whilst we acknowledge that short-term underperformance is painful, we would hope that shareholders judge our investment returns over a period of five years or longer, the same period over which we judge our companies' performance.

In terms of the net asset value, notable negative contributors at stock level included Tencent, Bilibili and ByteDance all of which are classified as communication services. Tencent's operational performance was severely hampered by the lack of game approvals during the first nine months of the year, in addition to cyclical weakness in its advertising and social media businesses. The outlook for the company, however, is much brighter with game approvals having restarted and the rebound in the Chinese economy likely to feed through to Tencent's advertising business. ByteDance is the Company's only private holding. In response to the decline in peer valuations, Baillie Gifford also made negative adjustments to our internal valuation. That being said, ByteDance's operational performance has remained exceptionally strong, both domestically and overseas, despite a very challenging macroeconomic backdrop. The company has also been buying back shares at prior valuations implying confidence in the business's future development. As such, we continue to believe that the current valuation does not reflect the company's very sizeable growth opportunity. In addition, relative performance was also hurt by our lack of exposure to Pinduoduo, a leading ecommerce company that mainly operates in lower tier cities.

Other negative contributors to performance included Sunny Optical, a manufacturer of lenses and modules that go into smartphones and autos, CATL, China's largest electric vehicle ('EV') battery manufacturer, Asymchem, a leading contract manufacturing organisation in the healthcare space, and Jiangsu Azure, a leading small form battery manufacturer. As noted in our Interim Report, Sunny Optical was experiencing a price war in its core smartphone business which was started by a new entrant to the market. We think this increase in competition will not persist as the new entrant is loss making and unable to make an economic return. More positively, we think the growth potential in Sunny's auto business is underappreciated and therefore remain holders of the stock.

CATL's shares were weak in line with other EV names globally. Importantly, operational performance remains strong with the company pre-announcing almost treble digit earnings growth in 2022. NEV penetration remains low globally and the company's strength in energy storage provides an additional growth driver for the next decade.

Asymchem has been weak along with the broader healthcare space as concerns around the regulators attitude to drug pricing have weighed on sentiment. We believe the sell-off in Asymchem is unjustified given it has significant scope to take volume share within the industry due to its globally innovative manufacturing processes for small molecule drugs. Operationally, the company is firing on all cylinders and recently reported over 200% earnings growth in 2022. That being said, this is one of the few holdings in the Company with significant revenue exposure to the US and, as such, it comes with added geopolitical risk.

In terms of notable positive contributors, these are varied. Sanhua Intelligent Controls, a heat pump manufacturer for air conditioners and electric vehicles, was our top contributor. It delivered significant operational performance with 33% growth in sales and 26% growth in earnings for the year to September. Autos account for around a third of its business. Here, its industry leading technology and manufacturing scale allow it to fully benefit from the electric vehicle boom in China. Its air-conditioning business accounts for the remainder of its business and here it is expanding capacity overseas and taking share.

Zijin Mining is another top contributor. We own this company due to its significant exposure to copper, one of the metals that is likely to experience significant demand as a result of the green revolution globally, and limited supply.

Beigene, a biotech firm specializing in cancer treatment, was also a top performer. It published phase 3 trial results for one of its drugs, demonstrating superior efficacy and safety versus the competition. This led to earnings upgrades for the company. We continue to believe that its growth potential is underappreciated and that its internal pipeline plus its attractiveness to global pharmaceutical companies looking to enter China, sets it apart.

Ping An, China's leading private insurance company, also contributed strongly to relative performance. The company had been disproportionately hit by China's Zero Covid policy which impacted its agents' ability to sell their products, whilst the company's internal restructuring also hurt short term revenue growth. Internal restructuring is almost complete and we believe the company's productivity and profitability are likely to benefit going forward. Its sales agents have also been able to resume face to face meetings as Zero Covid has been overturned. This is one of our largest overweights and a stock that we believe has significant upside potential ahead of it.

Outlook

We continue to believe that China offers an attractive mix of substantial risk but also substantial reward for long-term investors. Indeed, the big picture opportunities within China remain incredibly compelling. That being said, this is a volatile market and one must be comfortable with this volatility before investing. In terms of the Company's underlying holdings, we remain confident in the companies in which we invest and believe that, over time, their continued strong operational performance will be matched by strong share price returns.

Roderick Snell
Sophie Earnshaw
Baillie Gifford & Co
4 April 2023

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.
Past performance is not a guide to future performance.

Review of Investments

Alibaba

Alibaba is a leading online retailer. Its ecommerce business continues to grow strongly driven by increasing online penetration in segments such as grocery and Fast Moving Consumer Goods, whilst the integration of live streaming and social media to the platform has materially strengthened its appeal to customers and merchants alike. In addition, Alibaba has a strong position in infrastructure as a service, or the cloud, where it has a similar business to Amazon Web Services and significant growth potential. Alibaba's partnership structure and its capable and experienced management team are well-aligned with shareholders and continue to offer a long-term and compelling vision for the company.

Tencent.

© Bloomberg Finance LP.

Tencent

Tencent is a leading social media and entertainment platform. It has a dominant position in online gaming and an ecosystem in WeChat that we believe is one of the strongest in China. Monetisation of WeChat's over one billion monthly active users has only just begun and represents a transformational growth opportunity for the company. Further growth opportunities are provided by Tencent's strong positions in cloud infrastructure and consumer and SME lending, along with its portfolio of investee companies which span online music streaming, ecommerce, and short form video. Pony Ma, the founder and Chairman of the company, is indelibly focused on the long term and has executed exceptionally well in one of China's fastest moving industries.

ByteDance

ByteDance is a social media and short form video company and it represents the Company's first private investment. It was founded in 2012 by Yiming Zhang and the company has grown to rank amongst the world's largest companies of its kind. Its short form video app, Douyin, is market leader in China with over 1.7 billion daily active users, and TikTok, its global equivalent, is dominating the format globally. ByteDance benefits from a technological edge in machine learning which it uses to bring out new applications tailored to different media forms and different demographics. The company's ability to innovate in this space is exceptional and we believe one of the key drivers of its likely future success. We believe ByteDance has the potential to be a generation defining media company.

Ping An Insurance

Ping An Insurance is one of China's leading financial services groups. It is China's second largest life insurer, a market with multi-decade growth potential driven by China's emerging middle class and rising disposable income. It also has a leading position in property and casualty insurance where it has consistently delivered strong returns. In addition, it has consistently invested in artificial intelligence and machine learning in order to increase the efficiency and long-term viability of its core business. Again, this is a company with a long-term, growth mind-set that we believe will deliver substantial returns to shareholders.

Kweichow Moutai

Kweichow Moutai is one of the most important and iconic Chinese brands. It manufactures premium baijiu (white alcohol) which has a heritage and respect embedded within Chinese culture. Its unique brewing conditions and process provide a core competitive advantage. When combined with supply scarcity and limited competition in the very high-end market, Moutai is able to price at a premium and maintain a loyal customer base. It is an extremely profitable business. We believe in the strength and heritage of the brand, the sustainability of revenue growth, and the longevity of its core competitive advantage.

Kweichow Moutai.

© VCG/Getty Images.

Meituan

Meituan is an online marketplace for the local service industry in China. It operates in an expanding range of categories and cities with strong market shares in on-demand restaurant delivery, in-store dining, hotel booking and film ticketing. These verticals are each in an early stage of development, leading to strong growth expectations for many years to come. Additionally, the company is cementing its position as a key partner for merchants in all of these segments by offering value-added services such as software and back-end solutions. Wang Xing, the founder and CEO, continues to invest heavily for growth. Indeed, his vision for the company is that it becomes the default means by which Chinese consumers access the local services industry.

Li Ning.

© Getty Images for Li-Ning.

Li Ning

Li Ning is China's second-largest domestic sportswear company (and takes its name from the founder who – as some may remember – won 6 gymnastics medals for China at the 1984 Summer Olympics). It remains something of a turnaround story, having run into problems between 2010 and 2015 as the model shifted from wholesale distribution to direct stores. These problems now look to have been largely remedied, and although Li Ning's returns remain lower than many of its local and international peers, we are optimistic that improvements in the supply chain and distribution channels will continue under the well-regarded new CEO, Kosaka Takeshi, who joined in September 2019. More broadly, we are intrigued by indications that the company's brands – especially 'China Li Ning', which blends traditional Chinese embroidery styles into their products – is gaining traction among a younger and more affluent demographic, perhaps reflecting the possibility that national pride is beginning to play a greater part in patterns of consumption. Is it conceivable that Li Ning – with a national market share of around 8% at present – could even start to chip away at the 35–40% of the market currently controlled by premium foreign brands like Adidas and Nike?

China Merchants Bank.

© CFOTO.

China Merchants Bank

China Merchants Bank is a leading consumer bank in China with a lengthy track record and solid market share. It has outcompeted its state-owned rivals via a relentless focus on the consumer. As such, it has built up an enviable position in consumer lending and in wealth management, both segments with strong growth potential. In terms of lending quality, this has been strong through the cycle and we believe this is a bank that will continue to offer attractive returns to shareholders.

JD.com

JD.com is the second largest ecommerce player in China after Alibaba, with particular strengths in logistics and delivery. The growth opportunity remains large and we believe that JD's competitive edge is being sustained, despite operating in a very competitive environment. The management team has taken some proactive steps to ensure decision making is more devolved and we have been encouraged by the openness at recent discussions regarding future strategy and governance improvements. We believe that there is an excellent chance that JD remains one of the go-to ecommerce businesses in China.

Zhejiang Sanha Intelligent Controls

Zhejiang Sanhua is one of the world's largest manufacturers of controls and components for heating, ventilation and air conditioning (HVAC) systems, electric vehicles and home appliances. Sanhua has a global customer base of top tier manufacturers, with half of their revenues generated from China and half from overseas. The company has over 50% market share in its key products. Sanhua's ability to produce quality at scale is a key competitive advantage. This is a founder-owned company whose global position has been underappreciated in a China context. We expect Sanhua to benefit from consumption growth in general, as well as growth in the electric vehicle market, and an industry shift in home appliances towards stricter environmental standards.

Managers' Report on ESG

China's economy has high state ownership and a large industrial base. Coupled with decades of high growth under an evolving legal and regulatory system, this results in an index in which many companies score poorly on ESG data metrics. This can be compounded by a lack of disclosure and the difficulties of language and reporting. Herein lies the opportunity.

We believe that ESG has a material impact on companies' growth opportunities, competitive advantages and, ultimately, long term share price performance. As such, key ESG matters are routinely considered as part of the investment case and are built into the research framework that we use for the Baillie Gifford China Growth Trust ('the Company'). Indeed, the first question that we ask of all potential investments is, 'does this company contribute to or benefit from China's economic, societal or environmental development, and what is the global context?' This question encourages us to think broadly about various stakeholders, including the government, that materially impact companies' long-term success. This is supplemented by our due diligence checklist which includes a consideration of corporate governance, executive remuneration and board structure, sustainability of business practices, and environmental and social impact (extract in Box 1).

Where companies are found lacking, engagement is our preferred approach. Indeed, we believe that investors, companies and society stand to benefit if we can play a role in pushing businesses towards improved standards of governance, behaviour and performance. As such, we seek to engage with the companies in which we invest in order to help them towards industry best practice. We seek a commitment from these companies to constantly improve their standards and we hold them to account.

Data

Given the meteoric rise of ESG-influenced investing, you'd be forgiven for thinking there was already enough relevant data to guide decisions. But this is far from the truth, particularly in China. Despite decades of research into corporate responsibility, growing interest in sustainable finance, and an entire industry devoted to churning out ESG data, there are still significant gaps in our knowledge.

To start to overcome this, our investment approach draws on a broad range of sources of insight, from company visionaries to academic experts to data providers. They help us to meaningfully inform, support or challenge our contentions about the long-term prospects of companies, including their governance and sustainability. We are mindful of the adage 'not everything that can be counted counts, and not everything that counts can be counted'. Investors are increasingly faced with a barrage of ESG data and ratings which are often inconsistent, incomplete, and incomparable. We view data not as a checklist of boxes to be mechanically ticked off, but instead as the starting points for meaningful conversations with companies and stakeholders. Recognising the intangible nature of corporate character, our approach must be more nuanced and qualitative.

The following selected data points illustrate the importance of such nuance and the questions that we seek to explore through our broader analysis and company engagement. Data points are shown in relation to the index (MSCI China All Share) for the period from 1 February 2022 to 31 January 2023. It should be noted that there are some gaps in data and particularly for the private companies included in the Company's portfolio.

Box 1
Environmental and Social Due Diligence Checklist for Baillie Gifford China Growth Trust

Does this company contribute to or benefit from China's cultural, economic or societal development, and what is the global context?

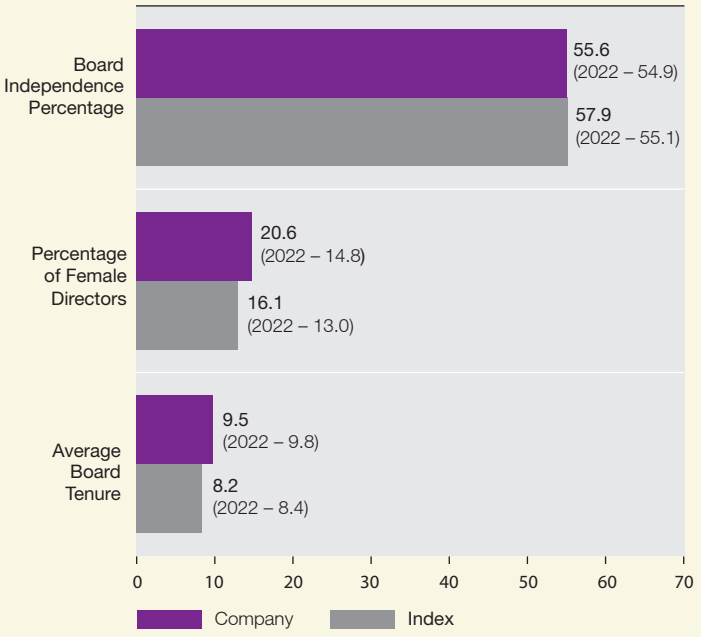
- What are the material ESG topics the company identifies for themselves?
- Does the company disclose carbon emissions and set a carbon target?
- Is the company compliant with the United Nations Global Compact? If not, why?
- How is the company rated by external research providers? Do we agree with these ratings? If not, why not?
- Are there any red flags and/or areas for company engagement?

Board Membership

What it is – We look to company boards to provide effective oversight. Typical data points on board composition are shown below in relation to the index (MSCI China All Share).

What does the data tell us – Board independence is particularly nuanced given the bias of this portfolio to founder firms (such as Kingsoft, Longi, Alibaba) along with the presence of some state-owned enterprises (including Kweichou Moutai). A lack of independence with no extenuating context is a cause for engagement and further investigation.

In 2022, the number of female directors on boards has increased both in our portfolio and across the index. Average figures still mask differences at stock level. While there are nine companies in the portfolio (for which data is available) who all have at least 30 percent female board members, (Alibaba, Medlive, Minth, Netease, JD.com, Hangzhou Tigermed, Asymchem Laboratories (Tianjin), SG Micro, Dada Nexus), there are still six companies with all male boards. We will be looking for this to improve as well as looking at other important indicators of board diversity.



Ownership

What it is – The table below highlights the range and concentrations of different ownership structures held within the public companies in the portfolio. An explanation of the definitions is included below the table. Data for 13 companies is missing so the totals showing for the Company only add up to 80.3%.

What does the data tell us – Whereas the index is heavily invested in state-owned enterprises, more than two thirds of our portfolio is invested in companies that are founder or family owned. This can be important for many reasons, including allowing companies to take decisions against the grain of short term demands of many market participants. It often takes influential and visionary leadership, backed by aligned and patient shareholders, for a company to spearhead disruptive change while remaining focused on its long-term mission. However, the data doesn't tell us about the founder's other business activities, the depth of the management team, or attitudes towards shareholder rights and other stakeholders. Our focus is therefore on the fundamental research and ongoing engagement to determine what works in practice for each company.

Owner Type	Index %	Company %
Controlled	22.8	5.8
Principal	9.8	4.8
Founder Firm	50.0	64.2
Family Firm	3.1	5.5
Widely Held	1.5	–

Controlled

A Controlled company is one where the largest shareholder or shareholder group holds 30% or more of the voting rights.

Principal Shareholder

A company with a Principal Shareholder is one where the largest shareholder or shareholder group holds between 10% and 30% of the voting rights.

Founder Firm

Founder serves as Chairman or CEO or retains significant influence at the company.

Family Firm

Family holds 10% or more of the voting rights and maintains at least one board seat.

Widely Held

A Widely Held company has no identified shareholder or shareholder group holding greater than 10% of the voting rights.

UN Global Compact Alignment

What it is – This indicator uses company alignment with the ten UN Global Compact (UNGC) Principles as a proxy for social performance and exposure to corporate controversies. The chart shows the percentage of the portfolio assessed by a third party data provider as 'compliant'.

What does the data tell us – The data suggests that the majority of holdings are compliant and conduct themselves responsibly in regard to society and the planet. One is assessed as non-compliant by a third party and two are on the watchlist. There is no data for six of our holdings, (9.7% of the portfolio).

Zijin Mining was non-compliant due to historic human rights incidents across multiple operations and poor environmental practices but moved to the third party data providers' watchlist. We have been engaging with the company over the last eight months on these issues and will continue to do so. Li Ning also flags for the third party watchlist assessment due to an alleged relationship with a particular factory. We have spoken to the company in 2022 on supply chains and labour standards and they confirmed to us that they do not use the factory in question. We have encouraged further disclosure on these issues.

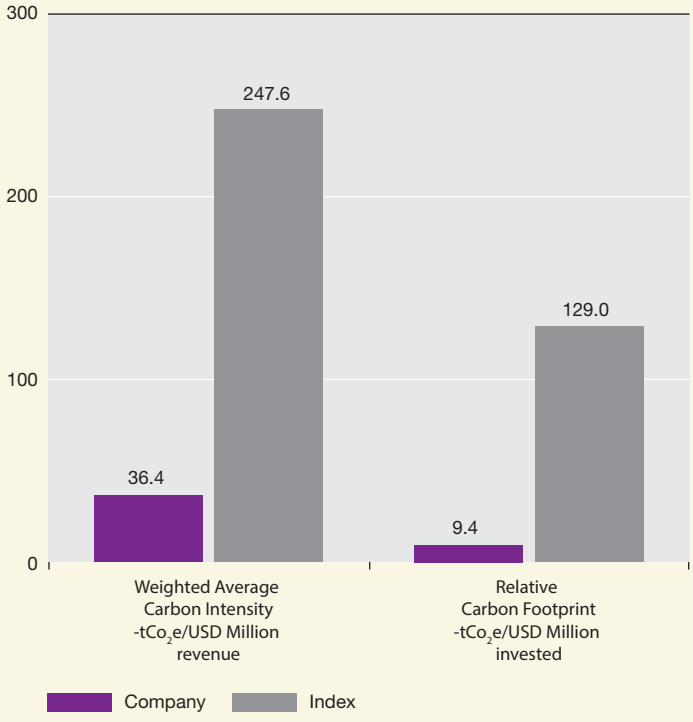
Tencent was recently assessed by one of the third party data providers as moving from a watch list to non-compliant with Principle 2 of the UN Global Compact for allegations of complicity in human rights abuses. Based on our current research and engagement with Tencent on data privacy, the company appears to be taking action to ensure compliance with the law in PRC as well as alignment with international norms. We are engaging with the company and will continue to keep this on our watchlist for enhanced due diligence.

