WEISS
ASSET MANAGEMENT

WEISS KOREA OPPORTUNITY FUND

ANNUAL REPORT

and Audited Financial Statements

for the year ended 31 December 2022

For more information visit

www.weisskoreaopportunityfund.com

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COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS

Performance Summary

Statistics as at 31 December 2022

Total Net Assets[1]	Net Asset Value ("NAV") Per Share[2]	Mid-Market Share Price
£127m	**£1.83**	**£1.81**
(As at 31 December 2021: £167m)	(As at 31 December 2021: £2.40)	(As at 31 December 2021: £2.47)

Financial Highlights

2022 NAV Return[3,4]	2022 Benchmark Return[6,7]
-21.34%	**-18.22%**
(Since inception: 123.91%[5])	(Since inception: 50.93%)

Portfolio Discount*	Share Price Premium/Discount[8]	Fund Dividend Yield[9]
51.68%	**-1.56%**	**3.53%**
(31 December 2021: 52.16%)	(31 December 2021: 2.79%)	(31 December 2021: 2.12%)

Average Trailing 12-Month P/E Ratio of Preference Shares Held[10]	P/B Ratio of Preference Shares Held[11]	Annualised Total Expense Ratio[12]
4.0x	**0.31**	**2.04%**
(31 December 2021: 6.1x)	(31 December 2021: 0.46)	(31 December 2021: 1.80%)

*Portfolio Discount

The portfolio discount represents the discount of WKOF's actual NAV to the value of what the NAV would be if WKOF held the respective common shares of issuers rather than preference shares on a one-to-one basis.

As at close of business on 27 April 2023, the latest published NAV per Share was £1.87 and the Share Price was £1.84.


HDC
GANG NAM STYLE

THE COMPANY

Weiss Korea Opportunity Fund Ltd. (“WKOF” or the “Company”) was incorporated with limited liability in Guernsey as a closed-ended investment company on 12 April 2013. The Company’s shares were admitted to trading on the Alternative Investment Market (“AIM”) of the London Stock Exchange (the “LSE”) on 14 May 2013.

The Company is managed by Weiss Asset Management LP (the “Investment Manager” or “WAM”), a Boston-based investment management company registered with the Securities and Exchange Commission in the United States of America.

INVESTMENT OBJECTIVE AND DIVIDEND POLICY

The Company’s investment objective is to provide Shareholders with an attractive return on their investment, predominantly through long-term capital appreciation. The Company is geographically focused on South Korean (“Korean”) companies. Specifically, the Company invests primarily in listed preference shares issued by companies incorporated in South Korea (“Korea”), which in many cases trade at a discount to the corresponding common shares of the same companies. Since the Company’s admission to AIM, the Investment Manager has assembled a portfolio of Korean preference shares that it believes are undervalued and could appreciate based on the criteria that it selects. The Company may, in accordance with its investment policy, also invest some portion of its assets in other securities, including exchange-traded funds, futures contracts, options, swaps and derivatives related to Korean equities, and cash and cash equivalents. The Company does not have any concentration limits.

The Company intends to return to Shareholders all dividends received, net of withholding tax, on an annual basis.

INVESTMENT POLICY

The Company is geographically focused on South Korean companies. Some of the considerations that affect the Investment Manager's choice of securities to buy and sell may include the discount at which a preference share is trading relative to its respective common share, dividend yield and its liquidity, among other factors. Not all of these factors will necessarily be satisfied for particular investments.

Preference shares are selected by the Investment Manager at its sole discretion, subject to the overall control of the Board of Directors of the Company (the "Board").

From time to time, the Company purchases certain credit default swaps on the sovereign debt of South Korea and put options on iShares MSCI South Korea ETF ("EWY") as general market and portfolio hedges, but generally did not hedge its exposure to interest rates or foreign currencies during the year ended 31 December 2022 (2021: Nil). Please see additional information about the nature of these hedges in the Investment Manager's Report.

Investment Process

The Investment Manager monitors the discounts and yields on the universe of Korean preference shares as well as events or catalysts that could affect preference share discounts leading to material price changes.

Multiple criteria are used to rank and calculate the returns for each preference share, including but not limited to:

- **The discount that the preference share is trading at relative to its common share**
- **Expected dividend yield**
- **Future catalysts or events**
- **Management quality**
- **Fundamentals of the company**
- **Market impact from entering and exiting our position**

We expect to remain close to fully invested as long as the opportunity set remains attractive.

WHY SOUTH KOREA?

The future of the South Korean economy looks promising. The global success of companies like Samsung Electronics, LG Electronics and SK Hynix stimulates other areas of the South Korean economy both through the demand for intermediary goods and the demand for services by the workers at these companies. In addition, South Korea has emerged as one of the world's most innovative countries as it:

- Ranked 1st in the Bloomberg Innovation Index for eight of the last nine years[13]
- Filed the highest number of patent applications relative to GDP in 2021[14]
- Has an exceptionally high credit rating on its sovereign debt. South Korea was rated higher than Japan and the U.K. by Moody's, S&P, and Fitch[15]
- Ranked 7th largest exporter in the world in 2021[16]
- Ranked 13th largest economy by GDP in the world in 2022[17]
- Ranked 5th in the World Bank's Ease of Doing Business Report in 2020[18]
- Ranked in the top 10% in each of reading, mathematics and science Programme for International Student Assessment (PISA) test scores in 2018[19]

South Korean companies are thus a key part of the value chain in some of the world's most exciting industries, such as electric vehicles, 5G technology and smartphones. The country also boasts a high GDP per capita, one of the lowest government debt/GDP ratios of any country, large foreign exchange reserves, and low levels of unemployment.

Although its population is ageing, the general education level of South Korea's work force is increasing. South Korean students are consistently among the top performing students in the Programme for International Student Assessment tests, including the subtest on critical thinking. This provides a pool of talent that can be tapped for future growth.

Index Name[20]	P/E Ratio	P/B Ratio
Nifty Index (India)	22.4	3.0
S&P 500 (US)	19.1	3.9
Nikkei 225 (Japan)	13.9	1.6
FTSE 100 (UK)	11.6	1.6
Shanghai Composite (China)	10.9	1.3
Hang Seng Index (HK)	10.4	1.1
TAIEX (Taiwan)	9.6	1.8
KOSPI 200 (S. Korea)	**7.2**	**0.8**

WHY SOUTH KOREA? (continued)

The South Korean stock market appears fundamentally cheap relative to other equity markets. As of 31 December 2022, the KOSPI 200 trades at a 48% lower price to earnings ratio and a 60% lower price to book ratio compared to the average of the major indices shown in the table above. This cheap valuation can be largely explained by the historically poor corporate governance displayed by the major South Korean conglomerates. However, events over the last several years indicate a trend of awareness and improvements in corporate governance. There were a record-high 47 publicly traded South Korean companies subject to activist demands in 2022, which represented a 74% increase year-over-year compared to 2021[21]. The Investment Manager report (page 22) sets forth some examples of improvements in corporate governance that have taken place during the most recent 12 months. The underlying thesis of our strategy is that improved corporate governance will attract more investors to South Korea and the companies in which we invest which will, over time, increase the value of the common shares and narrow the discount of the preference shares held in WKOF's portfolio, thus increasing the value of WKOF's holdings.

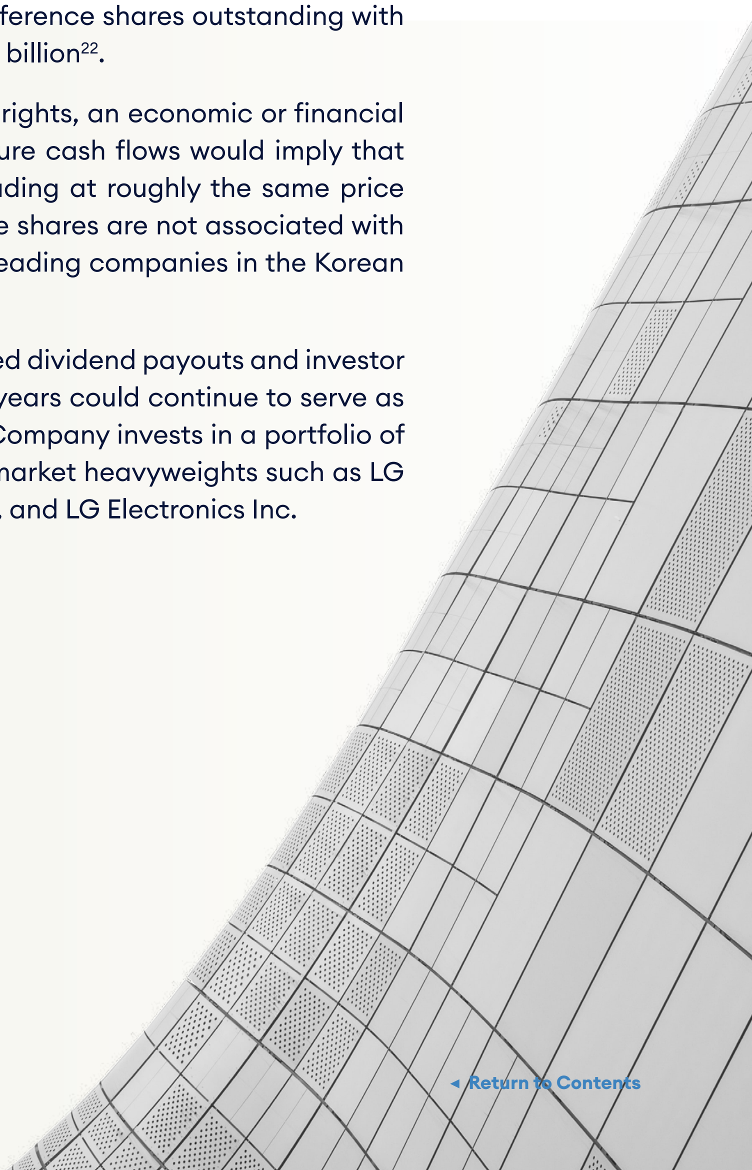
KOREAN PREFERENCE SHARES

Many of the largest companies in the Korean market issue preference shares in addition to their common shares. These preference shares are equity shares that receive the same dividend per share as the voting common shares plus an additional percentage of the preference shares' par value per share. In return for this higher dividend, preference shares are non-voting in normal circumstances, although they do have voting rights in certain situations. Many of these preference shares trade at less than half the price of the corresponding common shares despite receiving a slightly higher dividend amount as the common shares and, therefore, provide preference shareholders with relatively higher yields than the corresponding common shares.

The majority of Korean preference shares were issued in the mid-1990s, when the Korean government pressured chaebols (family-owned Korean conglomerates) to raise equity and reduce debt within their capital structures. By issuing non-voting shares, the founders of the Korean companies were able to raise equity capital without diluting their voting control. The additional payment as a percentage of par value which preference shares paid out to investors, albeit nominal today, was sufficiently large relative to the dividends in the 1990s to attract investors. Today, there are 121 Korean preference shares outstanding with an aggregate market capitalisation of approximately £38 billion[22].

Although preference shares typically do not have voting rights, an economic or financial model that values equity on the discounted value of future cash flows would imply that the preference shares of these companies should be trading at roughly the same price as the corresponding common shares. Further, preference shares are not associated with over-priced speculative companies; rather, many of the leading companies in the Korean economy have preference shares outstanding today.

Continued corporate governance improvements, increased dividend payouts and investor activism such as that experienced over the past several years could continue to serve as catalysts for preference share discounts narrowing. The Company invests in a portfolio of discounted Korean preference shares, including Korean market heavyweights such as LG Chem Ltd., Hyundai Motor Company, AmorePacific Corp., and LG Electronics Inc.



TOP 10 HOLDINGS

1 LG CHEM LTD., PFD.

15.0% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -54%**

Korea's largest chemical company by market capitalisation, LG Chem manufactures and sells petrochemical products and advanced materials, including plastics and EV batteries[23]. Its EV battery business and subsidiary, LG Energy Solution is the second-largest EV battery maker in the world[24]. In 2022, LG Chem generated over $34bn in revenue globally[25].


Source: LG Energy Solution.

2 HYUNDAI MOTOR COMPANY, 2ND PFD.

12.2% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -51%**


Source: iStockphoto

Hyundai Motor Company is one of Korea's leading car manufacturers by market share, producing and selling more than 3.9 million units globally in 2022. Hyundai plans on increasing its presence in the electric vehicle market, while targeting to sell over 4.3 million units in 2023[26,27].

3 AMOREPACIFIC CORP., PFD.

7.5% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -65%**

Amorepacific Corp develops beauty and cosmetic products while operating over 30 brands, including Etude and Laneige. Amorepacific's portfolio of products ranges from perfume to dental care, including a premium tea brand[28].


Source: Unsplash

4 CJ CHEILJEDANG CORP, PFD.

7.1% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -56%**


Source: CJ CheilJedang Corp

CJ CheilJedang is a leading food company in Korea, focused on processing food ingredients into groceries such as refined sugar, flour, and processed meats. The company also operates a number of food brands that specialise in home meal replacements and snacks, including names like Bibigo and Petitzel. CJ CheilJedang also operates in the bio industry, and produces plant-based protein and amino acids[29].

5 HANWHA CORPORATION 3RD PFD

7.0% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -46%**

Hanwha Corporation specialises in producing and trading chemicals, aerospace & defense products, and energy products. It also deals in the construction and financial services industry. A Fortune Global 500 company, Hanwha Corporation's subsidiaries include Korea's oldest life insurance company and Hanwha Solutions, a leading domestic manufacturer of solar cell panels[30].


Source: Hanwha Corporation

TOP 10 HOLDINGS (continued)

6 LG ELECTRONICS INC., PFD.

6.7% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -51%**

LG Electronics is a household brand in home appliances, with various product lines including washing machines, televisions, refrigerators, and smart phones. According to market research firm Omdia, the company ranked second globally in terms of TV market share in 2022, capturing 16.7% of global TV sales[31].

Source: LG Electronics Inc.

7 MIRAE ASSET DAEWOO CO., LTD., 2ND PFD.

5.7% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -41%**

Source: Mirae Asset Daewoo Co

Mirae Asset Daewoo is a South Korean financial services firm offering securities trading, equity underwriting, investment banking services, and wealth/asset management. Mirae Asset conducts business globally, including the United States, Canada, United Kingdom, and China[32].

8 LG HOUSEHOLD AND HEALTHCARE LTD., PFD

4.6% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -56%**

LG Household & Health Care operates within a number of industries, spanning from cleaning products to beauty care. Beginning with an acquisition of Coca-Cola's Korea bottling operation in 2007, LG Household & Health Care also established a beverage business segment, which now includes the distribution of tea, coffee, and juices[33].

Source: LG H&H Co., Ltd.

9 SK CHEMICALS CO., LTD., NEW PREF

3.8% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -49%**

Source: SK Chemicals Co. Ltd.

SK Chemicals focuses on the production of environmentally friendly materials and life science products. Green chemicals include bio-based material used in the production of polyurethane, as well as amorphous resin for containers and home appliances[34]. Its life science segment spans treatments for the common cold to asthma treatments.

10 DOOSAN FUEL CELL CO., LTD., 1ST PFD

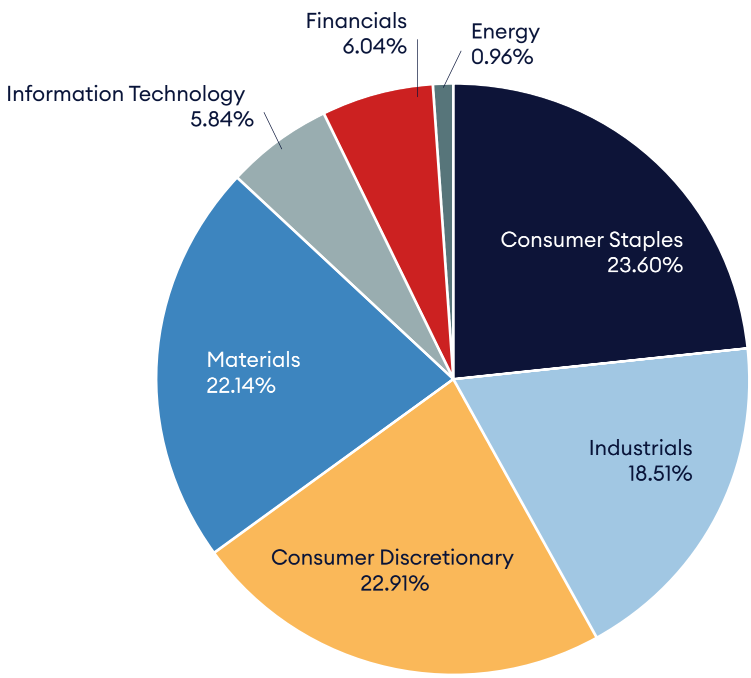
3.7%% OF WKOF NAV **DISCOUNT TO COMMON SHARE: -68%**

One of the largest fuel cell manufacturers by market capitalisation, Doosan Fuel Cell produces and sell stationary fuel cell products globally. The company is focused on sustainable electricity and heat generation. Its products are targeted towards residential, commercial, and industrial use[35].

Source: Doosan Fuel Cell Corp

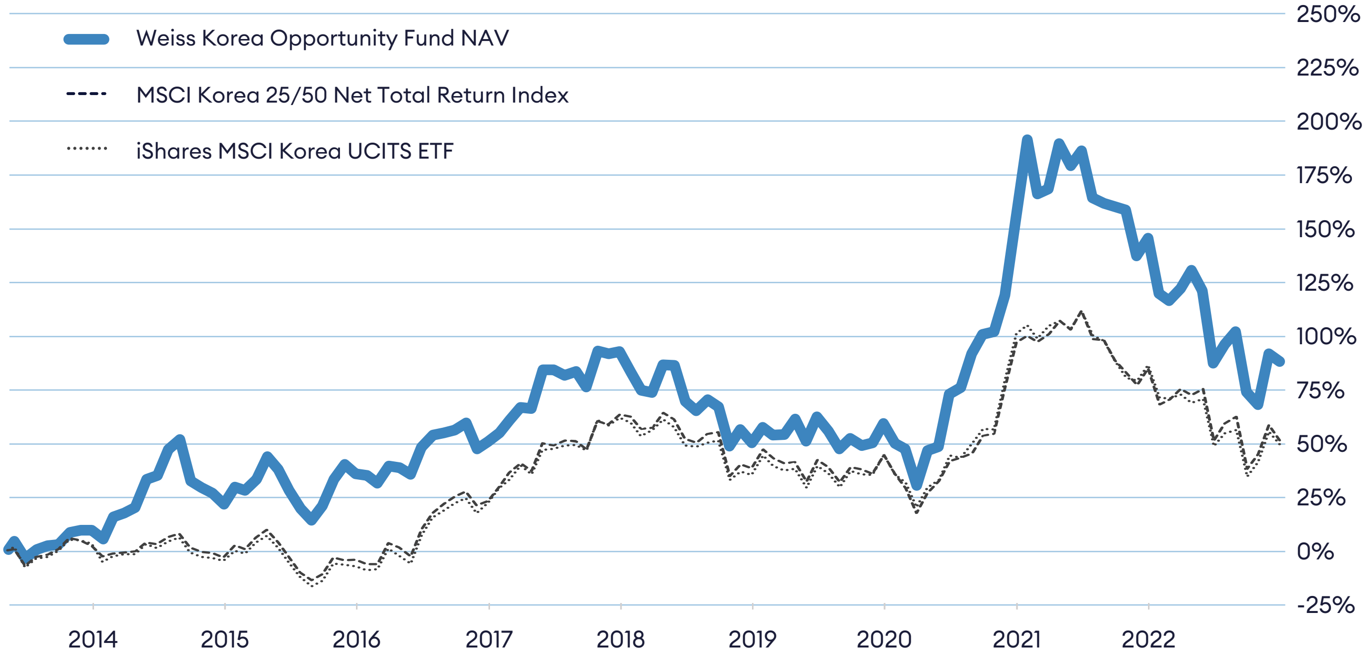
HOLDINGS BY PORTFOLIO SECTOR

The Fund's holdings by portfolio sector as at 31 December 2022 taken from Northern Trust data:

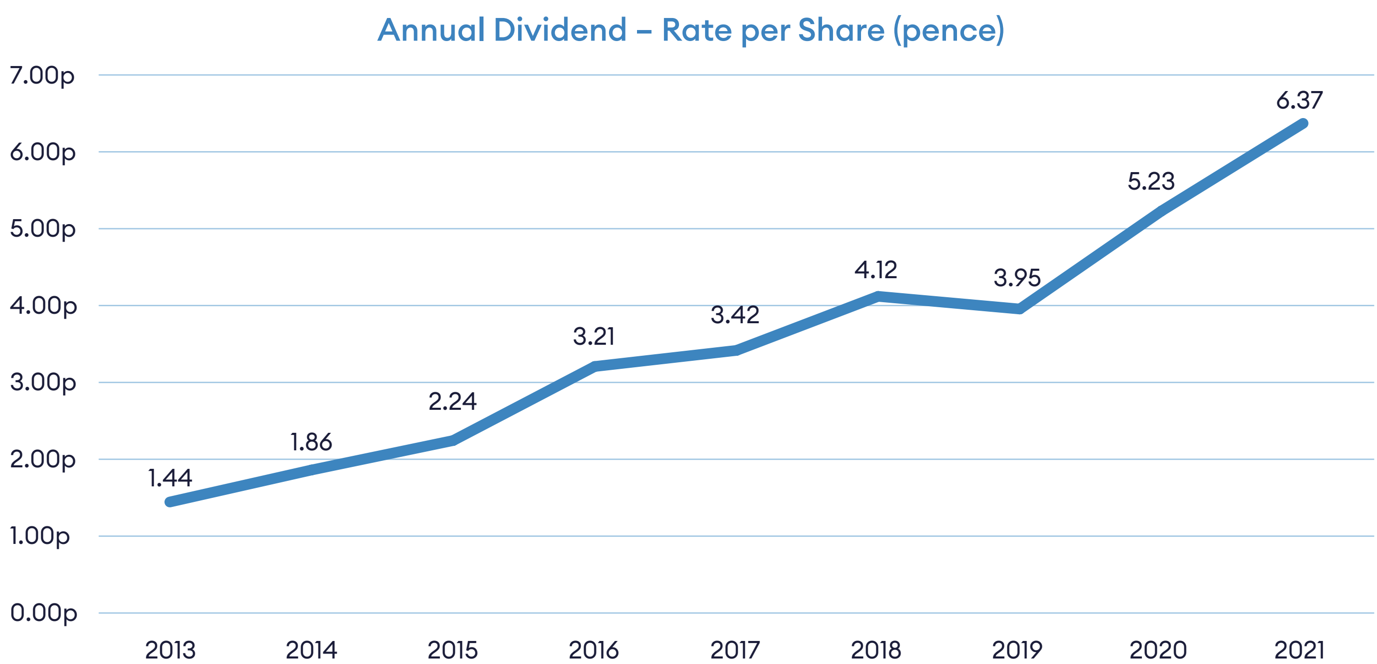


TOTAL RETURN PERFORMANCE AND DIVIDEND RECORD

The Fund's total return performance since inception is shown below:



The Fund's historic dividend record since inception is shown below:




Global Markets

STRATEGIC REPORTS

CHAIR'S REVIEW

For the year ended 31 December 2022

We are pleased to provide the 2022 Annual Report on the Company. During the period from 1 January 2022 to 31 December 2022 (the "Period"), the Company's net asset value fell by 21.34% including reinvested dividends[36]. The Company underperformed the reference MSCI Korea 25/50 Net Total Return Index (the "Korea Index"), which fell by 18.22% in Pounds Sterling ("GBP"). Since the admission of the Company to AIM in May 2013, the net asset value has increased by 123.91% including reinvested dividends[36] compared to the Korea Index returns of 50.93%[37], an annualised outperformance of the index of 7.57%.