Our expectation for all companies we hold is that they will respect internationally accepted human rights and labour rights throughout their business operations and value chain. This includes the management of exposure to labour and human rights risks and encouraging positive relationships with local communities.

Carbon Performance

Addressing climate change is one of the most significant challenges of our time. From shifting weather patterns that threaten food production and disrupt supply chains, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. Growing societal pressure and regulatory action are combining with the physical impacts of climate change to create new risks and opportunities for companies. As long-term investors, we must take cognisance of these to understand the implications for long-term value creation.

What it is – Carbon footprint analysis identifies the largest direct emitters and helps to prioritise research and engagement activities. The relative carbon footprint compares the total carbon emissions of the portfolio with the index per $1 million invested. Weighted Average Carbon Intensity is the sum product of the portfolio constituent weights and intensities of Carbon Intensity (the total carbon emissions per $1 million of revenue generated and shows the efficiency of the portfolio in terms of emissions per unit of financial output). These intensity measures allow comparison of emissions across companies of different sizes and in different industries. We recognise that carbon footprinting and emissions intensity analysis is imperfect. Beyond simple concerns about data accuracy and availability, this analysis can only tell us where a company is – not where it is going. This is why we see it as a starting point and not the end.



All metrics in the chart above refer to Scope 1 and 2 emissions only. Scope 1 emissions are those deriving directly from company activities (i.e. stack emissions and fuel use); Scope 2 emissions arise indirectly as a result of electricity use. Emissions within these scopes are reasonably under the control of the company and can be expected to be calculated by all companies. We are continuing to engage with companies and research providers on the

availability, comparability and robustness of Scope 3 emissions – those that result from activities of assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain.

Based on current information for the portfolio's material Scope 3 emissions (i.e oil, gas and mining) the Weighted Average Carbon Intensity tCO2e/USD Million Revenue for Scope 1, 2 and those material Scope 3 emissions would still be below benchmark (84 vs 515 tCO2e/USD Million Revenue).

What does the data tell us – The data demonstrates lower carbon intensity and relative carbon than the index (MSCI China All Share). Some companies in the portfolio will be providing minerals required for the global energy transition but are energy intensive in their own operations, others will be providing the components and technology for renewable energy. Four companies are contributing approx. 70 percent of the portfolio weighted average carbon emissions (Zijin Mining, Shandong Sinocera, Yunnan Energy and Longi Green Energy) if we include Scope, 1,2 and material Scope 3. Longi Green Energy is a particularly interesting case study from a range of sustainability issues as their purpose supports a low carbon transition yet their production is energy intensive. Across the portfolio, our duty remains to ensure these companies are implementing best practice and doing all they can to address any negative environmental impacts.

ESG: It's Case-by-Case

We believe that governance really matters with respect to long-term investment performance. Good governance is linked to good environmental and social performance. Our ongoing assessment of corporate governance issues may change our view on buying, selling or resizing our clients' holdings. It also determines how we choose to vote at company meetings and how we engage with management, the two principal levers we have for influencing change. Just as there is no universally 'right' way to invest in the stock market, or to manage a pension fund, there is no 'one-size-fits all' step-by-step approach to corporate governance. We are open minded about what is the most appropriate way to govern and manage a company, and we are pragmatic about the significant differences in what is expected and the options available to companies across the world. The following three examples highlight our approach to engagement.

Box 2
Engaging with State-Owned Enterprises – Kweichow Moutai

Kweichow Moutai is an iconic Chinese brand and its premium baijiu (white alcohol) has a heritage and respect embedded within Chinese culture. Being a State-owned Enterprise (SoE) controlled by the Guizhou Provincial government, brings a layer of governance risk. In such cases, investment managers are less likely to find a consistent leader or team to talk with and management may change for political reasons.

Last year we reported on our engagement via the Shanghai Stock Exchange and with other shareholders when the 2020 proposals for local government donations were out of step with good governance and financial responsibility. As a result of the discussions, Moutai subsequently cancelled their proposed donations, citing the influence of minority shareholders in an announcement in October 2020. We are aware our influence is limited and go into this with our eyes open, balancing Moutai's unique position in the consumer space as one of very few domestic aspirational and luxury brands in China and its significant competitive advantages, but this does come with the need for a greater focus on developments to governance structures and ongoing SoE reform. In the long term, SoE reforms could be very positive for Moutai, enabling it to boost its efficiency, profitability and build an improved corporate culture. We continue to watch.

In 2022 we continued our engagement and recently met with the board secretary and Chief Financial Officer to begin a conversation on Moutai's overall ESG management. Moutai has increased disclosure which was reflected in a recent third party upgrade and they recently increased diversity on their board. We discussed climate reporting, water management, government relations, and external donations. The company is keen to improve dialogue with us and proposed that representatives from Moutai have a follow-up meeting with us in order to learn more about how we look at ESG issues of holding companies. The meeting established connections with senior management and staff from Moutai in charge of ESG governance and disclosure. This will support further engagement on ESG issues in the future.

Box 3
Engaging on social and environmental performance – Zijin Mining

Zijin Mining is a large state-owned metals and mining company. The historic focus has been on gold, but increasingly the growth is coming from copper. Most recently there are aspirations to move into battery materials more widely, with an initial foray into lithium.

In January 2022 we set out priorities for engagement with Zijin. Our initial objectives were: to improve our understanding of the historic incidents highlighted within ESG reports, including the remedial action taken and any ongoing issues; discuss the positive trajectory which was recently recognised in third party assessments and the roadmap for improved preparedness and reporting; ensure our concerns were noted, and that the company is aware of our internal divestment rules should that positive trajectory not be maintained.

In April 2022, the company reported additional disclosures on non-technical delays at mines as well as grievance mechanisms and tailings (waste) management. The company established community grievance mechanisms at all sites and reported zero days of non-technical delays in 2021. In addition, they have highlighted their commitment to following the 15 principles of the Global Industry Standards on Tailings Management. In April we wrote to the company to ask about: their plans for human rights impact assessments (for Bisha, Aurora, Buritica, Kolwezi and Porgera Mines); community engagement in Peru; water quality; and the recent allegations regarding illegal mining in Inner Mongolia. We received detailed answers to our questions and in October 2022 we met with the company. During the meeting, we learned more about the company's community relations management systems and environmental practices. The company highlighted differences between the company's practices and how these are assessed by third party rating providers. We encouraged the company to provide more detailed updates on human rights due diligence work and discussed wider stakeholder engagement including with rating agencies.

We were pleased with the transparency and openness of the company to discuss these issues. It was helpful to learn more about the approach to ESG management. We will look to hear more about the ESG assessment being planned which would include human rights assessment and will follow up further with the company on these topics in 2023.

Box 4
Being a supportive investor to improve overall ESG strategy and disclosure – Proya Cosmetics

Proya is a skin care and cosmetics company. Its end markets are growing at an attractive rate as Chinese consumers become wealthier and per capita spend on personal care increases. Proya is growing at a multiple of the overall market driven by its exposure to consumers in lower tier cities and millennials who are increasingly choosing domestic brands, like Proya, over mid-range foreign brands. Over the next ten years, we think this trend is likely to accelerate. Proya is well placed to benefit. It is currently a fast follower with an integrated supply chain, innovative marketing and the beginnings of a platform/multi-brand model. Its probability of success is also enhanced by an ambitious management team with a highly adaptable culture and willingness to experiment.

In 2022 we engaged with the company to encourage greater disclosure and to broaden diversity on the board. We were made aware that the company had ranked poorly in a third party assessment and spoke to the company about this issue, as we hold the belief to do our own research rather than using exclusionary screens based on ESG ratings to understand the true risks and opportunities. Based on an in-person visit and direct conversations with the company, we noticed a gap in real ESG practices and disclosure, and thus raised a few suggestions on topics such as climate target setting and chemical management. The company appreciated our engagement and improved its disclosure publishing ESG criteria and a Sustainable Development Strategic Plan. The enhanced disclosure helped the company upgrade its ESG rating by three levels.

Improvements could also be observed from its Sustainable Development Strategic Plan 2022-2025, in which quantitative climate goals clarify a path to achieve net zero emissions on operations by 2030 and carbon neutrality across the entire value chain by 2045. The progress makes Proya one of the first four movers towards net zero in our portfolio.

How Are We Voting?

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' share also strengthens our position when engaging with investee companies.

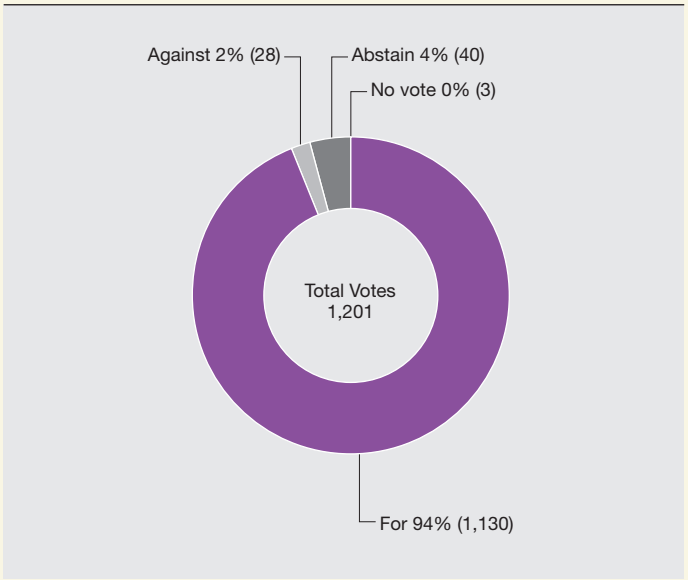
We look for high quality management teams and governance structures supportive of long-term investment opportunities. The graph on the right shows our voting for the Baillie Gifford China Growth Trust in 2022 (January 2022 to December 2022). It is no surprise that as long-term owners, seeking to invest in a relatively small number of exceptional companies, we are generally supportive of management. Where we disagree or where our engagement has been unsuccessful, there are cases where we will vote against management. For example, in 2022 we opposed the appointment of auditors because the company did not rotate the main audit partner, contrary to the market requirements and we opposed the provision of a guarantee to a subsidiary, as the proposed arrangement may disproportionately affect the company's shareholders.

The Data

All data is pulled from MSCI, Sustainalytics, ISS and BoardEx, via the Factset platform along with some internal sources. It is fact checked by our ESG analysts and is considered correct at the time of writing.

For more detail, please see baillliegifford.com/en/uk/about-us/literature-library/miscellaneous/investment-stewardship-activities-report/

Baillie Gifford China Growth Trust Proxy Voting Record 2022



Total votes: 1,201
Proposed by management: 1,199
Proposed by Shareholder: 2

Source: Baillie Gifford Data for 2022.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Baillie Gifford Statement on Stewardship

Baillie Gifford's over-arching ethos is that we are 'actual' investors. We have a responsibility to behave as supportive and constructively engaged long-term investors. We invest in companies at different stages in their evolution, across vastly different industries and geographies and we celebrate their uniqueness. Consequently, we are wary of prescriptive policies and rules, believing that these often run counter to thoughtful and beneficial corporate stewardship. Our approach favours a small number of simple principles which help shape our interactions with companies.

Our Stewardship Principles

Prioritisation of Long-term Value Creation

We encourage our holdings to be ambitious and focus their investments on long-term value creation. We understand that it is easy to be influenced by short-sighted demands for profit maximisation but believe these often lead to sub-optimal long-term outcomes. We regard it as our responsibility to steer holdings away from destructive financial engineering towards activities that create genuine economic and stakeholder value over the long run. We are happy that our value will often be in supporting management when others don't.

A Constructive and Purposeful Board

We believe that boards play a key role in supporting corporate success and representing the interests of all capital providers. There is no fixed formula, but it is our expectation that boards have the resources, information, cognitive and experiential diversity they need to fulfil these responsibilities. We believe that good governance works best when there are diverse skillsets and perspectives, paired with an inclusive culture and strong independent representation able to assist, advise and constructively challenge the thinking of management.

Long-term Focused Remuneration With Stretching Targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important in driving behaviour, and we encourage policies which create genuine long-term alignment with external capital providers. We are accepting of significant payouts to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes. We think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

Fair Treatment of Stakeholders

We believe it is in the long-term interests of enterprises to maintain strong relationships with all stakeholders – employees, customers, suppliers, regulators and the communities they exist within. We do not believe in one-size-fits-all policies and recognise that operating policies, governance and ownership structures may need to vary according to circumstance. Nonetheless, we believe the principles of fairness, transparency and respect should be prioritised at all times.

Sustainable Business Practices

We believe an entity's long-term success is dependent on maintaining its social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. We expect all holdings to consider how their actions impact society, both directly and indirectly, and encourage the development of thoughtful environmental practices and 'net-zero' aligned climate strategies as a matter of priority.

Climate change, environmental impact, social inclusion, tax and fair treatment of employees should be addressed at board level, with appropriately stretching policies and targets focused on the relevant material dimensions. Boards and senior management should understand, regularly review and disclose information relevant to such targets publicly, alongside plans for ongoing improvement.

Baillie Gifford – Valuing Private Companies

We aim to hold our private company investments at 'fair value', i.e. the price that would be paid in an open-market transaction. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events'. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The valuation process is overseen by a valuations group at Baillie Gifford which takes advice from an independent third party (S&P Global). The valuations group is independent from the investment team, with all voting members being from different operational areas of the firm, and the portfolio managers only receive final valuation notifications once they have been applied.

We revalue the private holdings on a three-month rolling cycle, with one-third of the holdings reassessed each month.

For investment trusts, the prices are also reviewed twice per year by the respective investment trust boards and are subject to the scrutiny of external auditors in the annual audit process.

Beyond the regular cycle, the valuations group also monitors the portfolio for certain 'trigger events'. These may include: changes in fundamentals; a takeover approach; an intention to carry out an Initial Public Offering ('IPO'); company news which is identified by the valuation team or by the portfolio managers or changes to the valuation of comparable public companies. Any ad-hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published net asset value ('NAV'). There is no delay.

The valuations group also monitors relevant market indices on a weekly basis and updates valuations in a manner consistent with our external valuer's (S&P Global) most recent valuation report where appropriate. When market volatility is particularly pronounced the team undertakes these checks daily. More information specific to the valuation of ByteDance, the unlisted holding held by Baillie Gifford China Growth Trust can be found in note 9.

The Independent Auditor's Report on page 41 explains the procedures carried out by the external auditor on the private companies (unquoted investments) as part of their audit.

List of Investments at 31 January 2023

Name	Business	Value £'000	% of total assets
Alibaba	Online retailer, payments and cloud business	13,819	6.6
Tencent	Social media and entertainment company	12,694	6.0
ByteDance[Ⓤ]	Social media and entertainment company	11,953	5.7
Ping An Insurance	Life and health insurance	9,559	4.6
Kweichow Moutai	Luxury baijiu maker	9,436	4.5
Meituan	Online food delivery company	7,977	3.8
Li Ning	Domestic sportswear manufacturer	7,692	3.7
China Merchants Bank	Consumer lending and wealth management	7,631	3.6
JD.com	Online retailer	5,074	2.4
Zhejiang Sanhua Intelligent Controls	Heating and cooling component manufacturer	4,946	2.4
BeiGene	Immunotherapy biotechnology company	4,929	2.3
Zijin Mining	Renewable energy enabler	4,580	2.2
CATL	Electric vehicle battery maker	4,268	2.0
Estun Automation	Robotics and factory automation company	4,158	2.0
Shandong Sinocera Functional Material	Advanced materials manufacturer	4,156	2.0
Ping An Bank	SME and consumer lender	4,134	2.0
Proya Cosmetics	Cosmetics and personal care company	3,991	1.9
SG Micro Corp	Semiconductor designer	3,881	1.8
Shenzhen Inovance Technology	Factory automation company	3,659	1.7
ENN Energy	Gas distributor and provider	3,482	1.7
Guangzhou Kingmed Diagnostics	Diagnostics company	3,430	1.6
Midea	White goods and robotics manufacturer	3,223	1.5
NetEase	Gaming and entertainment business	3,082	1.4
Centre Testing International	Testing and inspecting services provider	3,037	1.4
Fuyao Glass Industry	Automotive glass manufacturer	2,877	1.4
Shenzhen Megmeet Electrical	Power electronics manufacturer	2,827	1.3
Glodon	Software provider to the construction industry	2,762	1.3
Yonyou Network Technology	Software for SMEs and corporates	2,760	1.3
Shenzhou International	Garment manufacturer	2,651	1.3
Geely Automobile	Domestic automotive manufacturer	2,626	1.3
Beijing United Information Tec	Industrial ecommerce platform	2,620	1.2
Asymchem Laboratories (Tianjin)	Life sciences contract research organisation	2,476	1.2
Kingdee International Software	Software for SMEs and corporates	2,472	1.2
Weichai Power	Construction machinery and heavy duty trucks	2,438	1.2
Longi	Solar energy provider	2,279	1.1
Hangzhou Tigermed Consulting	Clinical trial contract research organisation	2,267	1.1
HUAYU Automotive Systems	Automotive parts manufacturer	2,196	1.0
Kingsoft	Software for SMEs and corporates	2,090	1.0
Sunny Optical Technology	Electronic components for smartphones and autos	2,083	1.0
Brilliance China Automotive	Automotive makers and BMW partner	2,051	1.0
WuXi AppTec	Life sciences contract research organisation	2,045	1.0
KE Holdings[†]	Online real estate	1,969	0.9
Sinocare	Diagnostics and diabetes company	1,889	0.9
Topchoice Medical	Dental services provider	1,766	0.8
Sungrow Power Supply	Component supplier to renewables industry	1,736	0.8
Jiangsu Azure	Air Freight & Logistics	1,590	0.8
Robam Appliances	White goods manufacturer	1,580	0.8
Minth	Automotive parts manufacturer	1,505	0.7
Hua Medicine (Shanghai)	Diabetes drug manufacturer	1,503	0.7
Dongguan Yiheda Automation Co	Factory automation equipment manufacturer	1,426	0.7
Yunnan Energy New Material	Component supplier to renewables industry	1,381	0.7

Name	Business	Value £'000	% of total assets
Yifeng Pharmacy Chain	Drug retailer	1,375	0.7
Kinlong	Building Products	1,262	0.6
Pop Mart	Toy and collectibles maker	1,210	0.5
Medlive Technology	Medical dictionary and marketing organisation	1,036	0.5
New Horizon Health	Early cancer detection	838	0.4
Dada Nexus†	Logistics and warehousing provider	745	0.3
Burning Rock Biotech†	Liquid biopsy cancer testing company	377	0.2
Total investments		**209,499**	**99.7**
Net liquid assets*		533	0.3
Total assets*		**210,032**	**100.0**
Borrowings		**(6,092)**	**(2.9)**
Shareholders' funds		**203,940**	**97.1**

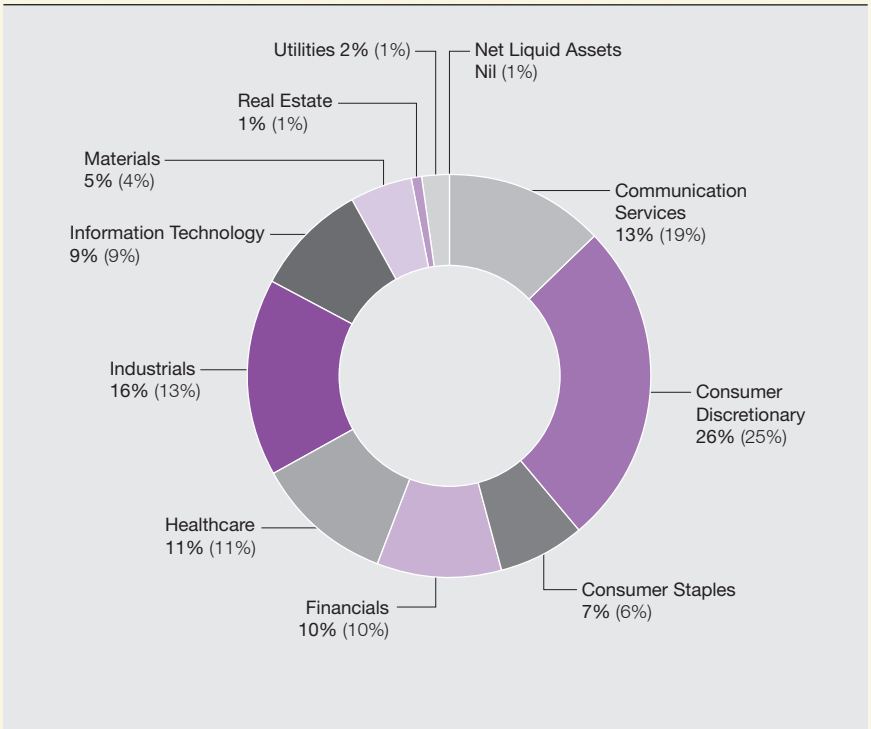
* For a definition of terms used, see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.
ⓤ Denotes unlisted holding (private company).
† Includes investments in American Depositary Receipts ('ADRs').