The global economy was heavily impacted by the Russian invasion of Ukraine and the Korean stock market was not immune, even though none of the companies in the portfolio has direct links to Russia. The "see through" discount of the portfolio of preference shares remains very wide and has shown little volatility since the previous Annual Report. This has not helped returns over the year. The Company's underperformance against the Korea Index in 2022 was due to the widening of the discounts of the preference shares owned by the Company and the poor performance of the common shares that the Company owns the preference shares of, relative to those in the Index. The Korean equity market performed poorly in 2022 due to challenging macro-economic conditions such as a weakening currency, elevated inflation, and rising interest rates. The performance of the Company will be explored in greater depth in the Investment Manager's Report on page 22.

The Directors declared an interim dividend of 6.3732 pence per Share, on 12 May 2022, to distribute the income received by the Company in respect of the year ended 31 December 2021. This dividend was paid to all Shareholders on 10 June 2022. As can be seen in the graph on page 17, the growth in dividends per Share since the launch of the Company is in line with the thesis that WAM has been promoting over the past several years; that Korean companies pay out low dividends but this is improving which should attract more global investors to the Korean stock market.

Based on the fact that the assets currently held by the Company consist mainly of securities that are readily realisable, whilst the Directors acknowledge that the liquidity of these assets needs to be managed, the Directors believe that the Company has adequate financial resources to meet its liabilities as they fall due for at least twelve months from the date of this report, and that it is appropriate for the Financial Statements to be prepared on a going concern basis.

The Board is authorised to repurchase up to 40% of the Company's outstanding Ordinary Shares in issue as at 31 December 2022[38]. Since its admission ten years ago, and as at the date of this document, the Company has repurchased, at a discount to NAV, 13,190,250 Ordinary Shares of the original 105,000,000 Ordinary Shares issued at admission (12.6%). The Board also has in place standing instructions with the Company's broker, Singer Capital Markets Limited (the "Broker" or "Singer"), for the repurchase of the Company's Shares during closed periods when the Board is not permitted to give individual instructions; such closed periods typically occur around the preparation of the Annual and Half Yearly Financial Reports. The Board intends to continue to repurchase Shares if the Company's

CHAIR'S REVIEW (continued)

Shares are trading at a significant discount to net asset value. We will also keep Shareholders informed of any share repurchases through public announcements.

WKOF offers Shareholders the regular opportunity to elect to realise all, or a part, of their shareholding in WKOF (the "Realisation Opportunity") once every two years, on the anniversary of WKOF's admission date. A circular with full details of the upcoming Realisation Opportunity was published on 13 March 2023. If any Shareholders elect for realisation, then on the Realisation Date, WKOF's current portfolio will be divided into two pools: a Continuation Pool and a Realisation Pool. The Realisation Pool will be managed in accordance with an orderly realisation with the aim of making progressive returns of cash to holders of Realisation Shares. Given the performance of WKOF, not just recently but over its entire life, the discount protection measures WKOF has had in place since IPO, the potential to outperform going forward as well as many other measures mentioned below, the Board expects demand for this feature to be limited.

This is my last Annual Report as I have served on the Board since launch, and it is time for a fresh perspective from new Directors. I would like to thank Rob King for his efforts since IPO and welcome Krishna Shanmuganathan and Wendy Dorey to the Board, as well as thank Gill Morris for her work over the past 12 months. All of your new directors are well qualified to oversee the next 10 successful years of the Company.

In last year's Chair's Review, I mentioned other initiatives that the Board hoped to pursue in order to increase the attractiveness of WKOF's shares and expand the shareholder register to the benefit of all Shareholders. At this time, none of these proposals has come to fruition but will hopefully be kept under review by the new Board and implemented in the future.

In November 2022, Krishna and I visited the Investment Manager in Boston, where we met both the immediate team responsible for managing the Company and the wider team as well. We were struck by how the Investment Manager is still bullish about the opportunity. Now that travel is fully open after the Covid pause, the team are regularly travelling to Korea and seeking ways to actively engage with companies in the portfolio on governance issues, to help narrow the discount of the preference shares versus the common shares. That will be the focus of activity over the coming year rather than the other initiatives which have, for now at least, been put to one side.

The Board is very mindful of the expenses ratio and will continue to monitor and review all costs.

The new Chair will be selected by the other Directors and with only a few months left on the Board, I wish my colleague the best of luck in a role I have immensely enjoyed over the past 10 years. I am confident that WAM will continue to manage the portfolio to the best of their ability for the next ten years, as they have done in the past.

The Board and the Investment Manager believe that the opportunity offered by Korean preference shares is as attractive as it has been since launch. We would hope that the next ten years provide the same opportunities for the Company to outperform the index.

If any of the Shareholders wish to speak with the Board, then please contact Singers and we will be happy to answer any questions you may have.

Norman Crighton
Chair
28 April 2023

INVESTMENT MANAGER'S REPORT

For the year ended 31 December 2022

In 2022, WKOF's Net Asset Value ("NAV") in pounds Sterling ("GBP") declined by 21.34%, including reinvested dividends[39], compared to the reference MSCI South Korea 25/50 Net Total Return Index ("the Korea Index")[40], which declined by 18.22% in GBP. The NAV performance from inception through 31 December 2022, including reinvested dividends, was 123.91%, continuing to outperform relative to the Korea Index, which returned 50.93% over the same period.

WKOF Performance Attribution

At year-end, WKOF held a portfolio of 35 South Korean ("Korean") preference shares. As a reminder, the economic rights of Korean preference shares are generally the same or slightly better than the corresponding common shares, yet the preference shares often trade at substantial discounts to the common shares. WKOF's returns are driven by five primary factors:

- the performance of the Korean equity market generally;
- the performance of the common shares (which correspond to the preference shares held by WKOF) relative to the performance of the Korean equity market;
- the discounts of the preference shares it holds narrowing or widening relative to their corresponding common shares;
- excess dividend yields of the preference shares held by WKOF;
- and fees, expenses and other factors.

INVESTMENT MANAGER'S REPORT (continued)

In order to compare WKOF's relative return to the Korea Index, we report the attribution of these aforementioned factors to WKOF's performance. The following table provides this performance attribution for the last 12 months and for the period since the inception of WKOF in May 2013 through 31 December 2022.

Return Component[41]	Last 12 Months	Since Inception
The Korea Index	(18.2)%	50.9%
WKOF Common Shares vs. MSCI Index	(1.7)%	21.8%
Discount Narrowing (Widening) of Preferred Shares Owned	(1.0)%	43.6%
Excess Dividend Yield of Preferred Shares Owned	2.4%	16.7%
Fees, Expenses and Others	(2.8)%	(9.1)%
NAV Performance	**(21.3)%**	**123.9%**

The investment thesis when WKOF was formed was based on the likelihood that the Company would outperform the Korea Index largely due to (i) decreases in the large discounts of the preference shares held by WKOF relative to their corresponding common shares and (ii) the related excess dividend yields caused by these large discounts. This has, indeed, been generally the case as these two factors have collectively been the main contributors to WKOF's outperformance relative to the Korea Index since inception. At present, we remain confident in both of these theses. In September 2013, shortly after inception, the preference shares held by WKOF traded at a 55.5% discount to their corresponding common shares and the dividend yield was 1.7%. As of December 2022, the discount and dividend yield were 51.7% and 3.53%, respectively. Furthermore, over the life of the fund, the corresponding common shares to WKOF's preference shares have also outperformed the Korea Index which we believe demonstrates that WKOF has not had a negative selection bias with regards to the companies in which it invests. Finally, we are focused on returns since inception because we believe that due to high levels of idiosyncratic volatility, any data that is gathered over one-year periods is unlikely to be more generally applicable.

INVESTMENT MANAGER'S REPORT (continued)

Review of the South Korean Macro Environment

The challenging South Korean macroeconomic environment discussed in the Company's interim report issued on 12 September 2022 generally defined the macroeconomic conditions of the year and was reflected in the performance and trading volume of South Korean equity markets. The benchmark Korea Index returned -18.2% in 2022, while the KOSPI 200 Index returned -26.2%.[42] Concurrently, the KOSPI Index witnessed an over 40% decrease in trading volume in 2022 compared to the prior year.[43]

Throughout the year, similar to other global economies, South Korea's core inflation remained elevated. According to Statistics Korea, South Korea's consumer price index increased over 5% on average throughout 2022 as compared to 2021[44]. This is the highest rate since 1998 and well above the Bank of Korea's ("BoK") inflation target of 2%.[45] Faced with mounting inflationary pressure in the consumer economy, the BoK raised its policy interest rate seven times over the year, taking the nation's policy interest rate from 1.0% as of November 2021 to 3.25% as of November 2022 (as of the time of writing, the BoK has decided to raise this rate to 3.5%).[46] This move by BoK's Monetary Policy Committee represents one of the most aggressive monetary tightening cycles in South Korean history in terms of both pace and magnitude.

As an export-driven economy, factors and trends in the global economy also had an effect on South Korea and its equity markets. The South Korean won ("KRW") had sizeable moves relative to major global currencies in 2022. During the third quarter, the KRW depreciated 10% vs. the United States Dollar ("USD"). Adjusting for changes in relative consumer prices, the real effective exchange rate of the KRW in September 2022 fell by over 4% compared to June 2022, making the KRW one of the most underperforming currencies in Asia during the period[47]. While South Korea also experienced record high annual export figures of over $680 billion USD, which were mainly driven by sales of electric vehicles and components for rechargeable batteries, the net effect on trade balances of these factors was offset by higher raw material and energy costs[48].

Valuations of Major Indices[49]

Index Name	**P/E Ratio**	**P/B Ratio**	**Dividend Yield**
Nifty Index (India)	22.4	3.0	1.3%
S&P 500 (US)	19.1	3.9	1.8%
Nikkei 225 (Japan)	13.9	1.6	2.3%
FTSE 100 (UK)	11.6	1.6	3.7%
Shanghai Composite (China)	10.9	1.3	2.8%
Hang Seng Index (HK)	10.4	1.1	3.4%
TAIEX (Taiwan)	9.6	1.8	5.2%
KOSPI 200 (S. Korea)	7.2	0.8	2.1%
WKOF Portfolio Holdings[50]	**4.0**	**0.4**	**3.7%**

INVESTMENT MANAGER'S REPORT (continued)

South Korean equities and the portfolio holdings of WKOF continue to offer significant valuation discounts relative to other countries' equity markets as represented by the price-to-earnings ratios ("P/E ratios") and price-to-book ratios ("P/B ratios") listed above.

As previously discussed, WKOF's current portfolio discount of the preference shares it owns relative to the corresponding common shares at the end of 2022 was 51.7%. In addition, the KOSPI 200 has depressed valuation multiples as shown above relative to other major indices. As a result, WKOF's portfolio holdings traded 71% lower than the average P/E and 85% lower than the average P/B, as compared to the average ratios of the selected indices above.

At year end, the two largest holdings, by issuer, of WKOF are Hyundai Motor Company ("HMC") and LG Chem Ltd ("LGC"). These were also double-digit percentage holdings throughout the fiscal year of 2022.

An investor owning discounted Korean preference shares receives higher annual cash dividends compared to their corresponding common shares and also hopes to benefit from potential capital appreciation that could arise if the discount narrows. We began increasing WKOF's holdings of HMC starting in 2021, when different series of HMC's preference shares traded at discounts of 55-60% relative to the price of HMC's common shares. At the beginning of 2022, HMC was WKOF's second largest holding by issuer. While it remains unclear when or if the discount will narrow, the first preference shares of HMC were trading at a larger discount than its three-year historical average discount prior to 2020[51]. Our view was and remains that, even in the absence of the discount tightening, the historical dividend payouts of HMC's preference shares, if continued, are likely to generate a material yield and return for the position based on the low trading price of the preference shares. While HMC's preference share price declined during 2022, WKOF continues to maintain a sizable position in HMC's preference shares as we believe the current discount level still indicates potential for high returns.