	Listed equities %	Unlisted securities %	Net liquid assets %	Total assets %
31 January 2023	**94.0**	**5.7**	**0.3**	**100.0**
31 January 2022	93.0	5.7	1.3	100.0

Figures represent percentage of total assets.

Distribution of Total Assets‡

Sectoral 2023 (2022)



‡ Total assets represent total net assets before deduction of borrowings.

One Year Summary

	31 January 2023	31 January 2022	% change
Total assets (before deduction of bank loans)	£210.0m	£224.9m	
Bank loans	£6.1m	£5.6m	
Shareholders' funds	£203.9m	£219.3m	
Net asset value per ordinary share	328.87p	353.70p	(7.0)
Share price	308.00p	339.25p	(9.2)
Benchmark‡			(4.3)
Revenue earnings per ordinary share	2.14p	0.97p	120.6
Dividends paid and payable in respect of the year#	1.70p	7.15p	(76.2)
Ongoing charges*†#	0.94%	0.72%	
Discount*#	(6.3%)	(4.1%)	
Active share*	72%	69%	

Year to 31 January	2023	2022
Total returns (%)*		
Net asset value per ordinary share#	(5.7)	(27.0)
Share price#	(7.9)	(37.1)
Benchmark‡	(2.2)	(20.5)

Year to 31 January	2023	2023	2022	2022
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share	359.06p	238.91p	554.25p	348.62p
Share price	355.00p	208.50p	640.00p	330.50p
Premium/(discount)*#	2.9%	(15.5%)	16.3%	(7.4%)

	31 January 2023	31 January 2022
Net return per ordinary share		
Revenue	2.14p	0.97p
Capital	(22.37p)	(138.22p)
Total	**(20.23p)**	**(137.25p)**

* Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

†Without the management fee waiver (see page 75), the ongoing charges for the year to 31 January 2022 would have been 0.81%. See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

#Key Performance Indicator.

‡The benchmark is the MSCI China All Shares Index (in sterling terms).

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 72.

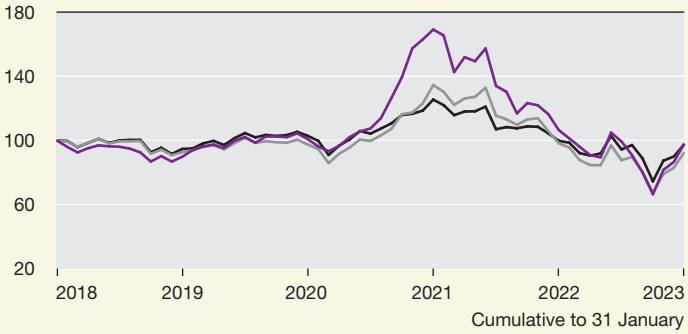
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how an investment in the Company has performed relative to its benchmark and its underlying net asset value over the five year period to 31 January 2023.

Five Year Total Return* Performance

(figures rebased to 100 at 31 January 2018)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

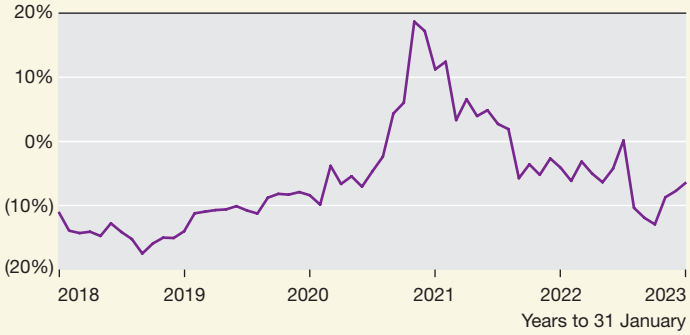
Share price

NAV

Benchmark#

(Discount)/Premium* to Net Asset Value

(figures plotted on a monthly basis)

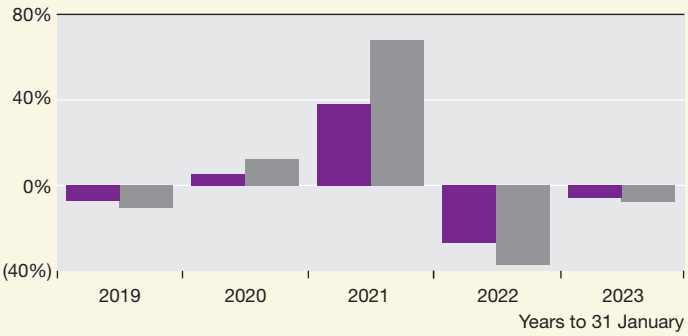


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

(Discount)/Premium

The (discount)/premium is the difference between Baillie Gifford China Growth Trust's quoted share price and its underlying net asset value per share expressed as a percentage of net asset value per share.

Annual Net Asset Value and Share Price Total Returns*



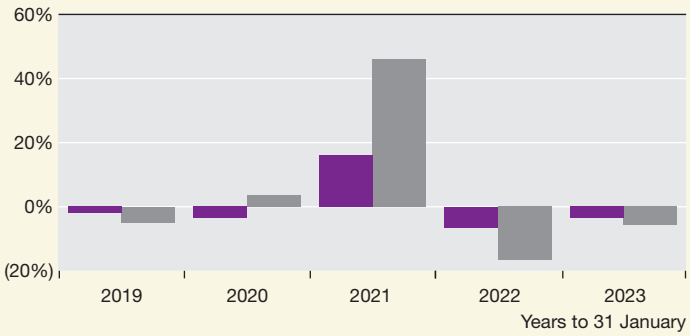
Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

NAV return

Share price return

Annual Net Asset Value and Share Price Total Returns*

(relative to the benchmark# total returns)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

NAV return

Share price return

*See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

†See disclaimer on page 72.

#The benchmark is the MSCI China All Shares Index (in sterling terms), prior to 16 September 2020 the benchmark was MSCI AC Asia ex Pacific Index. Data is chain-linked from 16 September 2020 to form a single comparative index.

Past performance is not a guide to future performance.

Ten Year Record

Capital

At 31 January	Total assets £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share * p	Share price p	(Discount)/ Premium † %
2013	182,134	8,500	173,634	262.9	229.3	(12.8)
2014	168,246	8,500	159,746	241.9	213.5	(11.7)
2015	184,280	–	184,280	279.5	244.0	(12.7)
2016	170,388	–	170,388	259.3	231.0	(10.9)
2017	217,035	–	217,035	333.9	286.0	(14.3)
2018	244,455	–	244,455	386.6	344.0	(11.0)
2019	219,929	–	219,929	352.5	303.0	(14.1)
2020	222,208	–	222,208	363.5	333.0	(8.4)
2021	271,424	–	271,424	492.7	548.0	11.2
2022	224,931	5,590	219,341	353.7	339.3	(4.1)
2023	**210,032**	**6,092**	**203,940**	**328.9**	**308.0**	**(6.3)**

Source: Baillie Gifford/Refinitiv. See disclaimer on page 72.

* Net asset value per ordinary share has been calculated after deducting borrowings. See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

† (Discount)/Premium is the difference between the Company's quoted share price and its underlying net asset value per share expressed as a percentage of net asset value per share. See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

Revenue

Year to 31 January	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share p	Ordinary dividends paid and proposed per share p	Ongoing charges ratio # %
2013	5,108	3,162	4.8	4.3	1.3
2014	4,978	2,910	4.4	4.5	0.9
2015	4,464	2,628	4.0	4.6	1.1
2016	4,782	2,836	4.3	4.7	1.1
2017	5,004	2,880	4.4	4.8	1.0
2018	5,740	4,141	6.5	5.5	1.0
2019	6,577	4,954	7.9	7.0	1.0
2020	6,073	4,412	7.2	7.2	1.1
2021	3,600	2,329	4.5	7.2	0.7
2022	1,599	592	1.0	7.2	0.7
2023	**2,047**	**1,325**	**2.1**	**1.7**	**0.9**

Gearing Ratios

Gearing ‡ %	Potential gearing ¶ %
4	5
3	5
–	–
–	–
–	–
–	–
–	–
–	–
–	–
1	3
3	**3**

Source: Baillie Gifford.

Total operating costs (excluding performance fees) divided by average net asset value. Without the management fee waiver (see page 75), the ongoing charges for the year to 31 January 2022 would have been 0.8%. See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

‡ Borrowings at book value less all cash and cash equivalents divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

¶ Borrowings at book value divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 74 and 76.

Cumulative Performance (taking 2013 as 100)

At 31 January	Net asset value per share	Net asset value total return *	Share price	Share price total return *	Benchmark ^	Benchmark ^ total return
2013	100	100	100	100	100	100
2014	92	93	93	95	98	100
2015	106	110	106	111	111	117
2016	99	104	101	107	102	110
2017	127	136	125	134	134	149
2018	147	159	150	164	154	176
2019	134	147	132	147	142	167
2020	138	155	145	165	150	181
2021	187	214	239	278	179	221
2022	135	156	148	175	140	176
2023	**125**	**147**	**134**	**161**	**134**	**172**
Compound annual returns						
5 year	(3.2%)	(1.6%)	(2.2%)	(0.4%)	(2.7%)	(0.5%)
10 year	2.3%	3.9%	3.0%	4.9%	3.0%	5.6%

Source: Baillie Gifford/Refinitiv and relevant underlying providers. See disclaimer on page 72.

* See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

^ The benchmark is the MSCI China All Shares Index (in sterling terms), prior to 16 September 2020 the benchmark was MSCI AC Asia ex Pacific Index. Data is chain-linked from 16 September 2020 to form a single comparative index.

Past performance is not a guide to future performance.

Business Review

Business Model

Business and Status

Baillie Gifford China Growth Trust plc ('the Company') is a public company limited by shares and is incorporated in England. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital, although, subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand. The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund for the purposes of the UK Alternative Investment Fund Managers Regulations.

Investment Objective

To produce long-term capital growth by investing predominantly in shares of, or depositary receipts representing the shares of, Chinese companies.

Investment Policy

The Company invests predominantly in shares of, or depositary receipts representing the shares of, Chinese companies. Chinese companies are companies that have their headquarters in China or that the Investment Manager deems to have a significant part of their operations in China. They may be listed, quoted, or traded on any market, or unlisted. The Company will be actively managed and may invest in companies of any size and in any sector. In furtherance of the Investment Policy the portfolio will normally consist principally of quoted equity securities although unlisted companies, fixed interest holdings or other non equity investments may be held.

The portfolio will comprise between 40 and 80 listed and unlisted securities. No individual investment will represent a greater weight in the portfolio than, (i) 20%, or (ii) its weight in the MSCI China All Shares Index (in sterling terms) plus 7.5%, whichever is lower as measured at the time of investment.

The maximum amount which may be invested in unlisted securities shall not exceed 20% of the gross asset value of the Company, measured at the time of investment.

The Company will at all times be invested in several sectors. While there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

The Company intends to employ gearing in the normal course of events. The Company may in aggregate borrow amounts equaling up to 25% of gross asset value, although the Board expects that borrowings will typically not exceed 20% of gross asset value, in both cases calculated at the time of drawdown.

With prior approval of the Board, the Company may use derivatives for the purposes of efficient portfolio management in order to reduce, transfer or eliminate investment risk in the Company's portfolio. Derivative instruments in which the Company may invest may include foreign exchange forwards, exchange-listed and over-the-counter options, futures, options on futures, swaps and similar instruments. The Company does not intend to enter into derivative or hedging transactions to mitigate against general currency or interest rate risk.

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold.

The Company may invest no more than 10%, in aggregate, of gross asset value at the time of acquisition in other listed closed-ended investment funds, but this restriction will not apply to investments in such funds which themselves have stated investment policies to invest no more than 15% of their gross asset value in other closed-ended investment funds. In this case, the limit is 15%.

No material change will be made to the Company's Investment Policy without the prior approval by ordinary resolution of the shareholders.

Culture

As an externally managed investment company with no employees, Baillie Gifford China Growth Trust's culture is expressed through its Board and its third party service providers, in particular its Managers, in their interactions with shareholders and other stakeholders. The Board's assessment of its own interactions is described in its Section 172 Statement on pages 25 and 26, and the Baillie Gifford Statement on Stewardship, which describes the Managers' culture of constructive engagement, is set out on page 15.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in the net asset value per ordinary share total return relative to the benchmark;
- the movement in the share price total return relative to the benchmark;
- the premium/discount of the share price to the net asset value per share; and
- ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 74 to 76. A historical record of the KPIs is shown on pages 19 to 21.

The Board has an ongoing charges target of 1% or less. The ongoing charges for the year ended 31 January 2023 was 0.94%.

The one, five and ten year records of the KPIs can be found on pages 19, 20 and 21. Further discussion is included in the Chair's Statement on pages 2 and 3.

In addition to the above, the Board considers peer group comparative performance.

Borrowings

The Company employs gearing, as set out in the Investment Policy. The Company has in place a two year revolving credit facility for US$40 million with RBSI which expires on 13 April 2024.

Principal and Emerging Risks

As explained on page 33 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have undertaken a robust assessment of the principal and emerging risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity. There have been no significant changes to the principal risks during the year other than cyber security risk having moved from emerging to principal risks. A description of these risks and how they are being managed or mitigated is set out below:

Risk	Mitigation
Inappropriate business strategy and/or changes in the financial services market leads to lack of demand for the Company's shares and its shares trading at a persistent and anomalous discount to the NAV.	The Board reviews its strategy at an annual strategy meeting. It considers investor feedback, consults with its broker and reviews its marketing strategy. It regularly reviews its buy back and issuance policy. The strategy is considered in the context of developments in the wider financial services industry.
Adverse market conditions, particularly in equities and currencies, lead to a fall in NAV.	The Company's exposure to equity market risk and foreign currency risk is an integral part of its investment strategy. Adverse markets may be caused by a range of factors including economic conditions, political change, geopolitical events, natural disasters and health epidemics. Volatility in markets from such factors can be higher in less developed markets including China. Market risk is mitigated to a degree by appropriate portfolio diversification.
Poor investment performance, including through inappropriate asset allocation, leads to value loss for shareholders in comparison to the benchmark or the peer group.	The performance of the Manager is reviewed at each Board meeting and compared against the benchmark and peer group. Exposures are reviewed against benchmark exposures to identify the highest risk exposures. The Board regularly reviews and monitors the Company's objective and investment policy and strategy.
Operational Risk, failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets.	The Manager has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Audit Committee reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board and a summary of the key points is reported to the Audit Committee and any concerns investigated. In the year under review, the other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.
Tax and regulatory change or breach leads to the loss of investment trust status and, as a consequence, the loss of the exemption from taxation of capital gains. Change in tax, regulation or laws could make the activities of the Company more complicated, more costly or even not possible. Other regulatory breaches (including breaching the listing rules, market abuse regulations and UK AIFM Regulations) could result in reputational damage and costs. Regulatory change can also increase the costs of operating the Company.	Compliance with investment trust status regulations is regularly reviewed by the Board. The Board reviews compliance with other regulatory, tax and legal requirements and is kept informed of forthcoming regulatory changes.

Risk	Mitigation
Single country risk. The Company invests predominantly in equities of companies which are incorporated or domiciled, or which conduct a significant portion of their business, in China. Investing in a single country is generally considered a higher risk investment strategy than investing more widely, as it exposes the investor to the fluctuations of a single geographical market, in this case the Chinese market.	The Company's exposure to a single country, China, is an integral part of its investment strategy. Risk is mitigated to a degree by appropriate portfolio diversification and careful analysis of investment opportunities.
Emerging market risk. Investing in an emerging market such as China subjects the Company to a higher level of market risk than investment in a more developed market. This is due, among other things, to the existence of greater market volatility, lower trading volumes, the risk of political and economic instability, legal and regulatory risks, risks relating to accounting practices, disclosure and settlement, a greater risk of market shut down, standards of corporate governance and more governmental limitations on foreign investment than are typically found in developed markets. Geopolitical tensions between the US and China, in particular relating to Taiwan, remain heightened with the potential for further sanctions to be imposed. Investing in China is often through contractual structures, such as Variable Interest Entities ('VIEs', see Glossary of Terms and Alternative Performance Measures on 76) that are complex and could be open to challenge.	The Managers are cognisant of the risks associated with investing in emerging markets such as China, and they shape their investment strategy and due diligence accordingly. The Board is kept informed of political and regulatory issues impacting China and the portfolio. The Board monitors the risks associated with any complex investment structures, including the proportion of investments held in VIEs (estimated to be 31% as at 31 January 2023).
Unlisted securities. The Company may invest in unlisted securities, which are not readily realisable and are more difficult to value given the absence of a quoted price. There may be less available information and there will be less regulation in respect of disclosures and corporate governance.	Baillie Gifford conducts appropriate due diligence in respect of all unlisted investments, and has an established valuation approach (as described on page 51), which is carefully reviewed by the Board.
Gearing. The Company may utilise borrowings in order to increase its investment exposure. While such leverage presents opportunities for increasing total returns, it can also have the opposite effect of increasing losses. If income and capital appreciation on investments acquired with borrowed funds are less than the costs of the leverage, the Company's net asset value will decrease. The use of leverage also increases the investment exposure, which means that if the market moves adversely, the resulting loss to capital would be greater than if leverage were not used.	Under the Investment Policy, the maximum gearing is 25% of gross assets, though the Company does not expect borrowing to be in excess of 20% of gross assets. All borrowing facilities are approved by the Board and gearing levels are discussed by the Board and the Managers at every meeting. Covenant levels are monitored regularly.
Cyber security risk. A cyber-attack on Baillie Gifford's network or that of a third party service provider could impact the confidentiality, integrity or availability of data and systems.	The Audit Committee reviews Reports on Internal Controls published by Baillie Gifford and other third party service providers. Baillie Gifford's Business Risk Department report to the Audit Committee on the effectiveness of information security controls in place at Baillie Gifford and its business continuity framework. Cyber security due diligence is performed by Baillie Gifford on third party service providers which includes a review of crisis management and business continuity frameworks.
Climate and Governance risk. As investors place increased emphasis on climate change and other Environmental, Social and Governance (ESG) issues, perceived problems with these matters in an investee company could lead to that company's shares being less attractive to investors, adversely affecting its share price. In addition, potential valuation issues could arise from any direct impact of the failure to address the ESG weakness on the operations or management of the investee company (for example in the event of an industrial accident or spillage). Repeated failure by the Investment Manager to identify climate/ESG weaknesses in investee companies could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price.	As described on pages 9 to 14, the consideration of ESG (including climate change) is a core component of Baillie Gifford's investment process, with the Board overseeing and challenging Baillie Gifford on ESG matters. The Board meet with the Investment Manager and discuss the investment portfolio, including the application of Baillie Gifford's ESG framework. Baillie Gifford's Governance and Sustainability team undertake specific ESG reviews on investment portfolios.

Emerging Risks – The Audit Committee has regular discussions on principal risks and uncertainties, including any risks which are not an immediate threat but could arise in the longer term. The Board considers that the key emerging risks arise from the interconnectedness of global economies and the related exposure of the investment portfolio to emerging threats such as the societal and financial implications of escalation of the Russia-Ukraine military conflict and pandemic or similar public health threats. The Board considers the impact of such threats on both markets globally and also more specifically on the Chinese market. These risks are mitigated by the Investment Manager's close links to the investee companies and their ability to ask questions on contingency plans. The Investment Manager believes the impact of such events may be to impact growth rather than to invalidate the investment rationale over the long term.

The Company also monitors its service providers to ensure there is adequate business continuity.

Viability Statement

Having regard to provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a five year period. The Directors continue to believe this period to be appropriate as it reflects the Company's longer term investment strategy and to be a period during which, in the absence of any material adverse change to the regulatory environment in the UK and/or China and to the tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal and emerging risks facing the Company nor to the effectiveness of the controls employed to mitigate those risks. Furthermore, the Directors do not reasonably envisage any change in strategy or any events which would prevent the Company from operating over a period of five years.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal and emerging risks and uncertainties, including Climate Change, detailed on pages 23 and 25, in particular the impact of market risk where a significant fall in Chinese equity markets would adversely impact the value of the investment portfolio. The Directors have also considered the Company's leverage and liquidity in the context of the revolving credit facility which expires in April 2024 with specific leverage and liquidity stress testing conducted during the year, including consideration of the risk of further market deterioration resulting from a pandemic such as Covid-19 and increasing geopolitical tensions. The stress testing did not indicate any matters of concern. Although the Directors do not envisage difficulty refinancing this facility, the majority of the Company's investments are listed at present and readily realisable and can be sold to meet its liabilities as they fall due. Borrowings may not exceed 25% of gross asset value, and are not expected to exceed 20% of gross asset value. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged at relatively short notice where necessary.

Based on the Company's processes for monitoring revenue projections and operating costs, share price discount/premium, the Managers' compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk, financial controls and the Managers' operational resilience, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

Section 172 Statement

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company.

In this context and having regard to the Company being an externally-managed investment company with no employees, the Board considers that the Company's key stakeholders are its existing and potential shareholders, its externally-appointed Managers and Secretaries (Baillie Gifford), other professional service providers (corporate broker, registrar, auditors and depositary), lenders, wider society and the environment when applicable.

Great importance is placed by the Board on communication with shareholders and the Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the performance of the Company and on the future plans and prospects for the Company. It also allows shareholders the opportunity to meet with the Board and Managers and to raise questions and concerns. The Chair and Senior Independent Director are available to meet with shareholders, independently of the Managers' representatives, as appropriate and the Managers communicate regularly with shareholders and their respective representatives, reporting back on views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's broker (see contact details on back cover). Such communication helps inform the Board when considering how best to promote the success of the Company for the benefit of all stakeholders in aggregate, but particularly shareholders, over the long term.

The Board seeks to engage with its Managers and Secretaries and other service providers in a collaborative and collegiate manner, with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The aim of this approach is to enhance service levels and strengthen relationships with the Company's providers with a view to ensuring the interests of the Company are best served by keeping cost levels proportionate and competitive, by maintaining the highest standards of business conduct and by upholding the Company's values.

Whilst the Company's operations are limited, as third party service providers conduct all substantive operations, the Board is aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance (ESG) matters is an important part of its responsibility to all stakeholders and that consideration of ESG factors sits naturally within Baillie Gifford's investment philosophy and process and with the Company's aim of providing shareholders with capital growth.

The Board monitors the Managers' response to the current and anticipated impact of climate change on its investment strategy. Further details on the Managers' engagement on these matters can be found on pages 9 to 14.

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly between them, firmly front of mind in its key decision making and Baillie Gifford & Co Limited, the Company Secretaries, are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors included the following:

— arranging a two year US$40 million revolving credit facility from The Royal Bank of Scotland International Limited, providing a borrowing capacity in order to generate improved returns to shareholders through the deployment of gearing;

— as part of ongoing Board succession and refreshment, the appointment and induction of Jonathan Silver to the Board, with effect from September 2022. The Board believes his considerable knowledge and experience will be a great benefit to the Company. Details of his relevant skills and experience are provided on page 27; and

— the Board's decision to declare a final dividend of 1.7p.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues. Further information on the Company's approach to Environmental, Social and Governance (ESG) matters are provided below.

Gender Representation

At 31 January 2023, and at the date of this report, the Board comprised five Directors, three male and two female. The Company has no employees. The Board's policy on diversity is set out on 32.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on 34 and the Managers' approach to stewardship is set out on 15.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at bailliegifford.com.

Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chair's Statement on pages 2 and 3 and the Managers' Report on pages 4 to 6.

The Strategic Report, which includes pages 2 to 26 was approved by the Board of Directors and signed on its behalf on 4 April 2023.

Susan Platts-Martin
Chair

Directors and Management

The members of the Board come from a broad variety of backgrounds. The Board can draw on an extensive pool of knowledge and experience.

Directors

Susan Platts-Martin (Chair) was appointed to the Board in July 2014 and brings to the Board considerable knowledge of investment companies and investment management generally and was appointed Chair in 2017. Susan spent 26 years in a broad range of roles at Fidelity International, including several years as the Head of Investment Trusts. She is a qualified chartered accountant and currently sits on the board of BlackRock Smaller Companies Trust plc.

Tim Clissold was appointed to the Board in October 2021. Tim qualified as a Chartered Accountant and has worked in Australia, Hong Kong and extensively in China, where he was co-founder of one of the first private equity groups in the country. He later ran Goldman Sachs China's distressed investment business in Beijing. He co-founded another business to originate UN carbon offsets from GHG emission reduction projects in China. Tim is chief resolution officer at Peony Advisors Limited, a company which helps foreign investors recover value after being disenfranchised by Chinese companies and is a non-executive director of Henderson Far East Income Limited. He was a member of the Strategic Advisory Board of Braemar Energy Ventures, a New York venture capital fund focused on energy efficiency technologies. He is the author of Mr China and Chinese Rules and speaks, reads and writes Mandarin Chinese.

Magdalene Miller was appointed to the Board in November 2020. Magdalene is a former investment director with Aberdeen Standard Investments' global emerging market team. Based in London and Edinburgh, she spent 32 years managing listed equity portfolios, investing in Japanese, Asian Pacific and UK markets. In the 10 years before her retirement in 2018, she ran the Standard Life China Sicav, one of the top performing funds in its sector. A native of Hong Kong, Magdalene is fluent in Cantonese and Mandarin and has travelled extensively in China and Asia over the course of her career. She is a non-executive director of Templeton Emerging Markets Investment Trust plc. She also currently serves as a trustee for an educational endowment fund and participates in volunteering work.

Andrew Robson (Audit Committee Chairman, Senior Independent Director) was appointed to the Board in July 2014. Andrew is a qualified chartered accountant with over 15 years of corporate finance experience, including with Asian companies, gained at Robert Fleming & Co Limited and SG Hambros. He has considerable experience as a finance director and as chairman of audit committees. Andrew took over the role of Chairman of the Audit Committee in June 2015. Andrew is currently non-executive director of BlackRock Energy and Resources Income Trust and non-executive director and chairman of the audit committee of Aberdeen New India Investment Trust PLC. He was also a non-executive director of Shires Income PLC and JP Morgan Smaller Companies Investment Trust plc until 2020.

Jonathan Silver was appointed to the Board in September 2022. Jonathan is a qualified accountant and member of the Institute of Chartered Accountants of Scotland. Jonathan has held various senior financial positions throughout his career, including 21 years as Chief Financial Officer on the main Board of Laird plc from 1994 until 2015. Jonathan was the chairman of the audit committee at Invesco Income and Growth Trust plc from 2007 until 2021. Jonathan is a non-executive director and chairman of the audit and risk committee of Henderson High Income Trust plc, a position he has held since 2019 and is also a non-executive director and chairman of the audit committee of Spirent Communications plc, a position he has held since 2015. Since 2017 Jonathan has been a non-executive director of East and North Hertfordshire NHS Trust.

All of the Directors are members of the Audit Committee.

Managers and Secretaries

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated investment management services to Baillie Gifford & Co. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie Gifford, WS, which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages twelve investment trusts. Baillie Gifford also manages unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford totalled around £232 billion as at 4 April 2023. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 51 partners and a staff of around 1,840.

The Managers of Baillie Gifford China Growth Trust are Roderick Snell and Sophie Earnshaw. Roderick joined Baillie Gifford in 2006 and is an Investment Manager in the Emerging Markets Equity Team. He has managed the Baillie Gifford Pacific Fund since 2010 and has been Manager of Pacific Horizon Investment Trust since 2021 (he was deputy from 2013). Since March 2020, he has also been a manager on the China strategy. He spent time in the UK and European Equity teams prior to joining the Emerging Markets Equity Team in 2008. Roderick graduated BSc (Hons) in Medical Biology from the University of Edinburgh in 2006.

Sophie joined Baillie Gifford in 2010 and is an Investment Manager in the Emerging Markets and China A-share Teams. She has also been co-manager of the China Fund and a member of the International Focus Portfolio Construction Group since 2014. Sophie is a CFA Charter holder. She graduated MA in English Literature from the University of Edinburgh in 2008 and MPhil in Eighteenth Century and Romantic Literature from the University of Cambridge in 2009.

Baillie Gifford & Co and Baillie Gifford & Co Limited are both authorised and regulated by the Financial Conduct Authority.

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 31 January 2023.

Corporate Governance

The Corporate Governance Report is set out on pages 31 to 34 and forms part of this Report.

Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, was appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretary on 16 September 2020. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting has been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited.

The Investment Management Agreement between the AIFM and the Company sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than three months' notice or on shorter notice in certain circumstances. Compensation would only be payable if termination occurred prior to the expiry of the notice period. The annual management fee is (i) 0.75% of the first £50 million of net asset value; plus (ii) 0.65% of net asset value between £50 million and £250 million; plus (iii) 0.55% of net asset value in excess of £250 million, calculated and payable quarterly.

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted annually. The Board considered, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs; the investment process and the results achieved to date; investment performance; the administrative services provided by the Secretaries and the quality of information provided; the marketing efforts undertaken by the Managers; the relationship with the Managers; and comparative peer group charges and fees.

Following the most recent review, the Board concluded that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co, on the terms agreed, is in the interests of shareholders as a whole.

Depositary

In accordance with the UK Alternative Investment Fund Managers Regulations, The Bank of New York Mellon (International) Limited has been appointed as Depositary to the Company. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. Custody services are provided by The Bank of New York Mellon (International) Limited (as a delegate of the Depositary) (the 'Custodian').

Directors

Information about the Directors, including their relevant experience, can be found on page 27.

Jonathan Silver was appointed to the Board on 1 September 2022 and is required to seek election by shareholders at the Annual General Meeting. Details of his relevant skills and experience are provided on page 27. All other Directors will retire at the Annual General Meeting and offer themselves for re-election with the exception of Andrew Robson, who will stand down from the Board on 15 June 2023. Following a formal performance evaluation, the Chair confirms that the Board considers that each Director's performance continues to be effective and that each Director remains committed to the Company and capable of devoting sufficient time to their roles. The Board recommends their re-election to shareholders.

Director Indemnification and Insurance

To the extent permitted by law and by the Company's Articles, the Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities which may attach to them in their capacity as Directors of the Company. These provisions, which are qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006, were in place throughout the year and as at the date of approval of the Financial Statements.

The Company maintains Directors' and Officers' Liability Insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Board for consideration and approval at each meeting. The Board considers these carefully, taking into account the circumstances surrounding them prior to authorisation. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Dividend

The Board recommends a final dividend of 1.7p per ordinary share (2022 – 4.60p). No interim dividend was declared (2022 – 2.55p). Dividends will be by way of a final dividend and be not less than the minimum required for the Company to maintain its investment trust status.

If approved by shareholders at the Annual General Meeting, the recommended final dividend per ordinary share will be paid on 26 July 2023 to shareholders on the register at the close of business on 23 June 2023. The ex-dividend date is 22 June 2023.

Share Capital

Capital Structure

The Company's capital structure at 31 January 2023 consists of 68,348,151 ordinary shares of 25p each (2022 – 68,348,151) of which 62,012,982 (2022 – 62,012,982) are allotted and fully paid and 6,335,169 (2022 – 6,335,169) are held in treasury. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividend

The ordinary shares carry a right to receive dividends. Interim dividends, if any, are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on pages 66 and 67.

Major Interests in the Company's Shares

The Company has received notifications in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attached to the Company's issued share capital.

Name	No of ordinary 25p shares held at 31 January 2023	% of issue *
City of London Investment Management	3,536,943	5.70%
Rathbone Nominees	3,076,669	5.00%

There have been no other changes to the major interests in the Company's shares intimated up to 4 April 2023.

* Ordinary shares in issue excluding treasury shares.

Annual General Meeting

The details of this year's AGM, including the proposed resolutions and information on the deadlines for proxy appointments, can be found on pages 65 to 68.

Shareholders who hold shares in their own name on the main register will be provided with a Form of Proxy. If you hold shares through a share platform or other nominee, the Board would encourage you to contact these organisations directly as soon as possible to arrange for you to vote at the AGM. The resolutions relating to the renewal of the Directors' authorities to issue and buy back shares are explained in more detail below.

Share Issuance Authority

Resolution 11 in the Notice of Annual General Meeting seeks to renew the Directors' general authority to issue shares up to an aggregate nominal amount of £5,167,748. This amount represents one third of the Company's total ordinary share capital currently in issue and meets institutional guidelines. No issue of ordinary shares will be made pursuant to the authorisation of Resolution 11 which would effectively alter the control of the Company without the prior approval of shareholders in General Meeting.

Resolution 12, which is being proposed as a special resolution, seeks to renew the Directors' authority to issue shares or sell shares held in treasury on a non pre-emptive basis for cash up to an aggregate nominal amount of £1,550,325 (representing 10% of the issued ordinary share capital of the Company as at 4 April 2023). This authority will continue until the conclusion of the Annual General Meeting to be held in 2024 or on the expiry of 15 months from the passing of the resolution, if earlier.

The authority proposed to be granted by Resolution 12 will only be used to issue shares or sell shares from treasury at, or at a premium to, net asset value and only when the Directors believe that it would be in the best interests of the Company to do so.

During the year to 31 January 2023, the Company did not issue any shares.

Market Purchases of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 9,295,746 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the 2023 Annual General Meeting. The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases up to 14.99% of the Company's ordinary shares in issue (excluding treasury shares) at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2024. Such purchases will only be made at a discount to the prevailing net asset value.

During the year to 31 January 2023, no shares (2022 – no shares) were bought back under the buy-back authority.

The Company may hold bought-back shares in treasury and then:

(i) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or

(ii) cancel the shares (or any of them).

Shares will only be resold from treasury at a premium to the net asset value per ordinary share.

Treasury shares do not receive distributions and the Company will not be entitled to exercise the voting rights attaching to them.

In accordance with the Listing Rules of the FCA, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of:

(i) 5% above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003).

The minimum price (exclusive of expenses) that may be paid will be the nominal value of an ordinary share. Purchases of ordinary shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 13 in the Notice of Annual General Meeting. This authority, if conferred, will only be exercised if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is considered in the best interests of shareholders generally.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a General Meeting of shareholders.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the Financial Statements.

Disclosure of Information to Auditor

The Directors confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditor is unaware and the Directors have taken all the steps that they might reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Auditor, Ernst & Young LLP, is willing to continue in office, and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning Ernst & Young LLP's reappointment and remuneration will be submitted to the Annual General Meeting.

Post Balance Sheet Events

The Directors confirm that there have been no significant post Balance Sheet events which require adjustment to, or disclosure in, the Financial Statements or notes up to 4 April 2023.

Stakeholder Engagement

Although the Company has no employees, trade suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with shareholders, its externally appointed Managers, other professional service providers and lenders. The effect of this consideration upon the key decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 25 and 26.

Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting ('SECR')

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and has no energy and carbon information to disclose.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Recommendation

The Directors unanimously recommend you vote in favour of the resolutions to be proposed at the Annual General Meeting as it is their view that the resolutions are in the best interests of shareholders as a whole.

On behalf of the Board
Susan Platts-Martin
Chair
4 April 2023

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code') which can be found at frc.org.uk and the relevant principles of the Association of Investment Companies Code of Corporate Governance (the 'AIC Code') were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at theaic.co.uk.

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function.

Given that the Company is an externally-managed investment trust, the Board considers these provisions are not relevant to the Company (the need for an internal audit function specific to the Company has been addressed on 36). Details of the Board's view on Directors who have served on the Board for more than nine years can be found within the Independence of Directors section of this Report.

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code (the AIC Code can be found at theaic.co.uk).

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, Investment Policy, gearing, share buy-back and issuance policy, treasury matters, dividend and corporate governance policy. The Board seeks to contribute to the delivery of the Company's strategy by engaging with the Managers in a collaborative and collegiate manner with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises five Directors, all of whom are non-executive. The Chair is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Andrew Robson, Magdalene Miller will become Senior Independent Director when Andrew Robson retires after the AGM on 15 June 2023.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 27.

There is an agreed procedure for Directors to seek independent professional advice, if necessary, at the Company's expense.

Appointments to the Board

As noted in the Chair's Statement on page 2 the Board undertook a recruitment process to appoint a non-executive Director to the Board. Cornforth Consulting was engaged to help identify a potential new Director. Cornforth Consulting has no other connection with the Company or any of the Directors. The Board identified the skills and experience that would be required, having due regard for the benefits of diversity on the Board, and candidates were interviewed from a shortlist provided by Cornforth Consulting. Jonathan Silver was identified as the preferred candidate and was appointed to the Board on 1 September 2022 and his relevant skills and experience are provided on page 27. Andrew Robson is to retire from the Board at the AGM in June 2023. As explained in the Chair's statement on page 2, as Andrew Robson and Susan Platts-Martin both complete their nine year tenure in July 2023, the Board considered that it would be appropriate for Susan Platts-Martin to stay on as Chair until 2024 in the interest of continuity given recent changes to the Company's mandate, manager and a number of other Board changes. The next hire will be for a successor to the Chair and Susan Platts-Martin plans to step down in the first half of 2024 after a suitable handover period. A search is underway supported by Cornforth Consulting and a new appointment to the Board will be announced in due course.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, Directors are subject to election by shareholders at the first AGM after their appointment. Thereafter, all Directors will retire at each Annual General Meeting and, if appropriate, offer themselves for re-election.