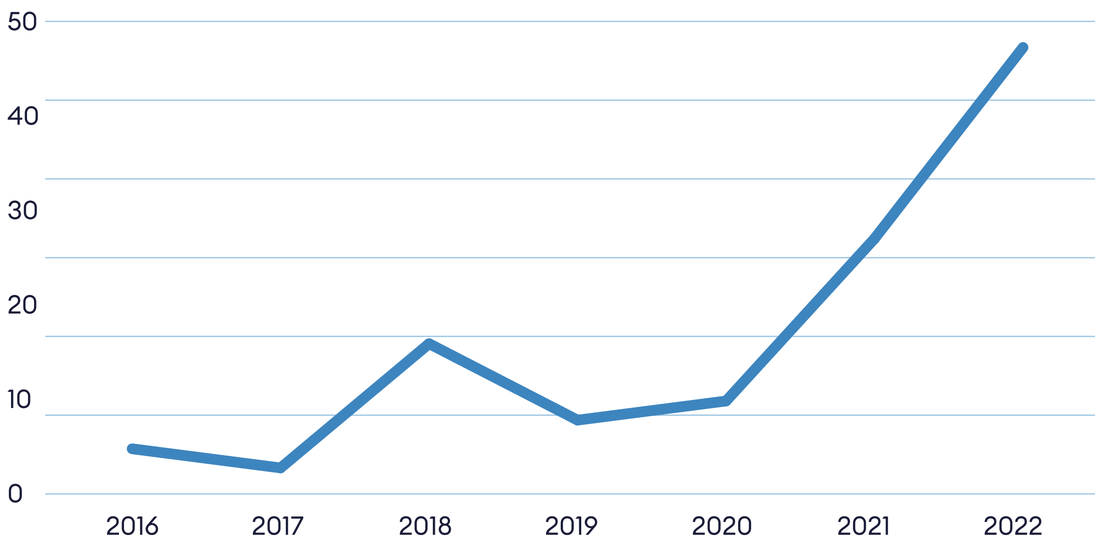
In addition to higher dividend yields generated through owning discounted preference shares, we believe an additional discount exists by owning preference shares of certain holding companies. An example of such a holding company is LG Chem, which we discussed in this year's interim report issued on 12 September 2022. Our belief is that LG Chem's shareholders, regardless of share class, are exposed to an additional discount that exists between the price of the common shares and the value of its assets. This is because LG Energy Solutions ("LGES"), a publicly traded stock, represent 79% of LG Chem's assets. We estimate that LG Chem's common shares trade at an approximately 58% discount to the value of its assets[52]. Since the assets of LG Chem are mainly publicly traded securities, one could view LG Chem as a type of closed-end fund–albeit one with concentrated holdings. Typically, a close-end fund trading at a 20% discount with a low expense ratio would be considered cheap. LG Chem has low expenses, and generally has a controlling interest in its subsidiaries[53].

Accounting for both the discount of LG Chem's preference share to its common share and the discount of LG Chem's common share to the value of its assets, we estimate the final look-through discount of LG Chem's preference shares to be approximately 81%. While there is no guarantee of the discounts ever disappearing or even narrowing, we are optimistic that the sheer magnitude of this double look-through discount may eventually be discovered by diligent investors seeking opportunities with highly asymmetric risk and reward.

INVESTMENT MANAGER'S REPORT (continued)

Korean Corporate Governance

South Korean Companies Publicly Subjected to Activist Demands[54]



Corporate governance in Korea has historically been a major subject of criticism among investors. However, current market trends favour improvements in corporate governance in Korea and we have observed changes in several areas during recent years; notably, the number of share buybacks has increased even as payout ratios have risen. For example, LG Corp announced a share buyback this year that would be sufficient to repurchase about 4% of the stock or 6% of float once completed, on top of its dividend[55]. There have also been similar share buybacks in recent years at companies like SK Inc. and Samsung Electronics[56]. We view buybacks and higher dividend payouts as instances of good corporate governance as these mechanisms allow companies to provide additional returns of cash to shareholders.

Additionally, the sharp growth in activist demands made against Korean companies at the end of 2021 continued in 2022. This category grew by 20 cases in 2022 (the largest increase since 2016), representing a 74% increase on 2021's total of 27[57]. Importantly, the growth in such demands also corresponded with a concomitant increase in companies acquiescing to such demands. One noteworthy instance was a local activist campaign against a major local talent agency producing K-pop music bands, in which the local activist fund successfully appointed its choice of an independent auditor to the company's board[58]. While shareholder activism is still far less prevalent in Korea and other Asian countries than in Europe or the United States, we view the growth in activist demands in South Korea as indicating that under the right circumstances, Korean shareholders are growing more willing to exercise influence in favour of corporate governance improvements.

Another growing source of criticism of the current corporate governance environment in South Korea has been from the country's top financial regulators. From 15 September 2022 to 3 November 2022, several high-profile public officials held at least three public policy seminars with academics, institutional investors, and other industry participants to find solutions to reduce the discount that Korean stocks trade at relative to global comparable companies. The key individuals leading these seminars

INVESTMENT MANAGER'S REPORT (continued)

included the vice chairperson of the Financial Services Commission, the governor of the Financial Supervisory Services and chairperson of the Korea Exchange. The main themes discussed during the series of seminars include dividend policy reform, increasing foreign investor access to Korean equity markets and protection of minority shareholders during mergers and acquisitions or insider trading[59].

Our view remains that improvements in corporate governance should benefit shareholders of preference shares in many ways, including increased dividend yields and share buybacks.

Hedging

WKOF pursues its investment strategy with a portfolio that is generally long only. However, as further described in WKOF's Annual Report and Audited Financial Statements for the year ended 31 December 2017 and in subsequent Annual Reports, the Board approved a hedging strategy intended to reduce exposure to extreme events that would be catastrophic to its Shareholders' investments in WKOF because of political tensions in Northeast Asia. WKOF has limited its use of hedging instruments to purchases of credit default swaps ("CDS") and put options on the MSCI Korea 25/50 Index - securities that we believe would generate high returns if Korea experienced geopolitical disaster without introducing material new risks into the portfolio. These catastrophe hedges are not expected to make money in most states of the world. We expect that, as with any insurance policy, WKOF's hedges will lose money most of the time. The tables below provide details about the hedges as of 31 December 2022. Note that outside of the general market and portfolio hedges described herein, WKOF has generally not hedged interest rates or currencies.

Credit Default Swaps ("CDS") on South Korean Sovereign Debt	Notional Value (GBP)[60]	Total Cost to Expiration (GBP)	Annual Cost (GBP)	Price Paid as % of Notional Value (per annum)	Expiration Date	Duration (Years)
3-year CDS	83m	593,608	183,616	0.23%	2025	3.0

INVESTMENT MANAGER'S REPORT (continued)

Concluding Remarks

The pricing of Korean holding companies and preference shares is a direct refutation of all the standard analyses of market efficiency. The mispricing is large, and it is easily discovered. Historically, in countries such as Brazil and Italy, discounts of preference shares have eventually tightened significantly[61]. Even if Korean preference share discounts never disappear or narrow, under existing market conditions, preference shares trading at a discount are likely to remain more economically attractive than their corresponding common shares due to lower purchase prices and increased yields. This dividend spread would not be sufficiently attractive on its own to justify an investment in such shares if there was a low probability that discounts would ever narrow; however, when coupled with our optimism that discounts will narrow eventually, enhanced yields appear to be attractive compensation for potential delays in such outcome.

Thank you for your trust, and we look forward to providing you with updates in the future.

Weiss Asset Management LP
28 April 2023

While there is no guarantee of the discounts ever disappearing or even narrowing, we are optimistic that the sheer magnitude of this double look-through discount may eventually be discovered by diligent investors seeking opportunities with highly asymmetric risk and reward.

Weiss Asset Management LP

INDEPENDENT AUDITOR'S REPORT

To the Members of Weiss Korea Opportunity Fund Ltd.

Our opinion is unmodified

We have audited the financial statements of Weiss Korea Opportunity Fund Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2022, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Material uncertainty relating to going concern

	The risk	Our response
Going Concern Refer to pages 70 to 71 of the Report of the Directors. We draw attention to Note 2c to the financial statements, which indicates that in accordance with the Company's Articles of Association and its Admission Document to the Alternative Investment Market ("AIM") of the London Stock Exchange, the Company shall offer all shareholders the right to elect to realise some or all of the value of their Ordinary Shares, less applicable costs and expenses, on or prior to the fourth anniversary of the Company's AIM admission and every two years thereafter, the most recent being 14 May 2021 and a forthcoming opportunity being on 13 May 2023 ("the Realisation Opportunity"). Subject to the aggregate net asset value of the continuing Ordinary Shares falling below the viable threshold disclosed in note 2c to the financial statements, the directors may propose an ordinary resolution for the winding up of the Company. This condition constitutes a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	**Disclosure quality** The financial statements explain how the directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation of the Company. That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements, in particular in relation to the Realisation Opportunity. The risk for our audit is whether such judgements amounted to a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. If so, that fact is required to be disclosed (as has been done) and along with a description of the circumstances, is a key financial statement disclosure.	*Our audit procedures included but were not limited to:* **Realisation Opportunity:** We considered the risk that the outcome of the Realisation Opportunity could affect the Company for at least a year from the date of approval of the financial statements (the "going concern period") by considering outcomes of previous realisation opportunities held by the Company, inspecting summaries of meetings held by the directors, inquiring with the investment manager as to their assessment of the likelihood of uptake of the Realisation Opportunity, and considering key financial metrics including the performance of the Company's share price against relevant market indices. **Assessing disclosures:** We considered whether the going concern disclosure in note 2(c) to the financial statements gives full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

INDEPENDENT AUDITOR'S REPORT (continued)

Other key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. Going concern is a significant key audit matter and is described in the 'Material uncertainty relating to going concern' section of our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the other key audit matter was as follows (unchanged from 2021):

	The risk	Our response
Valuation of financial assets at fair value through profit or loss ("Investments") £120,764,446; (2021: £159,614,094) Refer to page 89 under the Audit Committee Report, note 2f accounting policy and notes 12 and 21 disclosures	**Basis:** As at 31 December 2022 the Company had invested 95% of its net assets in listed preferred shares and other financial instruments issued by companies incorporated and listed in South Korea, which in certain cases may trade at a discount to the corresponding common shares of the same companies. The Company's listed investments are valued based on bid-market prices at the close of business of the relevant stock exchange on the reporting date obtained from third party pricing providers. **Risk:** The valuation of the Company's investments, given they represent the majority of the Company's net assets as at 31 December 2022, is a significant area of our audit.	Our audit procedures included but were not limited to: **Control Evaluation:** We assessed the design, implementation and operating effectiveness of the relevant controls over the valuation of investments. **Valuation procedures including use of a KPMG Specialist:** We have used our own valuation specialist to independently price all investments to a third party data source and assessed the trading volumes behind such prices. **Assessing disclosures:** We also considered the Company's investment valuation policies and their application as described in note 2f to the Financial Statements for compliance with IFRS in addition to the adequacy of disclosures in notes 12 and 21.

INDEPENDENT AUDITOR'S REPORT (continued)

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2,360,000, determined with reference to a benchmark of net assets of £127,080,493 of which it represents approximately 1.9% (2021: 2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to 1,770,000 (2021: £2,497,000). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £118,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have concluded that there are material uncertainties that could cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the 'Material uncertainty relating to going concern' section of our report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have nothing material to add or draw attention to in relation to the directors' statement in Note 2c to the financial statements on the use of the going concern basis of accounting, and their identification therein of a material uncertainty over the Company's ability to continue to use that basis for the going concern period, and we found the going concern disclosure in note 2c to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged

INDEPENDENT AUDITOR'S REPORT (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

with governance; and

- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions,

INDEPENDENT AUDITOR'S REPORT (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (page 71 to 72) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 71 to 72) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that theannual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess theCompany's position and performance, business model and strategy;
- the section of theannual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were

INDEPENDENT AUDITOR'S REPORT (continued)

Corporate governance disclosures (continued)

addressed; and

- the section of the annual report that describes the review of the effectiveness of theCompany's risk management and internal control systems.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 86, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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.