Independence of Directors

All the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of Investment Policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for the Board and Committee meetings held during the year. The Annual General Meeting was attended by all Directors serving at that date.

Directors' Attendance at Meetings

	Board	Nominations Committee	Strategy	Audit Committee
Number of meetings	**4**	**3**	**1**	**2**
Susan Platts-Martin	4	3	1	2
Tim Clissold	4	3	1	2
Magdalene Miller	4	3	1	2
Andrew Robson	4	3	1	2
Jonathan Silver*	2	1	1	1

* Jonathan Silver was appointed as a Director on 1 September 2022.

Policy on Board and Chair's Tenure

The Board's policy is that all Directors, including the Chair, shall normally have tenure limited to nine years from their first appointment to the Board. Exceptions may be made in exceptional circumstances, particularly in respect of the Chair for example to facilitate effective succession planning or if the Company were in the middle of a corporate action, when an extension may be appropriate. However, the Board believes that long serving Directors should not be prevented from forming part of an independent majority and that the length of a Director's tenure does not necessarily reduce his or her ability to act independently.

Performance Evaluation

An appraisal of the Chair, each Director and a performance evaluation and review of the Board as a whole and the Audit Committee was carried out during the year. Each Director and the Chair responded to an evaluation questionnaire. The Chair's appraisal was led by Andrew Robson, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and the Audit Committee. Following this process it was concluded that there was a diverse range of skills within the Board, and the performance of each Director, the Chair, the Board and the Audit Committee continues to be effective and that each Director and the Chair remain committed to the Company.

A review of the Chair's and the other Directors' commitments was carried out and the Board is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chair's other commitments during the year.

Diversity

Appointments to the Board are made on merit and based on objective criteria, including the promotion of diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths. The priority in succession planning and appointing new Directors is to identify candidates with the best range of skills and experience to complement those of the existing Directors, with a view to ensuring that the Board remains well placed to help the Company achieve its investment and governance objectives.

The Company has chosen to disclose compliance with the targets outlined in the FCA Listing Rules ahead of the deadline which will come into effect for the financial year ending 31 January 2024. The breakdown of gender diversity and ethnic background on the Board is shown below.

The Board has resolved that the Company's year end date be the most appropriate date for disclosure purposes. There have been no changes since 31 January 2023.

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board *
Men	3	60%	2
Women	2	40%	1

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board *
White British or Other White (including minority white groups)	4	80%	3
Asian/Asian British	1	20%	–

The Board meets the FCA Listing Rules diversity targets that at least 40% of the individuals on the Board are women, at least one of the senior positions on the Board is held by a woman and that there is at least one Director of an ethnic minority background.

* As an externally managed investment company with no chief executive officer (CEO) or chief financial officer (CFO), the Board considers the Chair of the Audit Committee to be a senior role in addition to the roles of Senior Independent Director and Board Chair identified as such by the FCA.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings were provided during the year on industry and regulatory matters. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders with the Chair's fees considered by the Board in the absence of the Chair. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 37 to 39.

Management Engagement Committee

The Directors have considered that a separate Management Engagement Committee is not required given the small size of the Board.

Audit Committee

The report of the Audit Committee is set out on pages 35 and 36.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness, including with regard to preparation of the Company's Annual Report and Financial Statements. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the UK Alternative Investment Fund Managers Regulations (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditor and a copy is submitted to the Audit Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee. These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

To comply with the UK Alternative Investment Fund Managers Regulations, The Bank of New York Mellon (International) Limited acts as the Company's Depositary and Baillie Gifford & Co Limited as its AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Company's Custodian is The Bank of New York Mellon (International) Limited. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.

The Depositary provides the Audit Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see 72), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

An explanation of the Company's principal and emerging risks and how they are managed is on pages 23 to 25 and contained in note 1 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 pandemic and over recent months due to the macroeconomic and geopolitical concerns, including rising inflation and interest rates and the Russian invasion of Ukraine, and specific leverage and liquidity stress testing but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed

by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company's primary third party suppliers, including its Managers and Secretaries, Custodian, Depositary, Registrar, Auditor and Corporate Broker, are not experiencing significant operational difficulties affecting their respective services to the Company.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters as set out in the Viability Statement on page 25, that the Company will continue in operational existence until 30 April 2024, which is for a period of at least 12 months from the date of approval of these Financial Statements.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers communicate regularly with shareholders and their representatives. The Chair also meets shareholders independently of the Managers, from time to time, and reports shareholders' views to the Board. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's registered office or through the Company's broker, J.P. Morgan Cazenove (see contact details on back cover). All correspondence addressed to the Chair is dealt with directly by the Chair.

The Company's Annual General Meeting provides a further forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and is published at baillieGiffordchinagrowthtrust.com subsequent to the meeting. The notice period for the Annual General Meeting is at least 21 clear days. Shareholders and potential investors may obtain up-to-date information on the Company from the Managers' website at baillieGiffordchinagrowthtrust.com.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and their actions are reported at Board meetings.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Managers to take these issues into account. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long-term investment returns. The Managers' Report on ESG on pages 9 to 14 provides more detail. The Managers' Stewardship Principles are set out on page 15 and the statement of compliance with the UK Stewardship Code can be found on the Managers' website at baillieGifford.com. Baillie Gifford & Co, the Managers, has considered the Sustainable Finance Disclosure Regulation ('SFDR') and further details can be found on page 73.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the of the Asian Corporate Governance Association and the International Corporate Governance Network.

Climate Change

The Board recognises that climate change poses a serious threat to our environment, our society and to economies and companies around the globe. Addressing the underlying causes is likely to result in companies that are high emitters of carbon facing greater societal and regulatory scrutiny and higher costs to account for the true environmental impact of their activities.

The Manager has engaged an external provider to map the carbon footprint of the equity portfolio using the information to prioritise engagement and understand what higher emitting companies are doing to manage climate risk better. The carbon intensity of the Company is provided in the Managers' Report on ESG on pages 11 and 12.

Baillie Gifford's Task Force on Climate-Related Financial Disclosures ('TCFD') Climate Report is available on the Managers' Website at baillieGifford.com. Baillie Gifford will provide a TCFD climate report for the Company by 30 June 2023. The Managers, Baillie Gifford & Co, are signatories to the Carbon Disclosure Project.

On behalf of the Board
Susan Platts-Martin
Chair
4 April 2023

Audit Committee Report

The Audit Committee consists of all Directors. With reference to the guidance from the 2019 AIC Code of Corporate Governance and given the size of the Board it is considered appropriate for Ms Platts-Martin, the Chair of the Board, to be a member of the Audit Committee. The Chair of the Board is a qualified accountant and brings a valuable contribution to the Committee's deliberations. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Andrew Robson is the Chairman of the Committee. Jonathan Silver will become Chairman of the Audit Committee when Andrew Robson retires after the AGM on 15 June 2023. The Committee's authority and duties are clearly defined within its written Terms of Reference which are available on request from the Company and on the Company's page of the Managers' website: bailliegiffordchinagrowthtrust.com. The Terms of Reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process (see page 32).

At least once a year the Committee meets with the external Auditor without any representative of the Manager being present.

Main Activities of the Committee

The Committee met twice during the year to 31 January 2023. Ernst & Young LLP, the external Auditor, attended one meeting and Baillie Gifford attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes.

The following significant issues have been considered in relation to the Annual Report and Accounts for the year ended 31 January 2023:

Significant Issue	How the Issue was Addressed
Valuation and existence of investments	The prices of all the listed investments at 31 January 2023 were agreed to external price sources. The Committee reviewed the Manager's valuation policy for investments in unlisted companies (as described on pages 51 and 52) and approved the valuation of the unlisted investment following a detailed review of the valuation of the investment and relevant challenge where appropriate. The listed portfolio holdings were agreed to confirmations from the Company's custodian. The unlisted holding in ByteDance was agreed to external confirmations.
Recognition of income	Income received is accounted for in line with the Company's accounting policy. There were no significant matters during the year to report. The Audit Committee reviews the treatment of any special dividends received during the year, and also reviews total income against both prior year income and forecast income.
Risk review and emerging risks	The Committee regularly reviews the Company's Risk Matrix and keeps the key strategic risks facing the Company under particular scrutiny. Please see the discussion of principal risks on pages 23 and 24. In addition, the Audit Committee considered its processes for identifying and monitoring emerging risks. It was agreed that at each Audit Committee meeting there should be a discussion on emerging risks, and any identified emerging risks should be recorded in the Risk Matrix.
Going concern and Viability Statement	The Committee considered the factors, including the impact of Covid-19 and increasing geopolitical tensions, that might affect the Company's viability over a period of five years and its ability to continue as a going concern for at least twelve months from the date of signing of the Financial Statements. It has also reviewed the reports from the Managers on the cash position and income projections of the Company, the liquidity of the investment portfolio, compliance with debt covenants and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the Viability Statement on page 25 and the statement on Going Concern on pages 33 and 34 including the potential impact of Covid-19 and increasing geopolitical tensions. Following this assessment, the Committee recommended to the Board the appropriateness of the Going Concern basis in preparing the Financial Statements and confirmed the accuracy of the Viability Statement and statement on Going Concern.

Other Matters Considered During the Year

During the year, the Audit Committee also considered the following:

- ***Independent Auditor*** Ernst & Young ('EY') were re-appointed as Independent Auditor for the year ended 31 January 2023. Details are provided on page 36 in the section External Auditor.
- ***Compliance with section 1158 of the Corporation Tax Act 2010*** The Directors regularly receive updates from the Managers on the Company's compliance with the requirements of investment trust status. There were no significant matters during the year to report.
- ***Cyber security*** The threat of a cyber attack is a concern for all organisations. The Audit Committee considered the principal risks, and reviewed information from relevant service providers on their cyber security arrangements.
- ***Service providers*** The Audit Committee reviewed the performance and internal controls of its major operational service providers. The Committee also reviewed the arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

— ***Allocation of costs*** The Audit Committee reviewed the Company's policy on the allocation of certain costs (principally management fees and interest costs) between capital and revenue and recommended to the Board that there should be no change in the following proportion: capital 75%; revenue 25%. This split reflected the Board's view of the expected long-term split of returns, in compliance with the SORP. The recommendation was accepted by the Board.

— ***Fair, balanced and understandable*** The Audit Committee reviewed the integrity of financial statements and ensured that, taken as a whole, they presented fair, balanced and understandable assessment of the Company's position and prospects.

Internal Audit

The Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the Managers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on page 33. No significant weaknesses were identified in the year under review.

External Auditor

To fulfil its responsibility regarding the independence and objectivity of the external Auditor, the Committee reviewed:

— the audit plan for the current year;

— a report from the Auditor describing its arrangements to manage auditor independence and received confirmation of its independence; and

— the extent of non-audit services provided by the external Auditor. There were no non-audit fees for the year to 31 January 2023.

To assess the effectiveness of the external Auditor, the Committee reviewed and considered:

— the Auditor's fulfilment of the agreed audit plan;

— the Audit Quality Inspection Report from the FRC; and

— detailed discussion with audit personnel to challenge audit processes and deliverables.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

— the Auditor's engagement letter;

— the Auditor's proposed audit strategy;

— the audit fee; and

— a report from the Auditor on the conclusion of the audit.

Ernst & Young LLP has been engaged as the Company's Auditor since 2020. The audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Caroline Mercer is the lead audit partner and has held the role since 2020.

Ernst & Young LLP has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review process described above, the Committee is satisfied that the Auditor has remained independent and effective.

There are no contractual obligations restricting the Committee's choice of external Auditor.

The Audit Committee has put in place a non-audit services policy, which ensures that any work outside the scope of the standard audit work requires prior approval by the Audit Committee or the Board. This enables the Committee to ensure that the external Auditor remains fully independent.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on page 40.

On behalf of the Board
Andrew Robson
Audit Committee Chairman
4 April 2023

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of the Companies Act 2006.

Statement by the Chair

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was last approved at the Annual General Meeting in June 2020 and no changes are proposed to the policy to be approved at the Annual General Meeting to be held on 15 June 2023.

The Board reviewed the level of fees during the year and it was agreed that with effect from 1 February 2023, the Chair's fee should increase by £1,500 to £43,000 and the Non-executive Director fee should increase by £1,000 to £26,000, there were no changes to the additional fee for the Chairman of the Audit Committee or the Senior Independent Director.

Directors' Remuneration Policy

The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to the Company's peer group and the investment trust industry generally. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other performance-related benefits as the Board does not believe that this is appropriate for non-executive Directors.

The Board has set four levels of fees: one for the Chair, one for the other non-executive Directors, an additional fee that is paid to the Director who chairs the Audit Committee and an additional fee paid to the Senior Independent Director. Fees are reviewed annually in accordance with the policy. The fee for any new Director appointed will be determined on the same basis. Any changes to Directors' fees are considered by the Board as a whole.

Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

Under the Articles of Association, Directors are entitled to be paid all reasonable travel, hotel and incidental expenses incurred in or about the performance of their duties as Directors, including expenses incurred in attending Board or shareholder meetings.

If any Director is called upon to perform extra or special services of any kind, under the Articles of Association, they shall be entitled to receive such extra remuneration as the Board may decide in addition to any remuneration they may be entitled to receive.

The Company does not enter into service contracts with its Directors. Instead, the Company has a policy of entering into a letter of appointment with each of its Directors, copies of which are available on request from the Company Secretary. Under the Directors' letters of appointment, there is a notice period of one month and no compensation is payable to a Director on leaving office. No compensation is payable in the event of a takeover bid.

The terms of their appointment requires all Directors to retire and be subject to election at the first Annual General Meeting after their appointment. Thereafter all Directors will seek annual re-election at the Company's AGMs.

Limits on Directors' Remuneration

The fees paid to the non-executive Directors are determined within the limit set out in the Company's Articles of Association which is currently £200,000 per annum in aggregate. Any change to this limit requires shareholder approval.

The fees for the non-executive Directors are payable monthly in arrears and the fees paid in respect of the year ended 31 January 2023 together with the expected fees payable in respect of the year ending 31 January 2024 are set out in the table below. The fees payable to the Directors in the subsequent financial years will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 31 January 2024 £	Fees paid for the year to 31 January 2023 £
Chair's Fee	43,000	41,500
Non-executive Director Fee	26,000	25,000
Additional fee for the Chairman of the Audit Committee	5,000	5,000
Additional fee for Senior Independent Director	1,000	1,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	200,000	200,000

Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 41 to 46.

Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

Name	2023 Fees £	2023 Taxable benefits ** £	2023 Total £	2022 Fees £	2022 Taxable benefits ** £	2022 Total £
Susan Platts-Martin	41,500	1,688	**43,188**	41,500	1,011	**42,511**
Tim Clissold*	25,000	986	**25,986**	8,333	146	**8,479**
Dermot McMeekin†	–	–	**–**	10,436	–	**10,436**
Magdalene Miller	25,000	1,326	**26,326**	25,000	854	**25,854**
Chris Ralph#	9,487	1,266	**10,753**	25,000	1,269	**26,269**
Andrew Robson	31,000	982	**31,982**	30,660	756	**31,416**
Jonathan Silver‡	10,417	128	**10,545**	–	–	**–**
	142,404	**6,376**	**148,780**	**140,930**	**4,036**	**144,966**

** Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings.

Annual Percentage Change in Remuneration

This represents the annual percentage change in the entire remuneration paid to the Directors.

Name	From 2022 to 2023 %	From 2021 to 2022 %	From 2020 to 2021 %
Susan Platts-Martin¶	2	(17)	24
Tim Clissold*	206	–	–
Dermot McMeekin†	–	(61)	–
Magdalene Miller	2	492	–
Chris Ralph#	(59)	7	–
Andrew Robson	2	12	–
Jonathan Silver‡	–	–	–

* Mr Clissold was appointed as a Director on 1 October 2021.
† Mr McMeekin retired as a Director on 16 June 2021.
# Mr Ralph retired as a Director on 16 June 2022.
‡ Mr Silver was appointed as a Director on 1 September 2022.
¶ The Chair was paid an additional £10,000 for the year to 31 January 2021 to reflect exceptional work done in relation to the selection of new Managers.

Directors' Interests (audited)

The Directors at the end of the year under review, and their interests in the Company, are shown in the following table. There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company. There have been no changes intimated in the Directors' interests up to 4 April 2023.

Name	Nature of interest	Ordinary 25p shares held at 31 January 2023	Ordinary 25p shares held at 31 January 2022
Susan Platts-Martin	Beneficial	14,694	14,694
Tim Clissold	Beneficial	50,000	50,000
Magdalene Miller	Beneficial	2,300	2,300
Andrew Robson	Beneficial	13,000	13,000
Jonathan Silver*	Beneficial	25,000	–

* Jonathan Silver was appointed to the Board on 1 September 2022.

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 98.9% were in favour, 0.8% were against and votes withheld were 0.3%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (June 2020), 99.2% of the proxy votes received were in favour, 0.1% were against and 0.7% votes were withheld.

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

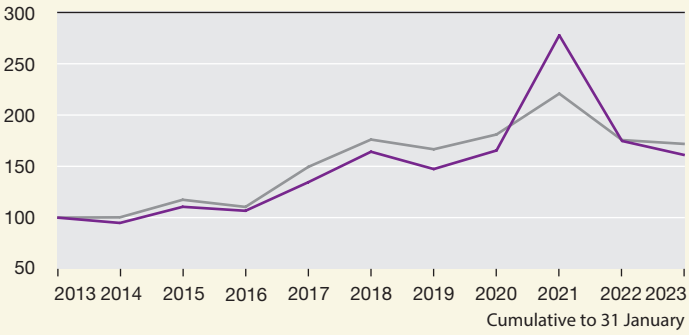
	2023 £'000	2022 £'000	Change %
Directors' remuneration	149	145	3
Dividends	1,054	4,434	(76)

Company Performance

The following graph compares the share price total return (assuming all dividends are reinvested) to ordinary shareholders compared with the total shareholder return on a notional investment made up of shares in the component parts of the benchmark. The benchmark is the MSCI China All Shares Index (in sterling terms), prior to 16 September 2020 the benchmark was MSCI AC Asia ex Pacific Index. The benchmark was chosen for comparison purposes as it is the index against which the Company measures its performance.

Performance Graph

(figures rebased to 100 at 31 January 2013)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 72.

Baillie Gifford China Growth Trust's share price

The benchmark is the MSCI China All Shares Index (in sterling terms), prior to 16 September 2020 the benchmark was MSCI AC Asia ex Pacific Index.

All figures are total returns (assuming net dividends are reinvested).
See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 37 to 39 was approved by the Board of Directors and signed on its behalf on 4 April 2023.

Susan Platts-Martin
Chair

Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 the 'Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102). 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 year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate 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 the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006. 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 are also responsible for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with those laws and regulations.

The Directors are responsible for ensuring that the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's page of the Managers' website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein. The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website.