KPMG Channel Islands Limited
Chartered Accountants
Guernsey
28 April 2023

FINANCIAL STATEMENTS

Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Assets			
Financial assets at fair value through profit or loss	**12,21**	120,764,446	159,614,094
Derivative financial assets	**13,21**	-	221,639
Other receivables	**14**	4,598,722	4,976,005
Due from broker		-	696
Margin account	**15**	1,327,313	1,381,413
Cash and cash equivalents	**16**	2,890,620	3,091,245
Total assets		**129,581,101**	**169,285,092**
Liabilities			
Derivative financial liabilities	**13,21**	1,145,453	984,227
Due to broker		-	263,091
Other payables	**17**	1,355,155	1,496,629
Total liabilities		**2,500,608**	**2,743,947**
Net assets		**127,080,493**	**166,541,145**
Represented by:			
Shareholders' equity and reserves			
Share capital	**18**	33,986,846	33,986,846
Other reserves		93,093,647	132,554,299
Total shareholders' equity		**127,080,493**	**166,541,145**
Net Assets Value per Ordinary Share	**6**	**1.8336**	**2.4029**

The Notes on pages 42 to 66 form an integral part of these Financial Statements.

The Financial Statements on pages 38 to 66 were approved and authorised for issue by the Board of Directors on 28 April 2023.

Norman Crighton
Chair

Gill Morris
Director

Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Income			
Net changes in fair value of financial assets at fair value through profit or loss	**7**	(37,206,667)	2,349,820
Net changes in fair value of derivative financial instruments through profit or loss	**8**	1,253,397	403,489
Net foreign currency gains/(losses)	**2n**	632,948	(424,970)
Dividend income	**9**	5,088,748	5,586,806
Bank interest income	**9**	4,488	-
Total (loss)/income		**(30,227,086)**	**7,915,145**

	Notes	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Expenses			
Operating expenses	**10**	(3,696,545)	(4,891,244)
Total operating expenses		**(3,696,545)**	**(4,891,244)**
(Loss)/profit for the year before dividend withholding tax		**(33,923,631)**	**3,023,901**
Dividend withholding tax	**2u**	(1,119,942)	(1,232,396)
(Loss)/profit for the year after dividend withholding tax		**(35,043,573)**	**1,791,505**
(Loss)/profit and total comprehensive (loss)/income for the year		**(35,043,573)**	**1,791,505**
Basic and diluted (loss)/earnings per Share	**5**	**(0.5056)**	**0.0244**

All items derive from continuing activities.

Following review of the AIC SORP and its impact on the Statement of Comprehensive Income the Board has decided not to follow the recommended income and capital split. This is due to the fact that the Company's dividend policy is not influenced by its expense policy. See page 8 for details of the Company's dividend policy.

The Notes on pages 42 to 66 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Share capital £	Other reserves £	Total £
Balance as at 1 January 2022		**33,986,846**	**132,554,299**	**166,541,145**
Total comprehensive loss for the year		-	(35,043,573)	(35,043,573)
Transactions with Shareholders, recorded directly in equity				
Distributions paid	**3**	-	(4,417,079)	(4,417,079)
Balance as at 31 December 2022		**33,986,846**	**93,093,647**	**127,080,493**

For the year ended 31 December 2021	Notes	Share capital £	Other reserves £	Total £
Balance as at 1 January 2021		**68,124,035**	**135,000,918**	**203,124,953**
Total comprehensive income for the year		-	1,791,505	1,791,505
Transactions with Shareholders, recorded directly in equity				
Purchase of own Shares for cancellation	**18**	(1,719,433)	-	(1,719,433)
Purchase of Realisation Shares	**18**	(32,417,756)	-	(32,417,756)
Distributions paid	**3**	-	(4,238,124)	(4,238,124)
Balance as at 31 December 2021		**33,986,846**	**132,554,299**	**166,541,145**

The Notes on pages 42 to 66 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2022

	Notes	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Cash flows from operating activities			
(Loss)/profit for the year		(35,043,573)	1,791,505
Adjustments for:			
Net change in fair value of financial assets held at fair value through profit or loss	7	37,206,667	(2,349,820)
Exchange (gains)/losses on cash and cash equivalents		(523,108)	424,970
Net change in fair value of derivative financial instruments held at fair value through profit or loss	8	(1,253,397)	(403,489)
Increase in receivables excluding dividends		(3,314)	(620)
Decrease in other payables excluding withholding tax	17	(57,744)	(210,895)
Dividend income		(3,968,807)	(4,354,411)
Dividend received		4,265,673	4,330,946
Purchase of financial assets at fair value through profit or loss		(10,431,005)	(104,226,201)
Proceeds from the sale of financial assets at fair value through profit or loss		11,811,591	140,561,400
Net cash generated from operating activities		**2,002,983**	**35,563,385**
Cash flows from investing activities			
Opening of derivative financial instruments		1,799,480	724,897
Closure of derivative financial instruments		(163,217)	(1,084,182)
Decrease in margin account		54,100	714,561
Net cash generated from investing activities		**1,690,363**	**355,276**
Cash flows from financing activities			
Purchase of own shares for cancellation	18	-	(1,719,433)
Repurchase of realisation Shares		-	(32,417,756)
Distributions paid	3	(4,417,079)	(4,238,124)
Net cash used in financing activities		**(4,417,079)**	**(38,375,313)**
Net decrease in cash and cash equivalents		(723,733)	(2,456,652)
Exchange gains/(losses) on cash and cash equivalents		523,108	(424,970)
Cash and cash equivalents at the beginning of the year		3,091,245	5,972,867
Cash and cash equivalents at the end of the year		**2,890,620**	**3,091,245**

The Notes on pages 42 to 66 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. General information

Weiss Korea Opportunity Fund Ltd. (“WKOF” or the “Company”) was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 April 2013. The Company’s Shares were admitted to trading on AIM of the LSE on 14 May 2013.

The Investment Manager of the Company is Weiss Asset Management LP.

At the AGM held on 27 July 2016, the Board approved the adoption of the new Articles of Incorporation in accordance with Section 42(1) of the Companies (Guernsey) Law, 2008 (the “Law”).

2. Significant accounting policies

a. Statement of compliance

The Financial Statements of the Company for the year ended 31 December 2022 have been prepared in accordance with IFRS adopted by the European Union and the AIM Rules of the London Stock Exchange. They give a true and fair view and are in compliance with the Law. Unless disclosed elsewhere within these financial statements, the Board has adopted the AIC Statement of Recommended Practice (“SORP”) where this is consistent with the requirements of IFRS, in compliance with the Companies (Guernsey) Law, 2008 and appropriate for the Company’s policies.

b. Basis of preparation

The Financial Statements are prepared in Pounds Sterling (£), which is the Company’s functional and presentational currency. They are prepared on a historical cost basis modified to include financial assets and liabilities at fair value through profit or loss.

c. Going concern

In accordance with the Company’s Articles of Incorporation and its Admission Document, the Company shall offer all Shareholders the right to elect to realise some or all of the value of their Ordinary Shares (the “Realisation Opportunity”), less applicable costs and expenses, on or prior to the fourth anniversary of the Company’s admission to AIM and, unless it has already been determined that the Company be wound-up, every two years thereafter, the next such opportunity being 12 May 2023 (the “Realisation Date”).

On 13 March 2023, the Company announced that pursuant to the Realisation Opportunity, Shareholders who are on the register as at the record date may elect, during the Election Period, to redesignate all or part (provided that such part be rounded up to the nearest whole Ordinary Share) of their Ordinary Shares as Realisation Shares. The Election Period commenced on 12 April 2023 and closes at 1pm, 5 May 2023.

Subject to the aggregate NAV of the continuing Ordinary Shares at the close of business on the last business day before the Realisation Date being not less than £50 million, the Ordinary Shares held by the Shareholders who have elected for realisation will be redesignated as Realisation Shares and the Portfolio will be split into two separate and distinct Pools, namely the Continuation Pool (comprising the assets attributable to the continuing Ordinary Shares) and the Realisation Pool (comprising the assets attributable to the Realisation Shares). If one or more Realisation Elections are duly made and the NAV of the continuing Ordinary Shares at the close of business on the last business day before the Reorganisation Date is less than £50 million, the Directors may propose an ordinary resolution for the winding up of the Company and may pursue a liquidation of the Company instead of splitting the Portfolio into the Continuation Pool and the Realisation Pool.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

c. Going concern (continued)

Currently, the Board does not know the number of Shareholders (or related Shares) who will take up the Realisation Opportunity. Based on the uncertainty of the uptake of the offer, there is a material uncertainty over the going concern of the entity. As the assets of the Company consist mainly of securities that are readily realisable, whilst the Directors acknowledge that the liquidity of these assets needs to be managed, the Directors believe that the Company has adequate financial resources to meet its liabilities as they fall due in the foreseeable future and for at least twelve months from the date of this Report, and that it is appropriate for the Financial Statements to be prepared on a going concern basis, given that the Board believes the Company will continue in existence post the Realisation Opportunity.

d. Standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on/after 1 January 2023, and have not been early adopted in preparing these financial statements. None of these is expected to have a material effect on the financial statements of the Company.

- IFRS 17 Insurance Contracts (Effective 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (Effective 1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Effective 1 January 2023)
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities (effective from 1 January 2024)

e. Standards, amendments and interpretations effective during the year

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on 1 January 2022, and have been adopted in preparing these financial statements where relevant.

- Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-Time Adopter
- Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The adoption of these standards has not had a material impact on the financial statements of the Company.

f. Financial instruments

i) Classification

Financial assets are classified into the following categories: financial assets at fair value through profit or loss and amortised cost.

The classification depends on the business model in which a financial asset is managed and its contractual cash flows.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost.

Financial assets at fair value through profit or loss ("investments")

Financial assets and derivatives are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

f. Financial instruments (continued)

i) Classification (continued)

Purchases and sales of investments are recognised on the trade date (the date on which the Company commits to purchase or sell the investment). Investments purchased are initially recorded at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment.

Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments and gains and losses on investments that are sold are recognised through profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss.

ii) Recognition and measurement

Financial assets at fair value through profit or loss ("derivatives: credit default swaps and options")

Subsequent to initial recognition at fair value, credit default swaps and options are measured at fair value through profit and loss.

The fair values of the credit default swaps and options are based on traded prices. The valuation of the credit default swaps and options fair values means fluctuations will be reflected in the net changes in fair value of derivative instruments through profit or loss.

Derivatives are presented in the Statement of Financial Position as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Other financial instruments

For other financial instruments, including other receivables and other payables, the carrying amounts as shown in the Statement of Financial Position approximate the fair values due to the short term nature of these financial instruments.

iii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments traded in active markets are valued at the latest available bid prices ruling at midnight, Greenwich Mean Time ("GMT"), on the reporting date. The Directors are of the opinion that the bid-market prices are the best estimate of fair value. Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit and loss are shown as net changes in fair value of financial assets through profit or loss in Note 12 and are recognised in the Statement of Comprehensive Income in the period in which they arise. Gains and losses arising from changes in the fair value of derivative financial instruments are shown as net changes in fair value of derivative financial instruments through profit or loss in Note 13 and are recognised in the Statement of Comprehensive Income in the period in which they arise.

iv) Derecognition of financial instruments

A financial asset is derecognised when: (a) the rights to receive cash flows from the asset have expired; (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through arrangement"; or (c) the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset using the average cost method and the consideration received (including any new asset obtained, less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

f. Financial instruments (continued)

iv) Derecognition of financial instruments (continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired.

g. Net changes in fair value of financial assets at fair value through profit or loss

Net changes in fair value of financial assets at fair value through profit or loss includes all realised and unrealised fair value changes on financial instruments, but excludes dividend income.

h. Net changes in fair value of derivative financial instruments through profit or loss

Net changes in fair value of derivative financial instruments includes all realised and unrealised fair value changes on derivative contracts.

i. Other income

Dividend income from equity investments is recognised through profit or loss in the Statement of Comprehensive Income when the relevant investment is quoted ex-dividend. Interest income, including income arising from cash and cash equivalents is recognised using the effective interest method.

j. Expenses

All expenses are accounted for on an accrual basis and are recognised in profit or loss. Expenses are charged to the capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

k. Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents include bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. Cash, deposits with banks, and bank overdrafts are stated at their principal amount.

l. Margin accounts

Margin accounts represent deposits with the sub-custodian, transferred as collateral against open derivative contracts. The Company's investment into traded derivative instruments requires the need to post and maintain margin accounts with set limits with the aim of minimising counterparty risk associated with these derivative instruments. Margin account balances are stated at their principal amount.

m. Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of these Shares are shown in equity as a deduction, net of tax, from the proceeds and disclosed in the Statement of Changes in Equity.

n. Foreign currency translations

Functional and presentation currency

The Financial Statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its "functional currency"). The Directors have considered the currency in which the original capital was raised, distributions will be made, and ultimately the currency in which capital would be returned in a liquidation.

On the reporting date, the Directors believe that pounds sterling best represents the functional currency of the Company.

For the purpose of the Financial Statements, the results and financial position of the Company are expressed in pounds sterling, which is the presentational currency of the Company. Monetary assets and liabilities, denominated

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

n. Foreign currency translations (continued)

in foreign currencies, are translated into pounds sterling at the exchange rate at the reporting date. Non-monetary assets denominated in foreign currencies that are measured at fair value are translated in pounds sterling at the exchange rate at the date on which the fair value was determined. Realised and unrealised gains or losses on currency translation are recognised in the Statement of Comprehensive Income.

o. Treasury shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is deducted through share capital. The difference between the total consideration and the total nominal value of all Shares purchased is recognised through other reserves.

If such Shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised as an increase in equity and the resulting surplus or deficit on the transaction is transferred to or from other reserves.

Where the Company cancels treasury shares, no further adjustment is required to the share capital account at the time of cancellation. Shares held in treasury are excluded from calculations when determining NAV per Share and earnings per Share.

p. Operating segments

The Board has considered the requirements of IFRS 8 'Operating Segments' and is of the view that the Company is engaged in a single segment of business, being an investment strategy tied to listed preference shares issued by companies incorporated in South Korea. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company.

The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these Audited Financial Statements.

The Board of Directors is charged with setting the Company's investment strategy in accordance with the investment policy. They have delegated the day to day implementation of this strategy to the Company's Investment Manager but retain responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The investment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Manager has been given full authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Whilst the Investment Manager may make the investment decisions on a day to day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager.

The Board therefore retains full responsibility as to the major decisions made on an ongoing basis.

q. Other receivables

Other receivables are amounts due in the ordinary course of business. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

r. Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

s. Due from and due to brokers

Amounts due from and due to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date, respectively.

t. Dividend distribution

Dividend distribution to the Company's Shareholders is recognised as a liability in the Company's Financial Statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are proposed and approved by the Board. The Company intends to return to Shareholders all dividends received, net of withholding tax, on an annual basis.

u. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability is an annual fee of £1,200 (2021: £1,200).

The amounts disclosed as taxation in the Statement of Comprehensive Income relate solely to withholding tax levied in South Korea on distributions from South Korean companies at an offshore rate of 22%.

v. Other reserves

Total comprehensive income for the year is transferred to other reserves. Other reserves are made up of net income and operating gains/losses. As per the distribution policy, dividends received are the only item distributable from other reserves.

3. Dividends to Shareholders

Dividends, if any, will be paid annually each year. An annual dividend of 6.3732 pence per Share (£4,417,079) was approved on 12 May 2022 and paid on 10 June 2022 in respect of the year ended 31 December 2021. An annual dividend of 5.2311 pence per Share (£4,238,124) was approved on 4 May 2021 and paid on 4 June 2021 in respect of the year ended 31 December 2020.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Annual Financial Statements:

Functional currency

As disclosed in Note 2n, the Company's functional currency is the pound sterling. Pound sterling is the currency in which the original capital was raised, distributions will be made, and ultimately the currency in which capital would be returned in a liquidation.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Basic and diluted loss/earnings per Share

The total basic and diluted loss per Ordinary Share of £0.5056 (31 December 2021: earnings per Share of £0.0244) for the Company has been calculated based on the total loss after tax for the year of £35,043,573 (31 December 2021: £1,791,505 profit) and the weighted average number of Ordinary Shares in issue during the year of 69,307,078 (for the year ended 31 December 2021: 73,584,938).

6. Net Asset Value per Ordinary Share

The NAV of each Share of £1.8336 (as at 31 December 2021: £2.4029) is determined by dividing the net assets of the Company attributed to the Ordinary Shares of £127,080,493 (as at 31 December 2021: £166,541,145) by the number of Ordinary Shares in issue at 31 December 2022 of 69,307,078 (as at 31 December 2021: 69,307,078 Ordinary Shares in issue).

7. Net changes in fair value on financial assets at fair value through profit or loss

	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Realised gain on investments	6,061,684	51,837,460
Realised loss on investments	(7,858,918)	(4,809,298)
Unrealised gains on investment	1,023,263	4,780,383
Unrealised losses on investment	(36,432,696)	(49,458,725)
Net changes in fair value on financial assets at fair value through profit or loss	**(37,206,667)**	**2,349,820**

8. Net changes in fair value on derivative financial instruments at fair value through profit or loss

	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Realised gain on options	245,221	-
Realised loss on options	(15,545)	(262,783)
Realised gain on credit default swaps	1,119,517	923,664
Realised loss on credit default swaps	(823,670)	-
Unrealised gain on options	136,822	63,008
Unrealised gain on credit default swaps	591,052	-
Unrealised loss on credit default swaps	-	(320,400)
Net changes in fair value on financial derivatives at fair value through profit or loss	**1,253,397**	**403,489**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Other income

	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Dividend income	5,088,748	5,586,806
Bank interest income	4,488	-
Total other income	**5,093,236**	**5,586,806**

10. Operating expenses

	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Investment management fee (Note 19c)	2,058,546	2,933,140
Professional fees	246,967	179,021
Transaction costs[1]	83,894	666,440
Derivative expense[1]	802,039	735,180
Custodian fees	63,314	88,039
Audit fees	45,224	39,000
Administration and Secretarial fees	113,882	119,623
Directors' fees (Note 19a)	116,774	86,178
Bank interest	-	2,236
Sundry expenses	165,905	42,387
Total operating expenses	**3,696,545**	**4,891,244**

1. Excluded from the Total Expense Ratio (TER) calculation.

11. Operating segments

Information on realised gains and losses derived from sales of investments is disclosed in Note 7 of the Financial Statements. The Company is domiciled in Guernsey. Substantially, all of the Company's income is from its investment in listed preference shares issued by companies incorporated in South Korea.

The Company is likely to have a high degree of portfolio concentration as South Korean preference shares are concentrated with a small number of issuers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial assets at fair value through profit or loss

	As at 31 December 2022 £	As at 31 December 2021 £
Cost of investments at beginning of the year	149,112,223	137,878,681
Purchases of investments in the year	10,167,914	101,777,858
Disposal of investments in the year	(11,810,895)	(137,572,478)
Net realised (losses)/gains on investments in the year	(1,797,234)	47,028,162
Cost of investments held at end of the year	145,672,008	149,112,223
Unrealised (loss)/gain on investments	(24,907,562)	10,501,871
Financial assets at fair value through profit or loss	**120,764,446**	**159,614,094**

Financial assets are valued at the bid-market prices ruling as at the close of business at the Statement of Financial Position date, net of any accrued interest which is included in the Statement of Financial Position as an income related item. The Directors are of the opinion that the bid-market prices are the best estimate of fair value in accordance with the requirements of IFRS 13 'Fair Value Measurement'. Movements in fair value are included in the Statement of Comprehensive Income.

13. Derivative financial instruments

	As at 31 December 2022 £	As at 31 December 2021 £
Cost of derivatives at beginning of the year	(724,897)	(1,745,063)
Opening of derivatives in the year	(1,799,480)	(724,897)
Closure of derivatives in the year	163,217	1,084,182
Realised gain on closure of derivatives in the year	525,523	660,881
Net cost of derivatives held at end of the year	(1,835,637)	(724,897)
Unrealised gain/(loss) on derivative financial instruments at fair value through profit or loss	690,184	(37,691)
Net fair value on derivative financial instruments at fair value through profit or loss	**(1,145,453)**	**(762,588)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Derivative financial instruments (continued)

The following are the composition of the Company's derivative financial instruments at year end:

		As at 31 December 2022		As at 31 December 2021
	Assets £	Liabilities £	Assets £	Liabilities £
Derivatives held for trading:				
Options	-	-	221,639	-
Credit default swaps	-	(1,145,453)	-	(984,227)
Total	**-**	**(1,145,453)**	**221,639**	**(984,227)**

As at 31 December 2022

Credit Default Swaps on South Korean Sovereign Debt	Notional Value (GBP)	Total Cost to Expiration (GBP)	Annual Cost (GBP)	Price Paid as % of Notional Value (per annum)	Expiration Date	Total Duration (Years)
3 year CDS	£82m	601,974	182,384	0.23%	2025	3.0

As at 31 December 2021

Credit Default Swaps on South Korean Sovereign Debt	Notional Value (GBP)	Total Cost to Expiration (GBP)	Annual Cost (GBP)	Price Paid as % of Notional Value (per annum)	Expiration Date	Total Duration (Years)
5 year CDS	$20m	$457,151	$91,430	45bps	2023	5.0
3 year CDS	$80m	$431,216	$143,739	18bps	2023	3.0
Total cost		**$888,367**	**$235,169**			

Number of Put Option Contracts Held on EWY	Strike Price (USD)	Total Cost to Expiration (USD)	Purchase Date	Expiration Date
2,000	$78	$504,069	18 June 2021	21 January 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Derivative financial instruments (continued)

The Company purchased certain credit default swaps on the sovereign debt of South Korea as general market and portfolio hedges, but generally did not hedge its exposure to interest rates or foreign currencies during the year ended 31 December 2022 (2021: Nil).

As the Company's investments are heavily concentrated in South Korean securities, the Company has entered into certain portfolio hedge positions which are intended to provide some level of protection against potential adverse geopolitical and macroeconomic conditions in South Korea. The Company's purchases of credit default swaps and put options as described in this Note 13 reflect its belief that such securities will provide the foregoing protection without introducing material new risks into the Company's portfolio.

14. Other receivables

	As at 31 December 2022 £	As at 31 December 2021 £
Dividends receivable	4,592,997	4,973,594
Prepaid expenses	5,725	2,411
Total other receivables	**4,598,722**	**4,976,005**

The Directors consider that the carrying amount of receivables approximate their fair value.

15. Margin account

	As at 31 December 2022 £	As at 31 December 2021 £
Margin account	1,327,313	1,381,413

The margin account for 2022 represents a margin deposit of collateral held by Goldman Sachs & Co. LLC in relation to the credit default swaps. The margin account for 2021 represents a margin deposit of collateral held by Credit Suisse International and Goldman Sachs & Co. LLC. The carrying value of the margin account approximates the fair values due to the short term nature.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Cash and cash equivalents

	As at 31 December 2022 £	As at 31 December 2021 £
Cash at bank	2,890,620	3,091,245

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying value of cash at bank approximates the fair values due to the short term nature.

17. Other payables

	As at 31 December 2022 £	As at 31 December 2021 £
Investment management fees payable (Note 19c)	155,320	214,941
Administration fee payable	27,243	36,518
Custody fee payable	15,178	11,038
Co-sec and listing fee payable	8,228	6,162
Audit fees payable	43,500	38,641
Withholding tax payable	1,010,459	1,094,190
Other payables	95,227	95,138
Total other payables	**1,355,155**	**1,496,629**

The Directors consider that the carrying amount of payables approximate their fair value.

18. Share capital

The share capital of the Company consists of an unlimited number of Ordinary Shares of no par value.

	As at 31 December 2022	As at 31 December 2021
Authorised		
Unlimited Ordinary Shares at no par value	-	-
Issued at no par value		
69,307,078 (2021: 69,307,078) Ordinary Shares at no par value	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Share capital (continued)

Reconciliation of number of Shares

	As at 31 December 2022 No. of shares	As at 31 December 2021 No. of shares
Ordinary Shares at the beginning of the year	69,307,078	81,617,828
Purchase of own Shares for cancellation	-	(600,000)
Purchase of Realisation Shares	-	(11,710,750)
Total Ordinary Shares in issue at the end of the year	**69,307,078**	**69,307,078**

Treasury Shares	2022 Shares	2021 Shares
Treasury Shares at the beginning of the year	11,437,662	-
Redesignation of Realisation Shares	273,085	11,437,662
Total Shares at the end of the year	**11,710,747**	**11,437,662**

Share capital account

	As at 31 December 2022 £	As at 31 December 2021 £
Share capital at the beginning of the year	33,986,846	68,124,035
Purchase of own Shares for cancellation	-	(1,719,433)
Purchase of Realisation Shares	-	(32,417,756)
Total Share capital at the end of the year	**33,986,846**	**33,986,846**

Ordinary Shares

The Company has a single class of Ordinary Shares, which were issued by means of an initial public offering on 14 May 2013, at 100 pence per Share.