Responsibility Statement of the Directors in Respect of the Annual Financial 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 net return of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and
- the Annual Report and Financial Statements, 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.

On behalf of the Board
Susan Platts-Martin
Chair
4 April 2023

Notes

The following notes relate to financial statements published on a website and are not included in the printed version of the Annual Report and Financial Statements:

- The maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the Auditor does not involve consideration of these matters and accordingly, the Auditor accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Baillie Gifford China Growth Investment Trust plc

Opinion

We have audited the financial statements of Baillie Gifford China Growth Trust plc (the 'Company') for the year ended 31 January 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

— give a true and fair view of the Company's affairs as at 31 January 2023 and of its loss for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

— Confirmation of our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.

— Inspection of the Directors' assessment of going concern, including the forecast and considerations around the continuation of the revolving credit facility, for the period to 30 April 2024 which is at least 12 months from the date these financial statements were authorised for issue. In preparing the forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

— Review of the factors and assumptions, including the impact of the current economic environment, as applied to the forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.

— Consideration of the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements should revenue decline significantly.

— Inspection of the Directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the Directors and reviewed the Directors' reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.

— Review of the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period assessed by the Directors, being the period to 30 April 2024, which is at least 12 months from the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of Our Audit Approach

Key audit matters	Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement. Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	Overall materiality of £2.04m which represents 1% of shareholders' funds.

An Overview of the Scope of Our Audit

Tailoring the Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team and relevant specialists.

Climate Change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the impact of climate change may impact the Company's investments and their valuations. This is explained in the principal and emerging risks section, which form part of the 'Other information', rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially consistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1(a) and conclusion there was no further impact of climate change to be taken into account other than unlisted investment as the listed investments are valued based on market pricing as required by FRS102. Unlisted investments are fair valued using IPEV Guidelines which require fair value to be assessed for implications related to climate change. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the income statement (as described on page 35 in the Audit Committee's Report and as per the accounting policy set out on page 52). The total revenue for the year to 31 January 2023 was £2.41m (2022 – £1.60m), consisting of dividend income from listed investments. The Company received two special dividends amounting to £0.22m (2022 – £0.007m), which were classified as revenue. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	**We performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures. For all dividends received, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received, we agreed the amounts to bank statements. To test completeness of recorded income, we tested that dividends had been recorded for all investments with reference to announcements obtained from an independent data vendor. For all listed investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were 'special'. We identified two special dividends and checked the appropriateness of classification as revenue by reviewing the underlying circumstances of the special dividends received.	The results of our procedures identified no material misstatements in relation to the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital in the Income Statement.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 35 in the Audit Committee's Report and as per the accounting policy set out on pages 51 and 52). The valuation of the investment portfolio at 31 January 2023 was £209.50m (2022 – £222.02m) consisting listed equities with an aggregate value of £197.55m (2022 – £207.68m) and unlisted equity investment amounting to £11.95m (2022 – £14.34m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date. The unlisted investment is valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Investment Manager. The unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The valuation of the unlisted investment, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements.	**We performed the following procedures:** We obtained an understanding of the Manager's processes and controls surrounding investment valuation and legal title, including an understanding of the operation of the Investment Manager's Unlisted Valuation Securities Group and the Directors' process for review of the unlisted investment valuations, by performing walkthrough procedures. For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We inspected the stale price reports produced by the Administrator to identify prices that have not changed and verified whether the listed price is a valid fair value. We did not identify any listed investments with stale prices. For the unlisted investment held as at the year-end we utilised our specialist Valuations team to review and challenge the valuation. This included: — Reviewing the valuation papers prepared by the Manager as at the year end; — Assessing whether the valuation has been performed in line with the IPEV guidelines; — Assessing whether the valuation has been performed in accordance with the accounting policy; — Assessing the appropriateness of the data inputs and challenging the assumptions used to support the valuations; and — Assessing other facts and circumstances, such as market movement and comparative Company information, that have an impact on the fair market value of the unlisted investment. We recalculated the unrealised gains/losses on investments as at the year-end using the book-cost reconciliation. We compared the Company's investment holdings as at 31 January 2023 to an independent confirmation received directly from the Company's Custodian.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £2.04 million (2022 – £2.19 million), which is 1% (2022 – 1%) of shareholders funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022 – 75%) of our planning materiality, namely £1.53m (2022 – £1.64m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we also applied a separate testing threshold for the revenue column of the Income Statement of £0.10m (2022 – £0.11m), being the reporting threshold.

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.11m (2022 – £0.11m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' reports have been prepared in accordance with applicable legal requirements.

Matters on Which we are Required to Report by Exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 33 and 34;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 25;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 25;
- Directors' statement on fair, balanced and understandable set out on page 40;

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 23 to 25;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 33; and
- The section describing the work of the audit committee set out on pages 35 and 36.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for The Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to What Extent the Audit was Considered Capable of Detecting Irregularities, Including Fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary, and review of Board minutes and the Company's documented policies and procedures related to controls over the financial reporting process.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement and incorrect valuation of the unquoted investment and the resultant impact on unrealised losses. Further discussion of our approach is set out in the key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures related to controls over the financial reporting process, and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other Matters we are Required to Address

- Following the recommendation from the audit committee, we were appointed by the Company on 12 June 2019 to audit the financial statements for the year ending 31 January 2020 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 January 2020 to 31 January 2023.
- The audit opinion is consistent with the additional report to the audit committee.

Use of Our Report

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

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
4 April 2023

Income Statement

For the year ended 31 January

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Net (losses)/gains on investments	9	–	(12,378)	**(12,378)**	–	(82,850)	**(82,850)**
Currency losses	13	–	(216)	**(216)**	–	(68)	**(68)**
Income	2	2,407	–	**2,407**	1,599	–	**1,599**
Investment management fee	3	(311)	(932)	**(1,243)**	(363)	(1,089)	**(1,452)**
Other administrative expenses	4	(550)	–	**(550)**	(479)	(20)	**(499)**
Net return before finance costs and taxation		1,546	(13,526)	**(11,980)**	757	(84,027)	**(83,270)**
Finance costs of borrowings	5	(116)	(347)	**(463)**	(46)	(138)	**(184)**
Net return on ordinary activities before taxation		1,430	(13,873)	**(12,443)**	711	(84,165)	**(83,454)**
Tax on ordinary activities	6	(105)	–	**(105)**	(119)	–	**(119)**
Net return on ordinary activities after taxation		**1,325**	**(13,873)**	**(12,548)**	**592**	**(84,165)**	**(83,573)**
Net return per ordinary share	7	**2.14p**	**(22.37p)**	**(20.23p)**	**0.97p**	**(138.22p)**	**(137.25p)**

Dividends declared in respect of the financial year ended 31 January 2023 amount to 1.70p (2022 – 7.15p). Further information on dividend distributions can be found in note 8 on page 54.

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in this statement derive from continuing operations.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 51 to 64 are an integral part of the Financial Statements.

Balance Sheet

As at 31 January

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		209,499		222,015
Current assets					
Debtors	10	26		100	
Cash and cash equivalents	15	1,000		5,496	
		1,026		5,596	
Creditors					
Amounts falling due within one year	11	(6,585)		(8,270)	
Net current (liabilities)/assets			(5,559)		(2,674)
Total assets less current liabilities			**203,940**		**219,341**
Capital and reserves					
Share capital	12		17,087		17,087
Share premium account	13		31,780		31,780
Capital redemption reserve	13		41,085		41,085
Capital reserve	13		107,748		121,621
Revenue reserve	13		6,240		7,768
Shareholders' funds			**203,940**		**219,341**
Net asset value per ordinary share*	14		**328.87p**		**353.70p**

The Financial Statements of Baillie Gifford China Growth Trust plc (Company registration number 91798) were approved and authorised for issue by the Board and were signed on 4 April 2023.

Susan Platts-Martin
Chair

The accompanying notes on pages 51 to 64 are an integral part of the Financial Statements.

*See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

Statement of Changes in Equity

For the year ended 31 January 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 February 2022		17,087	31,780	41,085	121,621	7,768	**219,341**
Dividends paid during the year	8	–	–	–	–	(2,853)	**(2,853)**
Net return on ordinary activities after taxation	7	–	–	–	(13,873)	1,325	**(12,548)**
Shareholders' funds at 31 January 2023		**17,087**	**31,780**	**41,085**	**107,748**	**6,240**	**203,940**

For the year ended 31 January 2022

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 February 2021		16,486	13,182	41,085	189,061	11,610	**271,424**
Dividends paid during the year	8	–	–	–	–	(4,434)	**(4,434)**
Ordinary shares sold from treasury		–	8,043	–	16,725	–	**24,768**
Ordinary shares issued		601	10,555	–	–	–	**11,156**
Net return on ordinary activities after taxation	7	–	–	–	(84,165)	592	**(83,573)**
Shareholders' funds at 31 January 2022		**17,087**	**31,780**	**41,085**	**121,621**	**7,768**	**219,341**

The accompanying notes on pages 51 to 64 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 31 January

	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Cash flows from operating activities				
Net return on ordinary activities before taxation		(12,443)		(83,454)
Net losses on investments		12,378		82,850
Currency losses		216		68
Finance costs of borrowings		463		184
Overseas withholding tax suffered		(181)		(119)
Overseas withholding tax reclaims received		76		–
Changes in debtors		74		(45)
Changes in creditors		(25)		328
Cash from operations*		558		(188)
Interest paid		(451)		(178)
Net cash inflow/(outflow) from operating activities		107		(366)
Cash flows from investing activities				
Acquisitions of investments	(27,760)		(81,766)	
Disposals of investments	25,723		43,362	
Net cash outflow from investing activities		(2,037)		(38,404)
Cash flows from financing activities				
Ordinary shares issued	–		37,216	
Bank loans drawdown	–		5,427	
Equity dividends paid	(2,853)		(4,434)	
Net cash (outflow)/inflow from financing activities		(2,853)		38,209
Decrease in cash and cash equivalents		(4,783)		(561)
Exchange movements		287		95
Cash and cash equivalents at start of year		5,496		5,962
Cash and cash equivalents at end of year		1,000		5,496
Comprising:				
Cash at bank		1,000		5,496

* Cash from operations includes dividends received of £2,402,000 (2022 – £1,599,000) and interest received of £5,000 (2022 – £nil).

The accompanying notes on pages 51 to 64 are an integral part of the Financial Statements.

Notes to the Financial Statements

1 Principal Accounting Policies

The Financial Statements for the year to 31 January 2023 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are consistent with those applied for the year ended 31 January 2022.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 pandemic and over recent months due to macroeconomic and geopolitical concerns, including rising inflation and interest rates but does not believe the Company's going concern status is affected. The Company's assets, which at present are mainly investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company's primary third party suppliers, including its Managers and Secretaries, Custodian, Depositary, Registrar, Auditor and Corporate Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the Covid-19 pandemic set out in the Viability Statement on page 25, that the Company will continue in operational existence until 4 April 2024, which is for a period of at least 12 months from the date of approval of these Financial Statements.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out on page 24, and have concluded that it does not have a material impact on the Company's investments. We have considered the impact of climate change on the value of both the listed and unlisted investments included in the Financial Statements. The listed investments should already include the impact in their prices as quoted on the relevant exchange and consistent with that view, we do not believe the impact on the unlisted investments would be material.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable UK Accounting Standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in July 2022 with consequential amendments. In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented.

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling as the entity is listed on a sterling stock exchange in the UK, the Company's share capital and dividends paid are denominated in sterling, Company's shareholders are predominantly based in the UK and the Company and its Investment Manager, who are subject to the UK's regulatory environment, are also UK based.

(b) Significant Accounting Estimates and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the assumptions used in the determination of the fair value of the unlisted investment, which are detailed in note 9 on pages 56 and 57.

Judgements

The Directors consider that the preparation of the Financial Statements involves the following key judgements:

(i) the determination of the functional currency of the Company as sterling (see rationale in 1(a) above); and

(ii) the fair valuation of the unlisted and suspended investments.

The key judgements in the fair valuation process are:

(i) the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Guidelines 2018 ('IPEV Guidelines') to each unlisted investment; and

(ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investment by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investment at the Balance Sheet date. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates involved in the selection of the valuation process inputs are:

(i) the selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

(ii) the selection of a revenue metric (either historic or forecast);

(iii) the application of an appropriate discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;

(iv) the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale;

(v) the selection of an appropriate industry benchmark index to assist with the valuation validation or the application of valuation adjustments, particularly in the absence of established earnings or closely comparable peers; and

(vi) the calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plan/forecasts of the business into the valuation).

(c) Investments

The Company's investments are classified as held at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102. Purchases and sales of investments are recognised on a trade date basis. Expenses incidental to the purchase and sale of investments are recognised in the Income Statement as capital items.

Investments are designated as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed security investments is bid price or last traded price. The fair value of suspended investments is the last traded price, adjusted for the estimated impact on the business of the suspension. Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with IPEV Guidelines. These methodologies can be categorised as follows (a) market approach (multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets). The valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate starting point for estimating fair value, however it should be evaluated using the techniques described above.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(e) Income

(i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

(ii) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(iii) Interest receivable/payable on bank deposits is recognised on an accruals basis.

(iv) Overseas dividends include the taxes deducted at source.

(v) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(vi) Interest from fixed interest securities is recognised on an effective yield basis.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except:

(i) where they relate directly to the acquisition or disposal of an investment, (transaction costs), in which case they are recognised as capital within losses/gains on investments; and these expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty.

(ii) they relate directly to the buy-back/issuance of shares, in which case they are added to the buy-back cost or deducted from the share issuance proceeds.

The management fee is allocated 25% to revenue and 75% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio. The Board reviews the expense allocation policy on a yearly basis and considers whether it remains appropriate.

(g) Borrowings and Finance Costs

Bank loans and overdrafts are classified as loans and are measured at amortised cost. They are initially recorded at the proceeds received net of direct costs. Finance costs are accounted for on an accruals basis and on an effective interest basis and are allocated 25% to revenue and 75% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio. The Board reviews the expense allocation policy on a yearly basis and considers whether it remains appropriate.

(h) Taxation

The taxation charge represents the sum of current tax and the movement in the provision for deferred taxation during the year. Current taxation represents non-recoverable overseas taxes which is charged to the revenue accounts where it relates to income received and to capital where it relates to items of a capital nature. Deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated on a non-discounted basis at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantively enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Dividend Distributions

Interim dividends are recognised in the year in which they are paid and final dividends are recognised in the year in which the dividends are approved by the Company's shareholders in a General Meeting.

(j) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets and liabilities and fixed asset investment in foreign currencies are translated at the closing rates of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as capital or revenue as appropriate.

(k) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in the capital reserve. Purchases of the Company's own shares are also funded from this reserve and the weighted average purchase price paid to purchase the shares is credited to this reserve if the shares are subsequently sold from treasury. The nominal value of such shares is transferred from share capital to the capital redemption reserve if the shares are subsequently cancelled.

(l) Share Premium

The share premium reserve represents:

- the proceeds of sales of shares held in treasury in excess of the weighted average purchase price paid by the Company to repurchase the shares; and
- the excess of the proceeds of issuance of new shares over the nominal value.

(m) Capital Redemption Reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve on the relevant trade date.

(n) Revenue Reserve

The revenue profit or loss for the year is taken to or from this reserve. The revenue reserve may be distributed by way of a dividend.

(o) Single Segment Reporting

The Company is engaged in a single segment of business, being investment business, consequently no business segmental analysis is provided.

2 Income

	2023 £'000	2022 £'000
Income from investments		
Overseas dividends	2,402	1,599
Other income		
Bank interest	5	–
Total income	**2,407**	**1,599**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	2,402	1,599
Interest from financial assets not at fair value through profit or loss	5	–
	2,407	**1,599**

3 Investment Management Fee

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Investment management fee	311	932	**1,243**	363	1,089	**1,452**

Details of the Investment Management Agreement are disclosed on page 27. Baillie Gifford & Co Limited's annual management fee is (i) 0.75% of the first £50 million of net asset value; plus (ii) 0.65% of net asset value between £50 million and £250 million; plus (iii) 0.55% of net asset value in excess of £250 million, calculated and payable quarterly.

4 Other Administrative Expenses

	2023 £'000	2022 £'000
General administrative expenses	187	206
Directors' fees (see Directors' Remuneration Report on page 38)	142	141
Depositary and custodian fees	102	91
Marketing	75	6
Auditor's remuneration – statutory audit of Company's Annual Financial Statements	44	35
	550	**479**

The Company is part of a marketing programme which includes all the Investment Trusts managed by the Manager. The marketing strategy has an ongoing objective to stimulate demand for the Company's shares. The cost of this marketing strategy is borne in partnership by the Company and the Manager. The Manager matches the Company's marketing contribution and provides the resource to manage and run the programme. The Manager waived any contribution to the marketing programme for the Company from appointment on 16 September 2020 to 31 December 2021.

5 Finance Costs of Borrowings

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Interest on bank loans	116	347	**463**	46	138	**184**

6 Tax on Ordinary Activities

	2023 £'000	2022 £'000
Analysis of charge in year		
Overseas withholding tax	105	119
Factors affecting tax charge for year		
The tax charge for the year is lower than the standard rate of corporation tax in the UK of 19% (2022 – 19%)		
The differences are explained below:		
Net return before taxation	1,430	711
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022 – 19%)	272	135
Effects of:		
Income not taxable	(457)	(304)
Taxable losses in year not utilised	185	169
Overseas withholding tax incurred	105	119
Tax charge for the year	**105**	**119**

As an investment trust, the Company's capital gains are not taxable.

Factors that may affect future tax charges

At 31 January 2023 the Company had a potential deferred tax asset of £6,000,000 (2022 – £5,442,000) on taxable losses which is available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 25% (2022 – 25%).

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

6 Tax on Ordinary Activities (continued)

The Company has filed protective claims with HMRC in order to seek recovery of potentially overpaid taxes from HMRC in relation to the UK's pre-2009 dividend tax rules. The claims cover accounting periods ending 2005–2007 and accounting periods ending 2008 and 2009 in which the Company paid UK tax under Schedule D Case V. In such periods, the Company is seeking recovery of the tax paid together with interest.

Following the decision in the lead case, HMRC issued a Brief stating it will now consider and determine each claim individually. The decision in the Post Prudential case was issued in December 2021 and was largely in favour of the claimants. HMRC have been granted permission to appeal this decision and therefore the value, timing and probability of the claim's success for the accounting periods ending 2005–2007 remain uncertain.

Contingent asset

HMRC have indicated they will repay overpaid taxes for the accounting periods ending 2008 and 2009 of £1.1 million plus interest. As the repayment is probable, but not virtually certain, the Company is disclosing £1.1 million as a contingent asset.

7 Net Return per Ordinary Share

	2023 Revenue	2023 Capital	2023 Total	2022 Revenue	2022 Capital	2022 Total
Net return per ordinary share	**2.14p**	**(22.37p)**	**(20.23p)**	**0.97p**	**(138.22p)**	**(137.25p)**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £1,325,000 (2022 – £592,000), and on 62,012,982 (2022 – 60,888,553) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital loss for the financial year of £13,873,000 (2022 – loss £84,165,000) and on 62,012,982 (2022 – 60,888,553) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

8 Ordinary Dividends

	2023	2022	2023 £'000	2022 £'000
Amounts recognised as distributions in the year:				
Previous year's final dividend (paid 27 July 2022)	4.60p	4.60p	2,853	2,853
Interim dividend	–	2.55p	–	1,581
	4.60p	**7.15p**	**2,853**	**4,434**

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividends for the year is £1,325,000 (2022 – £592,000).