The rights attached to the Ordinary Shares are as follows:

a) The holders of Ordinary Shares shall confer the right to all dividends in accordance with the Articles of Incorporation of the Company.

b) The capital and surplus assets of the Company remaining after payment of all creditors shall, on winding-up or on a return (other than by way of purchase or redemption of own Ordinary Shares) be divided amongst the Shareholders on the basis of the capital attributable to the Ordinary Shares at the date of winding up or other return of capital.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Share capital (continued)

c) Shareholders present in person or by proxy or (being a corporation) present by a duly authorised representative at a general meeting have on a show of hands, one vote and, on a poll, one vote for every Share.

d) On 13 March 2023, being 61 days before the Subsequent Realisation Date, the Company published a circular pursuant to the Realisation Opportunity, entitling the Shareholders to serve a written notice during the election year (a "Realisation Election") requesting that all or a part of their Ordinary Shares be re-designated to Realisation Shares, subject to the aggregate NAV of the continuing Ordinary Shares on the last business day before the Reorganisation Date being not less than £50 million. As Shareholders elect to participate in the Realisation Opportunity, the Company's portfolio will be divided into two pools: the Continuation Pool; and the Realisation Pool.

Share buyback and cancellation

During the year ended 31 December 2022, the Company purchased Nil shares (31 December 2021: 600,000) of its own Shares at a consideration of £Nil (31 December 2021: £1,719,433) under its general buyback authority.

The Company has 69,307,078 Ordinary Shares in issue as at 31 December 2022 (as at 31 December 2021: 69,307,078). The Company has 11,710,747 Treasury Shares in issue as at 31 December 2022 (as at 31 December 2021: 11,437,662).

At the AGM held on 21 July 2022, Shareholders approved the authority of the Company to buy back up to 40% of the issued Ordinary Shares to facilitate the Company's discount management. Any Ordinary Shares bought back may be cancelled or held in treasury.

19. Related-party transactions and material agreements

Related-party transactions

a) Directors' remuneration and expenses

The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £150,000 per annum. The annual Directors' fees comprise £35,000 payable to Norman Crighton as the Chair, £32,500 to Gill Morris as Chair of the Audit Committee, £30,000 to Krishna Shanmuganathan and £30,000 to Wendy Dorey. The Board increased their fees by £1,500 per Director, per annum effective 1 January 2023. For additional information refer to the Directors' Remuneration Report on page 93.

During the year ended 31 December 2022, Directors' fees of £116,774 (year ended 31 December 2021: £86,178) were charged to the Company and £Nil remained payable at the end of the year (as at 31 December 2021: £Nil).

b) Shares held by related parties

The Directors who held office at 31 December 2022 and up to the date of this Report held the following number of Ordinary Shares beneficially:

	As at 31 December 2022		As at 31 December 2021	
	Ordinary Shares	**% of issues share capital**	**Ordinary Shares**	**% of issues share capital**
Norman Crighton	20,000	0.03%	20,000	0.03%
Robert King	N/A	N/A	15,000	0.02%
Gillian Morris	3,934	0.01%	3,934	0.01%
Krishna Shanmuganathan	-	-	N/A	N/A
Wendy Dorey	2,552	0.00%	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Related-party transactions and material agreements (continued)

Krishna Shanmuganathan was appointed to the Board on 1 June 2022. Wendy Dorey was appointed to the Board on 9 September 2022. Robert King resigned from the Board on 30 September 2022. There have been no other changes in the interests of the above Directors during the year.

The Investment Manager is principally owned by Dr Andrew Weiss and certain members of the Investment Manager's senior management team. As at 31 December 2022, Dr Andrew Weiss, his immediate family members and the Donor-Advised Fund held an interest in 7,010,888 Ordinary Shares (as at 31 December 2021:7,010,888) representing 10.12% (as at 31 December 2021: 10.12%) of the Ordinary issued share capital of the Company.

As at 31 December 2022, employees and partners of the Investment Manager other than Dr Andrew Weiss, their respective immediate family members or entities controlled by them or their immediate family members held an interest in 3,594,333 Ordinary Shares (as at 31 December 2021: 2,844,333) representing 5.19% (as at 31 December 2021: 4.10 %) of the Ordinary issued share capital of the Company.

Material agreements

c) Investment management fee

The Company's Investment Manager is Weiss Asset Management LP. In consideration for its services provided by the Investment Manager under the Investment Management Agreement (IMA) dated 8 May 2013, the Investment Manager is entitled to an annual management fee of 1.5 % of the Company's NAV accrued daily and payable within 14 days after each month end. The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties.

The IMA will continue in force until terminated by the Investment Manager or the Company, giving to the other party thereto not less than 12 months' notice in writing. For the year ended 31 December 2022, investment management fees and charges of £2,058,546 (for the year ended 31 December 2021: £2,933,140) were charged to the Company and £155,320 (as at 31 December 2021: £214,941) remained payable at the year end.

20. Financial risk management

The Company's objective in managing risk is the creation and protection of Shareholder value. Risk is inherent in the Company's activities, but it is managed through an ongoing process of identification, measurement, and monitoring.

The main risks arising from the Company's financial instruments are operational risk, market risk, foreign currency risk, interest rate risk, credit risk, and liquidity risk. The techniques and instruments utilised for the purposes of efficient portfolio management are those which are reasonably believed by the Board to be economically appropriate to the efficient management of the Company.

Operational risks

The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Investment Manager, Administrator, and the Custodian. The Board and its Committees regularly review reports from the Investment Manager and the Administrator on their internal controls. The Administrator will report to the Investment Manager any valuation issues which will be brought to the Board for final approval as required.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities expose it primarily to the market risks of changes in market prices, interest rates, and foreign currency exchange rates. The Company's investments are heavily concentrated in South Korean securities. As the Company's investments are heavily concentrated in South Korean securities, the Company has entered into certain portfolio hedge positions which are intended to provide some level of protection against potential adverse geopolitical and macroeconomic conditions in South Korea.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial risk management (continued)

Market price risk

The Company's NAV is sensitive to movements in market prices. As at 31 December 2022, if market prices had been 10% higher or 10% lower with all other variables held constant, then the increase/decrease in NAV would have been £12,076,445 (as at 31 December 2021: 5% £7,980,705). Actual trading results may differ from the above sensitivity analysis and those differences may be material.

Were there to be a major change in the political or economic environment in South Korea, the movement in market prices may be significantly and materially higher than the above. Refer to pages 83 and 84 for a discussion of potential political and economic changes.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company does not hedge its exposure to foreign currency (predominantly Korean won (KRW)) and NAV per Share will fluctuate with movements in foreign exchange rates.

As at 31 December 2022, the Company held the following assets and liabilities in foreign currencies:

Amounts in Sterling	EUR	KRW	As at 31 December 2022 USD	KRW	As at 31 December 2021 USD
Assets					
Monetary assets	438	126,495,129	2,903,730	166,333,561	2,563,319
Total	**438**	**126,495,129**	**2,903,730**	**166,333,561**	**2,563,319**
Liabilities					
Monetary liabilities	-	(1,010,459)	(1,145,453)	(1,357.281)	(984,227)
Total	**-**	**(1,010,459)**	**(1,145,453)**	**(1,357,281)**	**(984,227)**

Amounts in the above table are based on the carrying value of monetary assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial risk management (continued)

Foreign currency risk (continued)

The table below summarises the sensitivity of the Company's monetary and non-monetary assets and liabilities to changes in foreign exchange movements at 31 December 2022.

Currency	Reasonable possible shift in rate 2022	As at 31 December 2022 £	Reasonable possible shift in rate 2021	As at 31 December 2021 £
KRW				
Monetary assets	+/- 10%	12,649,513	+/- 5%	8,316,678
Monetary liabilities	+/- 10%	(101,046)	+/- 5%	(67,864)
US Dollars				
Monetary assets	+/- 10%	(114,545)	+/- 5%	(49,211)
Monetary liabilities	+/- 10%	290,373	+/- 5%	128,166

Interest rate risk

The Company holds limited cash and margin balances in interest-bearing accounts of £4,217,933 as at 31 December 2022 (as at 31 December 2021: £4,472,658) and does not invest in interest-bearing securities and instruments. Accordingly, interest rate risk is considered very low.

The tables below summarise the Company's exposure to interest rate risk as of 31 December 2022:

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2022 £
Financial Assets				
Investments designated at fair value through profit or loss	-	-	120,764,446	120,764,446
Other receivables	-	-	4,598,722	4,598,722
Margin account	1,327,313	-	-	1,327,313
Cash and cash equivalents	2,890,620	-	-	2,890,620
Total	**4,217,933**	**-**	**125,363,168**	**129,581,101**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial risk management (continued)

Interest rate risk (continued)

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2022 £
Financial Liabilities				
Derivative financial liabilities	-	-	(1,145,453)	(1,145,453)
Other payables	-	-	(1,355,155)	(1,355,155)
Total	**-**	**-**	**(2,500,608)**	**(2,500,608)**

The table below summarises the Company's exposure to interest rate risk as of 31 December 2021:

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2021 £
Financial Assets				
Investments designated at fair value through profit or loss	-	-	159,614,094	159,614,094
Derivative financial assets	-	-	221,639	221,639
Other receivables	-	-	4,976,005	4,976,005
Due from broker	-	-	696	696
Margin account	1,381,413	-	-	1,381,413
Cash and cash equivalents	3,091,245	-	-	3,091,245
Total	**4,472,658**	**-**	**164,812,434**	**169,285,092**

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2021 £
Financial Liabilities				
Derivative financial liabilities	-	-	(263,091)	(263,091)
Due to broker	-	-	(984,227)	(984,227)
Other payables	-	-	(1,496,629)	(1,496,629)
Total	**-**	**-**	**(2,743,947)**	**(2,743,947)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial risk management (continued)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. Credit risk is limited to the carrying value of financial assets at 31 December 2022 as follows:

	As at 31 December 2022 £	As at 31 December 2021 £
Financial assets at fair value through profit or loss	120,764,446	159,614,094
Derivative financial assets	-	221,639
Other receivables	4,598,722	4,976,005
Cash and cash equivalents	2,890,620	3,091,245
Margin account	1,327,313	1,381,413
Due from broker	-	696
Total	**129,581,101**	**169,285,092**

	Credit Rating Agency	As at 31 December 2022 £	As at 31 December 2021 £
Goldman Sachs & Co.LLC is a wholly-owned subsidiary of The Goldman Sachs Group, Inc.	Standard & Poor's Moody's	A+ Unavailable	A+ Unavailable
Northern Trust (Guernsey) Limited which is a wholly owned subsidiary of The Northern Trust Corporation ("TNTC")	Standard & Poor's Moody's	A+ A2	A+ A2

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in listed preference shares issued by companies incorporated in South Korea, which in most cases trade at a discount to the corresponding common shares of the same companies. There is also counterparty risk on these instruments as they are held with Northern Trust (Guernsey) Limited as custodian to the Fund. Credit risk also arises from the other receivables which represent dividends receivable on some of these equity investments.

The Company is also exposed to counterparty credit risk on credit default swaps, options, cash and cash equivalents, amounts due from brokers and other receivable balances. The credit risk from cash and cash equivalents is managed as cash is placed within a margin account held with Goldman Sachs & Co. LLC a wholly-owned subsidiary of The Goldman Sachs Group, Inc.