	2023	2022	2023 £'000	2022 £'000
Dividends paid and payable in respect of the year:				
Interim dividend per ordinary share	–	2.55p	–	1,581
Proposed final dividend per ordinary share (payable 26 July 2023)	1.70p	4.60p	1,054	2,853
	1.70p	**7.15p**	**1,054**	**4,434**

9 Investments

As at 31 January 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities	197,546	–	–	**197,546**
Unlisted ordinary shares	–	–	11,953	**11,953**
Total financial asset investments	**197,546**	**–**	**11,953**	**209,499**

As at 31 January 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities	207,678	–	–	**207,678**
Suspended ordinary shares	–	–	1,482	**1,482**
Unlisted ordinary shares	–	–	12,855	**12,855**
Total financial asset investments	**207,678**	**–**	**14,337**	**222,015**

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS 102 the tables above provide an analysis of these investments based on the fair value hierarchy described below which reflects the reliability and significance of the information used to measure their fair value.

Fair Value Hierarchy

The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The valuation techniques used by the Company are explained in the accounting policies on page 52. The Company's unlisted ordinary share investment at 31 January 2023 was valued using the market approach using comparable traded multiples. A sensitivity analysis of the unlisted security is on page 63. During the year, a suspended investment with a fair value at 31 January 2022 of £1,482,000 was transferred from Level 3 to Level 1 when the shares re-listed.

9 Investments (continued)

	Listed equities £'000	Suspended £'000	Unlisted equities * £'000	Total £'000
Cost of investments at 1 February 2022	241,989	2,977	8,212	**253,178**
Investment holding (losses)/gains at 1 February 2022	(34,311)	(1,495)	4,643	**(31,163)**
Value of investments at 1 February 2022	207,678	1,482	12,855	**222,015**
Movements in year:				
Purchases at cost	25,585	–	–	**25,585**
Sales proceeds received	(25,723)	–	–	**(25,723)**
Realised losses on sales	(17,050)	–	–	**(17,050)**
Gains and losses on investments	4,079	1,495	(902)	**4,672**
Changes in categorisation	2,977	(2,977)	–	**–**
Value of investments at 31 January 2023	**197,546**	**–**	**11,953**	**209,499**
Cost of investments at 31 January 2023	227,778	–	8,212	**235,990**
Investment holding (losses)/gains at 31 January 2023	(30,232)	–	3,741	**(26,491)**
Value of investments held at 31 January 2023	**197,546**	**–**	**11,953**	**209,499**

* The unlisted security investment represents a holding in ByteDance.

The purchases and sales proceeds figures above include transaction costs of £21,000 (2022 – £76,000) and £37,000 (2022 – £52,000) respectively. The Company received £25,723,000 (2022 – £43,362,000) from investments sold during the year. The book cost of these investments when they were purchased was £42,773,000 (2022 – £46,869,000). 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.

	2023 £'000	2022 £'000
Net (losses)/gains on investments designated at fair value through profit or loss on initial recognition		
Losses on sales	(17,050)	(3,507)
Changes in investment holding gains	4,672	(79,343)
	(12,378)	**(82,850)**

Significant Holdings Disclosure Requirements – AIC SORP

Details are disclosed below in accordance with the requirements of paragraph 82 of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in July 2022) in relation to unlisted investments included in the ten largest holdings disclosed on page 17. As required, this disclosure includes turnover, pre-tax profits and net assets attributable to investors, as reported within the most recently audited financial statements of the investee companies where possible.

As at 31 January 2023								
Name	Business	Latest Financial Statements	Book cost £'000	Market value £'000	Income recognised from holding in the period ('000)	Turnover ('000)	Pre-tax profit/(loss) ('000)	Net assets attributable to shareholders ('000)
ByteDance	Social Media	Not applicable	8,212	11,953	Nil	Information not publicly available		

As at 31 January 2022								
Name	Business	Latest Financial Statements	Book cost £'000	Market value £'000	Income recognised from holding in the period ('000)	Turnover ('000)	Pre-tax profit/(loss) ('000)	Net assets attributable to shareholders ('000)
ByteDance	Social Media	Not applicable	8,212	12,855	Nil	Information not publicly available		

10 Debtors

	2023 £'000	2022 £'000
Due within one year:		
Accrued income and prepaid expenses	26	100
	26	**100**

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – amounts falling due within one year

	2023 £'000	2022 £'000
The Royal Bank of Scotland (International) Limited loan	6,092	5,590
Purchases for subsequent settlement	–	2,175
Investment management fee	344	367
Other creditors and accruals	149	138
	6,585	**8,270**

None of the above creditors are financial liabilities held at fair value through profit or loss. During the year the Company entered into a two year US$40 million revolving credit facility with The Royal Bank of Scotland (International) Limited which expires on 13 April 2024. At 31 January 2023 borrowings of £6.1 million (US$7.5 million) were drawn down under the facility at a margin of 1.3% over the US Dollar Relevant Reference Rate with a maturity date of 17 April 2023. At 31 January 2022 borrowings of £5.6 million (US$7.5 million) were drawn down under a US$40m revolving credit facility with The Royal Bank of Scotland (International) Limited which expired on 15 April 2022.

The main covenants relating to the current facility are:

(i) The consolidated gross borrowings shall not exceed 30% of the Company's adjusted portfolio value; and

(ii) The Company's adjusted portfolio value is not less than £75,000,000.

12 Share Capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
Allotted, called up and fully paid ordinary shares of 25p each	62,012,982	15,503	62,012,982	15,503
Treasury shares of 25p each	6,335,169	1,584	6,335,169	1,584
Total	**68,348,151**	**17,087**	**68,348,151**	**17,087**

In the year to 31 January 2023 no shares were issued from Treasury (in the year to 31 January 2022 – 2,404,151 shares were issued from Treasury). The Company's shareholder authority permits it to hold shares bought back in treasury. Under such authority, treasury shares may be subsequently either sold for cash (at a premium to net asset value per ordinary share) or cancelled. At 31 January 2023 the Company had authority to buy back 9,295,746 ordinary shares. During the year to 31 January 2023, no ordinary shares (2022 – nil) were bought back for cancellation and no ordinary shares (2022 – nil) were bought back into treasury. Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

13 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 February 2022	17,087	31,780	41,085	152,947	(31,326)	7,768	**219,341**
Net losses on sales of investments	–	–	–	(17,050)	–	–	**(17,050)**
Changes in investment holding gains	–	–	–	–	4,672	–	**4,672**
Exchange differences	–	–	–	287	–	–	**287**
Exchange differences on bank loans	–	–	–	(719)	216	–	**(503)**
Investment management fee charged to capital	–	–	–	(932)	–	–	**(932)**
Finance costs of borrowings charged to capital	–	–	–	(347)	–	–	**(347)**
Dividends paid in year	–	–	–	–	–	(2,853)	**(2,853)**
Revenue return after taxation	–	–	–	–	–	1,325	**1,325**
At 31 January 2023	**17,087**	**31,780**	**41,085**	**134,186**	**(26,438)**	**6,240**	**203,940**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 February 2021	16,486	13,182	41,085	140,881	48,180	11,610	**271,424**
Net losses on sales of investments	–	–	–	(3,507)	–	–	**(3,507)**
Changes in investment holding gains	–	–	–	–	(79,343)	–	**(79,343)**
Other exchange differences	–	–	–	95	–	–	**95**
Exchange differences on bank loans	–	–	–	–	(163)	–	**(163)**
Ordinary shares sold from treasury	–	8,043	–	16,725	–	–	**24,768**
Ordinary shares issued	601	10,667	–	–	–	–	**11,268**
Cost of share issuances	–	(112)	–	–	–	–	**(112)**
Investment management fee charged to capital	–	–	–	(1,089)	–	–	**(1,089)**
Change of Manager and tender costs charged to capital	–	–	–	(20)	–	–	**(20)**
Finance costs of borrowings charged to capital	–	–	–	(138)	–	–	**(138)**
Dividends paid in year	–	–	–	–	–	(4,434)	**(4,434)**
Revenue return after taxation	–	–	–	–	–	592	**592**
At 31 January 2022	**17,087**	**31,780**	**41,085**	**152,947**	**(31,326)**	**7,768**	**219,341**

The capital reserve (unrealised) includes investment holding losses of £26,491,000 (2022 – losses of £31,163,000) as disclosed in note 9. Under the terms of the Company's Articles of Association, sums standing to the credit of the Capital Reserve are available for distribution only by way of redemption, purchase of any of the Company's own shares or by way of dividend. The Revenue reserve and the Capital reserve (to the extent it constitutes realised profits) are distributable.

14 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at the year end were as follows:

	2023	2022	2023 £'000	2022 £'000
Ordinary shares	**328.87p**	**353.70p**	**203,940**	**219,341**

Net asset value per ordinary share is based on the net assets as shown above and 62,012,982 (2022 – 62,012,982) ordinary shares, being the number of ordinary shares in issue at the year end, excluding shares held in treasury. At 31 January 2023 all borrowings were in the form of short term floating rate borrowings and their fair value is considered equal to their book value, hence there is no difference in the net asset value per share between including debt at book, or fair value, in the calculation.

15 Analysis of Change in Net Debt

	1 February 2022 £'000	Cash flows £'000	Exchange movement £'000	31 January 2023 £'000
Cash and cash equivalents	5,496	(4,783)	287	**1,000**
Loans due within one year	(5,590)	–	(502)	**(6,092)**
	(94)	**(4,783)**	**(215)**	**(5,092)**

	1 February 2021 £'000	Cash flows £'000	Exchange movement £'000	31 January 2022 £'000
Cash and cash equivalents	5,962	(561)	95	**5,496**
Loans due within one year	–	(5,427)	(163)	**(5,590)**
	5,962	**(5,988)**	**(68)**	**(94)**

16 Contingent Liabilities, Guarantees and Financial Commitments

There were no contingent liabilities, guarantees or financial commitments at either year end.

17 Transactions with Related Parties and the Managers

The Directors' fees for the year and interests in the Company's shares at the end of the year are detailed in the Directors' Remuneration Report on page 38. No Director has a contract of service with the Company. During the years reported, no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

The Management fee due to Baillie Gifford & Co Limited is set out in note 3 on page 53 and the amount accrued is set out in note 11 on page 58. Details of the Investment Management Agreement are set out on page 28.

18 Financial Instruments

The Company invests in equities for the long term so as to achieve its investment objective of long-term capital growth with the aim of providing a total return in excess of the MSCI China All Share Index. The Company borrows money when the Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests and could result in a reduction in the Company's net assets and/or a reduction in the profits available for dividend.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise short-term volatility.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting year.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency, interest rate risk and market price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager assesses the exposure to market risk when making individual investment decisions as well as monitoring the overall level of market risk across the investment portfolio on an ongoing basis. Details of the Company's investment portfolio are shown on pages 17 and 18.

18 Financial Instruments (continued)

Currency Risk

The Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. The Investment Manager assesses the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, or, for unlisted investments, denominated, is shown below.

At 31 January 2023	Investments £'000	Cash and deposits £'000	Bank loans £'000	Debtors and creditors £'000	Net exposure £'000
US dollar	13,676	254	(6,092)	(18)	**7,820**
Hong Kong dollar	109,313	–	–	–	**109,313**
Chinese renminbi	86,510	726	–	–	**87,236**
Total exposure to currency risk	**209,499**	**980**	**(6,092)**	**(18)**	**204,369**
Sterling	–	20	–	(449)	**(429)**
	209,499	**1,000**	**(6,092)**	**(467)**	**203,940**

At 31 January 2022	Investments £'000	Cash and deposits £'000	Bank loans £'000	Debtors and creditors £'000	Net exposure £'000
US dollar	21,749	12	(5,590)	(590)	**15,581**
Hong Kong dollar	123,347	–	–	–	**123,347**
Chinese renminbi	76,919	1,138	–	(1,590)	**76,467**
Total exposure to currency risk	**222,015**	**1,150**	**(5,590)**	**(2,180)**	**215,395**
Sterling	–	4,346	–	(400)	**3,946**
	222,015	**5,496**	**(5,590)**	**(2,580)**	**219,341**

Currency Risk Sensitivity

At 31 January 2023, if sterling had strengthened by 10% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 10% weakening of sterling against all currencies, with all variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The analysis is performed on the same basis for 2022.

	2023 £'000	2022 £'000
US dollar	782	1,558
Hong Kong dollar	10,931	12,335
Chinese renminbi	8,724	7,647
	20,437	**21,540**

Interest Rate Risk

Interest rate movements may affect the level of income receivable and payable on cash deposits and interest payable on variable rate borrowings. They may also impact upon the market value of the Company's investments as the effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and the income receivable on cash deposits.

The Company has the ability to finance part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board.

During the year to 31 January 2023, the majority of the Company's assets were non-interest bearing. Some of the Company's cash at bank and short-term deposits were subject to a negative interest charge and there was exposure to interest bearing liabilities through the loan agreement.

18 Financial Instruments (continued)

Financial Assets

Cash deposits generally comprise overnight call or short-term money market deposits and earn interest at floating rates based on prevailing bank base rates.

Financial Liabilities

The interest risk profile of the Company's financial liabilities and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 31 January are shown below:

Interest Rate Risk Profile

	2023 £'000	2022 £'000
The interest rate risk profile of the Company's financial liabilities at 31 January was:		
Floating rate – US$ denominated	6,092	5,590
	6,092	**5,590**

Maturity Profile

	2023 £'000	2022 £'000
The maturity profile of the Company's financial liabilities at 31 January was:		
In less than three months		
– repayment of loans	6,092	5,590
– interest on loan	18	6
	6,110	**5,596**

Interest Rate Risk Sensitivity

An increase of 1.0% in interest rates, with all other variables being held constant, would have decreased the Company's net assets for the year to 31 January 2023 by £55,000 (year to 31 January 2022 – £44,000). A decrease of 1.0% would have had an equal but opposite effect.

Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Company's exposure to changes in market prices relates to the fixed asset investments as disclosed in note 9.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the index, investments are selected based upon the merit of individual companies and therefore performance may well diverge from the comparative index.

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 17 and 18.

96.9% (2022 – 94.7%) of the Company's net assets are invested in Level 1 quoted equities. A 25% increase in quoted equity valuations at 31 January 2023 would have increased total net assets and net return on ordinary activities after taxation by £49,387,000 (2022 – £51,920,000). A decrease of 25% would have had an equal but opposite effect.

0% (2022 – 0.7%) of the Company's net assets are invested in a suspended investment, fair valued at a discount to the last traded price. A 25% increase in the fair value at 31 January 2023 would have increased total net assets and net return on ordinary activities after taxation by £nil (2022 – £371,000). A decrease of 25% would have had an equal but opposite effect.

18 Financial Instruments (continued)

5.9% (2022 – 5.9%) of the Company's net assets are invested in an unlisted security. The fair valuation of the unlisted investment is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 1(b) on pages 51 and 52). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates the sensitivity of the valuations to these inputs. The inputs have been flexed by +/-10% with the exception of the Recent Transaction Price valuation approach as it does not involve significant subjectivity. The table also provides the range of values for the key unobservable inputs.

As at 31 January 2023		Significant unobservable inputs*				
Valuation technique	Fair value as at 31 January 2023 £'000	Key unobservable inputs	Other unobservable inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Market approach using comparable trading multiples	11,953	EV/LTM revenue multiple	a,b,c,d	2.2x – 7.3x	10	If EV/LTM multiples changed by +/-10%, the fair value would change by £1,136,313 and (£1,136,313)
		Discount for lack of liquidity	a,b,c,d,e	-10%	10	If the illiquidity discount is changed by +/-10%, the fair value would change by £132,816 and (£132,816)

As at 31 January 2022		Significant unobservable inputs*				
Valuation technique	Fair value as at 31 January 2022 £'000	Key unobservable inputs	Other unobservable inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Market approach using comparable trading multiples	12,855	EV/LTM revenue multiple	a,b,c,d,e	2.2x – 8.5x	10	If EV/LTM multiples changed by +/-10%, the fair value would change by £1,236,459 and (£1,236,753)

* **Significant Unobservable Inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each private company valuation. An explanation of each of the key variable inputs is provided below. The assumptions made in the production of the inputs are described in note 1(c) on page 52.

(a) Application of valuation basis

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

(b) Probability estimation of liquidation events

The probability of a liquidation event such as a company sale, or alternatively an initial public offering ('IPO'), is a key variable input in the transaction-based and multiples-based valuation techniques. The probability of an IPO versus a company sale is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario, or in a situation where a company is underperforming expectations significantly and therefore deemed very unlikely to pursue an IPO.

(c) Selection of comparable companies

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples or share price movements derived will vary depending on the companies selected and the industries they operate in.

18 Financial Instruments (continued)

(d) Estimated sustainable earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

(e) Application of illiquidity discount

The application of an illiquidity discount will be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration is not appropriate is typically 10%, reflecting that the majority of the investments held are substantial companies with some secondary market activity.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. Liquidity risk is not significant as the majority of the Company's assets are in investments that are readily realisable. The Company's holding in an unlisted investment, which is not considered to be readily realisable, amounts to 5.9% of net assets at 31 January 2023.

The Company has the power to take out borrowings, which give it access to additional funding when required. The maturity profile of the Company's financial liabilities is on page 62.

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Bank of New York Mellon (International) Limited. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, is subject to rigorous assessment by the Investment Manager; and
- cash is only held at banks that are regularly reviewed by the Investment Manager.

Credit Risk Exposure

The exposure to credit risk at 31 January was:

	2023 £'000	2022 £'000
Debtors	26	100
Cash and cash equivalents	1,000	5,496
	1,026	**5,596**

None of the Company's financial assets are past due or impaired.

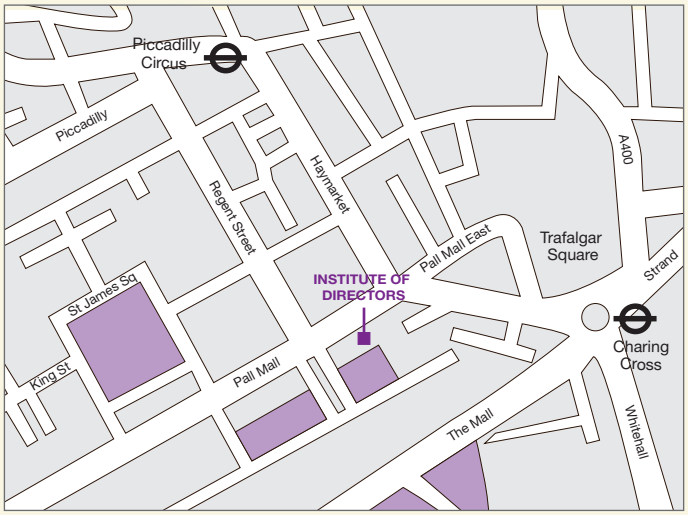
Fair Value of Financial Assets and Financial Liabilities

The Company's investments are stated at fair value and the Directors are of the opinion that the reported values of the Company's other financial assets and liabilities approximate to fair value.

Capital Management

The objective of the Company is to maximise the total return to its equity shareholders through an appropriate capital structure. Its borrowings are set out in note 11 on page 58. The Company does not have any externally imposed capital requirements other than the covenants on its loan which are detailed in note 11. The capital of the Company is the ordinary share capital as detailed in note 12. It is managed in accordance with its Investment Policy in pursuit of its investment objective, both of which are detailed on page 22, and shares may be repurchased or issued as explained on page 29.

Notice of Annual General Meeting



The Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 4.00pm on 13 June 2023.

Should shareholders have questions for the Board or the Managers or any queries as to how to vote or how to attend the meeting they are welcome as always to submit them by email to trustenquiries@baillliegifford.com or call **0800 917 2112**.

Baillie Gifford may record your call.

Notice is hereby given that an Annual General Meeting of Baillie Gifford China Growth Trust plc will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Thursday 15 June 2023, at 4.00pm for the following purposes.

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions.

1. To receive and adopt the Financial Statements of the Company for the year to 31 January 2023 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To receive and approve the Directors' Annual Report on Remuneration for the year to 31 January 2023.
4. To declare a final dividend of 1.7p per ordinary share.
5. To re-elect Susan Platts-Martin as a Director of the Company.
6. To re-elect Magdalene Miller as a Director of the Company.
7. To re-elect Tim Clissold as a Director of the Company.
8. To elect Jonathan Silver as a Director of the Company.
9. To re-appoint Ernst & Young LLP as Independent Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
11. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £5,167,748, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a General Meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass Resolutions 12 and 13 as Special Resolutions.

12. That, subject to the passing of Resolution 11 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560(1) of the Act), for cash pursuant to the authority given by Resolution 11 above, and to sell treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

    (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

    (b) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £1,550,325, being approximately 10% of the nominal value of the issued share capital of the Company, as at 4 April 2023.

13. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25 pence each in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

    (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 9,295,746, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution;

    (b) the minimum price (excluding expenses) which may be paid for each ordinary share shall be the nominal value of that share;

    (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:

        (i) 5% above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

        (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003); and

    (d) unless previously varied, revoked or renewed by the Company in a General Meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 31 January 2024, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board
Baillie Gifford & Co Limited
Managers and Secretaries
4 April 2023

Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or **eproxyappointment.com** no later than 2 days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website **euroclear.com/CREST**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 2 days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 2 days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. Under section 338 of the Companies Act 2006, members meeting the qualification criteria set out in note 14 below may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that:
    (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
    (b) the resolution must not be defamatory of any person, frivolous or vexatious; and
    (c) the request:
        (i) may be in hard copy form or in electronic form;
        (ii) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported;
        (iii) must be authenticated by the person or persons making it; and (iv) must be received by the Company not later than Thursday 4 May 2023.
12. Under section 338A of the Companies Act 2006, members meeting the qualification criteria set out at note 14 below may require the Company to include in the business to be dealt with at the Annual General Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The request must have been received by the Company not later than Thursday 4 May 2023. The conditions are that the matter of business must not be defamatory of any person, frivolous or vexatious. The request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported. The request must be accompanied by a statement setting out the grounds for the request. Members seeking to do this should write to the Company providing their full name and address.
13. Under section 527 of the Companies Act 2006, members meeting the qualification criteria set out in note 14 below may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's Report and the conduct of the audit. Such requests must be made in writing and must state your full name and address.
14. In order to be able to exercise the members' rights in notes 11 to 13, the relevant request must be made by:
    (a) members representing at least 5% of the total voting rights of all the members who have a right to vote on the resolution to which the requests relate; or
    (b) at least 100 members who have a right to vote on the resolution to which the requests relate and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100.

    Such requests should be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN. Electronic requests permitted under section 338 (see note 11) should be sent to trustenquiries@baillliegifford.com.

15. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **bailliegiffordchinagrowthtrust.com**.
16. All shareholders are strongly encouraged to exercise your votes in respect of the AGM in advance, and to appoint the Chair of the Meeting as your proxy, to ensure that your votes are counted. Furthermore, the Board always welcomes questions from the Company's shareholders at the AGM and shareholders are invited to submit their questions to the Board in advance. The answers to these questions will be posted on the Company's page of the Managers' website after the AGM. Shareholders should submit any questions they may have to **trustenquiries@bailliegifford.com** before 8 June 2023.
17. As at 4 April 2023 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 62,012,982 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 4 April 2023 were 62,012,982 votes.
18. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
19. No Director has a contract of service with the Company.

Further Shareholder Information

Baillie Gifford China Growth Trust is an investment trust. Investment trusts offer investors the following:

— participation in a diversified portfolio of shares;

— constant supervision by experienced professional managers; and

— the Company is free from capital gains tax on capital profits realised within its portfolio, although investors are still liable for capital gains tax on profits when selling their investment.

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, or by asking a professional adviser to do so. If you are interested in investing directly in Baillie Gifford China Growth Trust, you can do so online. There are a number of companies offering real time online dealing services. Find out more by visiting the investment trust pages at baillliegifford.com.

Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Company's page of the Managers' website at baillliegiffordchinagrowthtrust.com, Trustnet at trustnet.co.uk and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

Baillie Gifford China Growth Trust Identifiers

ISIN	GB0003656021
Sedol	0365602
Ticker	BGCG
Legal Entity Identifier	213800KOK5G3XYI7ZX18

The ordinary shares of the Company are listed on the London Stock Exchange.

Key Dates

Ordinary shareholders normally receive a final dividend in respect of each financial year, paid in July. The Annual Report and Financial Statements are normally issued in April and the AGM is normally held in June.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 707 1410.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

— hear the latest share price;

— confirm your current share holding balance; and

— order Change of Address and Stock Transfer forms.

You can also check your holding on the Registrars' website at investorcentre.co.uk. They also offer a free, secure share management website service which allows you to:

— view your share portfolio and see the latest market price of your shares;

— calculate the total market price of each shareholding;

— view price histories and trading graphs;

— register to receive communications from the Company, including the Annual Report and Financial Statements, in electronic format;

— change address details; and

— use online dealing services.

To take advantage of this service, please log in at investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on your share certificate).

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at eproxyappointment.com.

If you have any questions about this service please contact Computershare on 0370 707 1410.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

Analysis of Shareholders at 31 January

	2023 Number of shares held	2023 %	2022 Number of shares held	2022 %
Institutions	9,577,929	15.5	6,351,010	10.2
Intermediaries/ Retail Savings Platforms	47,207,778	76.1	49,898,568	80.5
Individuals	5,046,445	8.1	5,232,773	8.4
Marketmakers	180,830	0.3	530,631	0.9
	62,012,982	**100.0**	62,012,982	100.0

Data Protection

The Company is committed to ensuring the confidentiality and security of any personal data provided to it. Further details on how personal data is held and processed on behalf of the Company can be found in the privacy policy available on the Company's website baillliegiffordchinagrowthtrust.com.

Risks

Past performance is not a guide to future performance.

Baillie Gifford China Growth Trust is a listed UK company. The value of its shares and any income from those shares can fall as well as rise and investors may not get back the amount invested.

Baillie Gifford China Growth Trust will be exposed to market risks, principally in the form of equity securities price risk, including as a result of investments in unlisted securities that the Company continues to hold after the relevant unlisted companies are listed on a stock exchange.

Baillie Gifford China Growth Trust will invest predominantly in equities of companies which are incorporated or domiciled, or which conduct a significant portion of their business, in China. Investing in a single country is generally considered a higher risk investment strategy than investing more widely, as it exposes the investor to the fluctuations of a single geographical market and currency, in this case the Chinese market and Chinese renminbi.

Baillie Gifford China Growth Trust will have investments denominated in currencies other than sterling, particularly Chinese renminbi and US dollars. The Company will therefore be exposed to foreign exchange risk. Changes in the rates of exchange between sterling and the other currency will cause the value of any investment denominated in that currency, and any income arising out of the relevant investment, to go down or up in sterling terms.

Investing in an emerging market such as China subjects the Company to a higher level of market risk than investment in a more developed market. This is due, among other things, to the existence of greater market volatility, lower trading volumes, the risk of political and economic instability (such as the ongoing geopolitical tensions between China and the US) legal and regulatory risks, risks relating to accounting practices, disclosure and settlement, a greater risk of market shut down, standards of corporate governance and more governmental limitations on foreign investment than are typically found in developed markets. Investing in China is often through contractual structures that are complex and could be open to challenge.

Changes in economic conditions (including, for example, changes in interest rates, rates of inflation, industry and trade conditions and competition), political, diplomatic, social and demographic events and trends, tax laws and other factors such as the Covid-19 pandemic could substantially and adversely affect the value of the Company's portfolio and the Company's investment performance, share price and prospects.

Valuation of investments in unlisted securities is inherently subjective and uncertain. A material proportion of the Company's investments from time to time may be in unlisted securities, which are more difficult to value than listed securities. This exacerbates the risk of variation between the Company's estimated valuations and the realisable values of investments. Accordingly, net asset value figures issued by the Company should be regarded as indicative only and investors should be aware that the realisable net asset value per share may be materially different from those figures.

Baillie Gifford China Growth Trust may suffer a delay in realising some of its returns because the Company may not be able to exit from its investments in unlisted securities.

The unlisted securities in which the Company invests may not provide sufficient information for ongoing monitoring by the AIFM, which may impair the Company's ability to adequately assess, or if necessary mitigate, the risks associated with an investment.

Baillie Gifford China Growth Trust may utilise borrowings in order to increase its investment exposure. While such leverage presents opportunities for increasing total returns, it can also have the opposite effect of increasing losses. If income and capital appreciation on investments acquired with borrowed funds are less than the costs of the leverage, the Company's net asset value will decrease. The use of leverage also increases the investment exposure, which means that if the market moves adversely, the resulting loss to capital would be greater than if leverage were not used.

Baillie Gifford China Growth Trust may engage in derivative transactions in limited circumstances for the purposes of hedging against interest rate risks, for currency hedging purposes to the extent applicable, or for the purposes of efficient portfolio management (in order to reduce, transfer or eliminate investment risk in the Company's Portfolio). Derivative transactions may be volatile and involve various risks different from, and in certain cases, greater than the risks presented by other instruments. The primary risks related to derivative transactions include counterparty, correlation, illiquidity, leverage, volatility and OTC trading risks. A small investment in derivatives could have a large potential impact on the Company's performance, effecting a form of investment leverage on the Company's Portfolio.

The aim of Baillie Gifford China Growth Trust is to achieve capital growth. You should not expect a significant, or steady, annual income from the Company.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

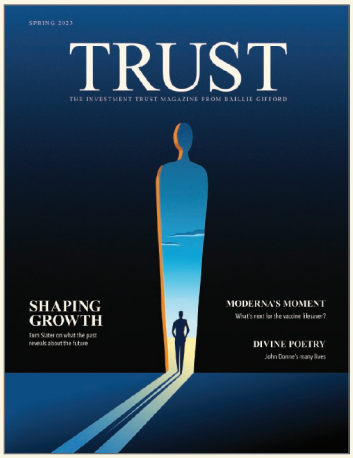
The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

The staff of Baillie Gifford & Co and Baillie Gifford China Growth Trust Directors may hold shares in Baillie Gifford China Growth Trust and may buy or sell such shares from time to time.

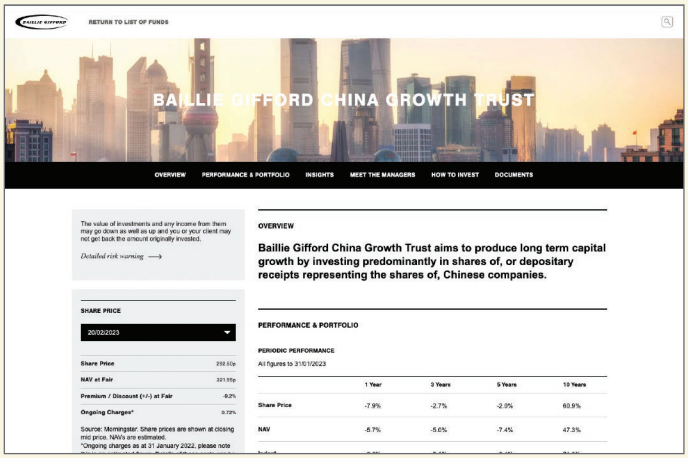
Further details of the risks associated with investing in the Company, including a Key Information Document and how charges are applied, can be found at **bailliegiffordchinagrowthtrust.com** or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed within this Annual Report and Financial Statements are subject to change without notice. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Communicating with Shareholders



Trust Magazine



A China Growth web page at baillieggiffordchinagrowthtrust.com

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Baillie Gifford China Growth Trust. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team (see contact details opposite).

An online version of *Trust* can be found at baillieggifford.com/trust

Baillie Gifford China Growth Trust on the Web

Up-to-date information about Baillie Gifford China Growth Trust is available on the Company's page of the Managers' website at baillieggiffordchinagrowthtrust.com. You will find full details on the Company, including recent portfolio information and performance information.

Electronic Communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's Annual Reports, Interim Reports and other formal communications are available on the website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company.

If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown on page 71. Please have your Shareholder Reference Number to hand.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team and give them your suggestions. They will also be very happy to answer questions that you may have about Baillie Gifford China Growth Trust.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone, email or post:

Telephone: 0800 917 2112
Your call may be recorded for training or monitoring purposes.

Email: trustenquiries@baillieggifford.com
Website: baillieggifford.com

Baillie Gifford Client Relations Team
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

UK Alternative Investment Fund Managers (AIFM) Regulations

In accordance with the UK AIFM Regulations, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors.

AIFM Remuneration

In accordance with the Regulations, the AIFM remuneration policy is available at bailliegifford.com or on request (see contact details on the back cover). The numerical remuneration disclosures in respect of the AIFM's reporting period are available at bailliegifford.com.

Leverage

The Company's maximum and actual leverage (see Glossary of Terms and Alternative Performance Measures on pages 74 to 76) levels at 31 January 2023 are shown below:

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.03:1	1.03:1

Automatic Exchange of Information

In order to fulfil its obligations under UK Tax Legislation relating to the automatic exchange of information, the Company is required to collect and report certain information about certain shareholders.

The legislation will require investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As an affected company, Baillie Gifford China Growth Trust plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders gov.uk/government/publications/exchange-of-information-account-holders.

Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data.

No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

MSCI Index Data

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (msci.com).

Sustainable Finance Disclosure Regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have a direct impact in the UK due to Brexit, however, it applies to third-country products marketed in the EU. As Baillie Gifford China Growth Trust is marketed in the EU by the AIFM, BG & Co Limited, via the National Private Placement Regime (NPPR) the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co's Governance and Sustainable Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment.

More detail on the Investment Manager's approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website (bailliegifford.com).

Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework or criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under the SFDR by introducing additional disclosure obligations in respect of Alternative Investment Funds ('AIFs') that invest in an economic activity that contributes to an environmental objective.

The Company does not commit to make sustainable investments as defined under SFDR. As such, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Glossary of Terms and Alternative Performance Measures ('APM')

Total Assets

This is the Company's definition of Adjusted Total Assets, being the total of all assets less current liabilities, before deduction of all borrowings.

Net Asset Value

Net Asset Value ('NAV') is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

Net Liquid Assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

Discount/Premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

	2023	2022
Closing NAV per share	328.87p	353.70p
Closing share price	308.00p	339.25p
(Discount)/Premium	**(6.3%)**	**(4.1%)**

Total Return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

		2023 NAV	2023 Share price	2022 NAV	2022 Share price
Closing NAV per share/share price	(a)	328.87p	308.00p	353.70p	339.25p
Dividend adjustment factor*	(b)	1.014030	1.014557	1.016038	1.015984
Adjusted closing NAV per share/share price	(c = a x b)	333.48p	312.48p	395.37p	344.67p
Opening NAV per share/share price	(d)	353.70p	339.25p	492.66p	548.00p
Total return	(c ÷ d)-1	**(5.7%)**	**(7.9%)**	**(27.0%)**	**(37.1%)**

* The dividend adjustment factor is calculated on the assumption that the dividend of 4.60p (2022 – 7.15p) paid by the Company during the year was reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Ongoing Charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value. The ongoing charges have been calculated on the basis prescribed by the Association of Investment Companies.

A reconciliation from the expenses detailed in the Income Statement on page 47 is provided below.

		2023	2022
Investment management fee		£1,243,000	£1,452,000
Other administrative expenses		£550,000	£479,000
Total expenses	(a)	£1,793,000	£1,931,000
Average daily cum-income net asset value	(b)	£190,419,970	£267,217,990
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.94%**	**0.72%**

Ongoing Charges (APM) (continued)

Baillie Gifford & Co Limited was appointed on 16 September 2020 and agreed to waive its management fee for six months from the date of its appointment. The calculation for 2022 above is therefore not representative of future management fees. The reconciliation below shows the ongoing charges figure if the management fee waiver had not been in place.

		2022
Investment management fee		£1,452,000
Investment management fee waiver		£223,000
Other administrative expenses		£479,000
Total expenses	(a)	£2,154,000
Average daily cum-income net asset value	(b)	£267,217,990
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.81%**

Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Equity gearing is the Company's borrowings adjusted for cash and cash equivalents expressed as a percentage of shareholders' funds.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

		2023		2022	
		Gearing * £'000	Potential Gearing † £'000	Gearing * £'000	Potential Gearing † £'000
Borrowings	(a)	6,092	6,092	5,590	5,590
Cash and cash equivalents	(b)	1,000	–	5,496	–
Sales for subsequent settlement	(c)	–	–	2,175	–
Shareholders' funds	(d)	203,940	203,940	219,341	219,341
		2.5%	**3.0%**	**1.0%**	**2.5%**

* Gearing: ((a)–(b)+(c)) divided by (d), expressed as a percentage.
† Potential gearing: (a) divided by (d), expressed as a percentage.

Leverage (APM)

For the purposes of the UK Alternative Investment Fund Managers (AIFM) Regulations, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Unlisted (Private) Company

An unlisted (private) company means a company whose shares are not available to the general public for trading and not listed on a stock exchange.

Participatory Notes (or P-Notes)

A P-Note is a certificate-based instrument that can be issued by a counterparty bank and provides a synthetic stock exposure to an underlying equity instrument. The synthetic exposure results in the P-Note having the same performance as the underlying stock but carries an additional currency exposure due to the P-Note being denominated in US$. P-Notes are unleveraged instruments.

Variable Interest Entity ('VIE')

VIE structures are used by some Chinese companies to facilitate access to foreign investors in sectors of the Chinese domestic economy which prohibit foreign ownership. The purpose of the VIE structure is to give the economic benefits and operational control of ownership without direct equity ownership itself. The structures are bound together by contracts and foreign investors are not directly invested in the underlying company.

Treasury Shares

The Company has the authority to make market purchases of its ordinary shares for retention as treasury shares for future reissue, resale, transfer or for cancellation. Treasury shares do not receive distributions and the Company is not entitled to exercise the voting rights attaching to them.

Directors

Chair:
Susan Platts-Martin

Tim Clissold
Magdalene Miller
Andrew Robson
Jonathan Silver

Alternative Investment Fund Managers, Secretaries and Registered Office

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E14 5JP

Independent Auditor

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Chartered Accountants and Statutory Auditors
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Depositary

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Company Details

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Company Registration No. 91798
ISIN GB0003656021
Sedol 0365602
Ticker BGCG

Legal Entity Identifier:
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Further Information

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