Other cash and cash equivalents are held with Northern Trust (Guernsey) Limited which is a wholly owned subsidiary of The Northern Trust Corporation ("TNTC"). TNTC is publicly traded and a constituent of the S&P 500. Due from broker amounts relate to trades awaiting settlement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial risk management (continued)

Credit risk (continued)

All transactions in listed securities are settled/paid for upon delivery using approved brokers. Given the relatively short settlement period, and the high credit quality of the brokers used, the risk here is considered to be minimal. The Company's policy is to minimise its exposure to counterparties with perceived higher risk of default by dealing with counterparties with a high credit rating as shown in the table above.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company's investments are relatively liquid and the Company holds sufficient cash balances (or liquid investments) to meet its obligations as they fall due. The Board reviews its resources and obligations on a regular basis to ensure sufficient liquid assets are held. Further details relating to the Board assessment of liquidity risk relating to the upcoming Realisation Opportunity is included in note 2c.

The table below analyses the maturity profile of the Company's financial assets in order to provide a complete view of the Company's contractual commitments and liquidity.

	Less than 1 month £	1-3 months £	3-12 months £	Total As at 31 December 2022 £
Financial assets at fair value through profit or loss	-	120,764,446	-	120,764,446
Other receivables	-	4,598,722	-	4,598,722
Margin account	-	1,327,313	-	1,327,313
Cash and cash equivalents	2,890,620	-	-	2,890,620
Total	**2,890,620**	**126,690,481**	**-**	**129,581,101**

	Less than 1 month £	1-3 months £	3-12 months £	Total As at 31 December 2021 £
Financial assets at fair value through profit or loss	-	159,614,094	-	159,614,094
Derivative financial assets	-	221,639	-	221,639
Other receivables	-	4,976,005	-	4,976,005
Due from broker	-	696	-	696
Margin account	-	1,381,413	-	1,381,413
Cash and cash equivalents	3,091,245	-	-	3,091,245
Total	**3,091,245**	**166,193,847**	**-**	**169,285,092**

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NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial risk management (continued)

Liquidity risk (continued)

As at 31 December 2022, the Company had no significant financial liabilities other than payables arising directly from investing activity:

	Less than 1 month £	1-3 months £	3-12 months £	Total As at 31 December 2022 £
Derivative financial liabilities	(1,145,453)	-	-	(1,145,453)
Other payables	(344,696)	(1,010,459)	-	(1,355,155)
Total	**(1,490,149)**	**(1,010,459)**	**-**	**(2,500,608)**

	Less than 1 month £	1-3 months £	3-12 months £	Total As at 31 December 2021 £
Derivative financial liabilities	(984,227)	-	-	(984,227)
Due to broker	(263,091)	-	-	(263,091)
Other payables	(402,439)	(1,094,190)	-	(1,496,629)
Total	**(1,649,757)**	**(1,094,190)**	**-**	**(2,743,947)**

Capital risk management

The Company's objective when managing capital is to maintain an optimal capital structure in order to reduce the cost of capital. The Company may borrow capital, but as at 31 December 2022 there were no borrowings (as at 31 December 2021: £Nil). The Board considers the below gearing ratio to be adequate, since total borrowings refer only to amounts due to brokers, derivative liabilities, and other payables.

The gearing ratio below is calculated as total liabilities divided by total equity.

	As at 31 December 2022 £	As at 31 December 2021 £
Total assets	129,581,101	169,285,092
Less: Total liabilities	(2,500,608)	(2,743,947)
Net Asset Value	**127,080,493**	**166,541,145**
Gearing Ratio	1.97%	1.65%

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial risk management (continued)

Capital risk management (continued)

Share buybacks

The Directors have general Shareholder authority to purchase in the market up to 40% of the Ordinary Shares in issue following Admission. The Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting of the Company.

Pursuant to this authority, and subject to Guernsey law and the discretion of the Directors, the Company may repurchase Ordinary Shares in the market on an on-going basis at a discount to NAV with a view to increasing the NAV per Ordinary Share and assisting in controlling the discount to NAV per Ordinary Share in relation to the price at which such Ordinary Shares may be trading.

Purchases by the Company will be made only at prices below the estimated prevailing NAV per Ordinary Share based on the last published NAV but taking account of movements in investments, stock markets, and currencies, in consultation with the Investment Manager and at prices where the Directors believe such purchases will result in an increase in the NAV per Ordinary Share of the remaining Ordinary Shares.

The Directors will consider repurchasing Ordinary Shares when the price per Ordinary Share plus the pro forma cost to the Company per Share repurchased is less than 95% of the NAV per Ordinary Share. The pro-forma cost per Share should include any brokerage commission payable and costs of realising portfolio securities to fund the purchase. The Directors may, at their discretion, also consider repurchasing Ordinary Shares at a smaller discount to NAV per Ordinary Share, provided that such purchase would increase the NAV per Ordinary Share for any continuing Shareholders.

Realisation Opportunity

On 13 March 2023, the Company announced that pursuant to the Realisation Opportunity, Shareholders who were on the register as at the record could elect, during the Election Period, to redesignate all or part (provided that such part be rounded up to the nearest whole Ordinary Share) of their Ordinary Shares as Realisation Shares, subject to the aggregate NAV of the continuing Ordinary Shares at the close of business on the last business day before the Realisation Date being not less than £50 million.

The Ordinary Shares held by the Shareholders who elect for Realisation, will be redesignated as Realisation Shares and the Portfolio will be split into two separate and distinct Pools, namely the Continuation Pool (comprising the assets attributable to the continuing Ordinary Shares) and the Realisation Pool (comprising the assets attributable to the Realisation Shares).

With effect from the Realisation Date, the assets in the Realisation Pool will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash, as soon as practicable, to those Shareholders who elect to receive Realisation Shares. Ordinary Shares held by Shareholders who do not submit a valid and complete election in accordance with the Articles during the Election Period will remain as Ordinary Shares.

Unless it has already been determined that the Company will be wound-up, every two years after the Realisation Date, the Directors will propose further realisation opportunities for Shareholders who have not previously elected to realise their Ordinary Shares using a similar mechanism to that described above.

If the weighted average discount on the Portfolio is less than 25% over any 90-day period, then the Directors shall propose an ordinary resolution for the winding up of the Company. If one or more Realisation Elections are duly made and the NAV of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date is less than £50 million, the Directors may propose an ordinary resolution for the winding up of the Company and may pursue a liquidation of the Company instead of splitting the Portfolio into the Continuation Pool and the Realisation Pool.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Fair value measurement

IFRS 13 'Fair Value Measurement' requires the Company to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under IFRS 13 'Fair Value Measurement' are set as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

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

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfers have occurred. During the year ended 31 December 2022, financial assets of £Nil were transferred from Level 1 to Level 2 (for the year ended 31 December 2021: £Nil).

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include Korean preference shares and exchange traded options.

The Company holds investments in derivative financial instruments which are classified as Level 2 within the fair value hierarchy. These consist of credit default swaps with a fair value of £1,145,453 (as at 31 December 2021: (£984,227)). The Company held no investments in derivative financial instruments classified as Level 1 within the fair value hierarchy (as at 31 December 2021: options with a fair value of £221,639).

The fair value of credit default swaps is determined by estimating future default probabilities using market standard models. The principal input into the model is the credit curve. Credit spreads are observed directly from broker data or third party vendors. The significant model inputs are observable in the marketplace or set in the contract.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Fair value measurement (continued)

The following tables presents the Company's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2022:

	Level 1 £	Level 2 £	Level 3 £	Total As at 31 December 2022 £
Financial assets/(liabilities) at fair value through profit or loss:				
Korean preference shares	120,764,446	-	-	120,764,446
Financial derivative liabilities	-	(1,145,453)	-	(1,145,453)
Total net assets	**120,764,446**	**(1,145,453)**	**-**	**119,618,993**

	Level 1 £	Level 2 £	Level 3 £	Total As at 31 December 2021 £
Financial assets/(liabilities) at fair value through profit or loss:				
Korean preference shares	159,614,094	-	-	159,614,094
Financial derivative assets	221,639	-	-	221,639
Financial derivative liabilities	-	(984,227)	-	(984,227)
Total net assets	**159,835,733**	**(984,227)**	**-**	**158,851,506**

Cash and cash equivalents include cash in hand and deposits held with banks.

Amounts due to brokers and other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses. Amounts due from brokers and other receivables represent the contractual amounts and rights due to the Company for settlement of trades and income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. NAV reconciliation

The Company announces its NAV to the LSE daily, on each UK business day. The following is a reconciliation of the NAV per Share attributable to participating Shareholders as presented in these Financial Statements, using IFRS to the NAV per Share reported to the LSE:

	As at 31 December 2022		As at 31 December 2021	
	NAV £	NAV per Participating Share £	NAV £	NAV per Participating Share £
Net Asset Value reported to the LSE	127,405,980	1.8383	162,661,741	2.3470
Adjustment to accruals and cash	(3,136)	(0.0001)	-	-
Adjustment for dividend income	(322,351)	(0.0046)	3,879,404	0.0559
Net Assets Attributable to Shareholders per Financial Statements	**127,080,493**	**1.8336**	**166,541,145**	**2.4029**

The published NAV per Share of £1.8383 (as at 31 December 2021: £2.3470) is different from the accounting NAV per Share of £1.8336 (as at 31 December 2021: £2.4029) due to the adjustments noted above.

23. Subsequent events

These Financial Statements were approved for issuance by the Board on 27 April 2023. Subsequent events have been evaluated until this date.

In light of the high levels of inflation, it was resolved that the Directors fees would increase by £1,500 per annum with effect from 1 January 2023.

On 13 March 2023, being 61 days before the Subsequent Realisation Date, the Company published a circular pursuant to the Realisation Opportunity, entitling the Shareholders to serve a written notice during the election period (a "Realisation Election") requesting that all or a part of their holding of Ordinary Shares be re-designated to Realisation Shares, subject to the aggregate NAV of the continuing Ordinary Shares on the last business day before the Reorganisation Date being not less than £50 million. If Shareholders elect to participate in the Realisation Opportunity, the Company's portfolio will be divided into two pools: the Continuation Pool; and the Realisation Pool. Further information in respect of the Realisation Opportunity is set forth in Note 18.

No further subsequent events have occurred.

GOVERNANCE

REPORT OF THE DIRECTORS

For the year ended 31 December 2022

The Directors of the Company present their Annual Report and Audited Financial Statements for the year ended 31 December 2022.

Principal Activity

The Company was incorporated with limited liability in Guernsey on 12 April 2013 as a company limited by shares and as an authorised closed-ended investment company. The Company's Shares were admitted to trading on the AIM of the LSE on 14 May 2013. As an existing closed-ended fund, the Company is deemed to be granted an authorised declaration in accordance with Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended and Rule 6.02 of the Authorised Closed Ended Investment Schemes Rules 2008 on the same date as the Company obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 to 1989.

Investment Objective and Investment Policy

The investment objective and investment policy of the Company is to provide Shareholders with an attractive return on their investment, predominantly through long-term capital appreciation, by investing primarily in listed South Korean preference shares. The full investment objective and investment policy are detailed on pages 8 and 9 of the Annual Report.

Going Concern

In accordance with the Company's Articles of Incorporation and its Admission Document, the Company shall offer all Shareholders the right to elect to realise some or all of the value of their Ordinary Shares (the "Realisation Opportunity"), less applicable costs and expenses, on or prior to the fourth anniversary of the Company's admission to AIM and, unless it has already been determined that the Company be wound-up, every two years thereafter.

On 13 March 2023, the Company announced that pursuant to the Realisation Opportunity, Shareholders who are on the register as at the record date may elect, during the Election Period, to redesignate all or part (provided that such part be rounded up to the nearest whole Ordinary Share) of their holding of Ordinary Shares as Realisation Shares. The Election Period commenced on 12 April 2023 and closes at 1pm, 5 May 2023.

Subject to the aggregate NAV of the continuing Ordinary Shares at the close of business on the last Business Day before the Realisation Date being not less than £50 million, the Ordinary Shares held by the Shareholders who have elected for Realisation will be redesignated as Realisation Shares and the Portfolio will be split into two separate and distinct Pools, namely the Continuation Pool (comprising the assets attributable to the continuing Ordinary Shares) and the Realisation Pool (comprising the assets attributable to the Realisation Shares). If one or more Realisation Elections are duly made and the NAV of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date is less than £50 million, the Directors may propose an ordinary resolution for the winding up of the Company and may pursue a liquidation of the Company instead of splitting the Portfolio into the Continuation Pool and the Realisation Pool.

Currently, the Board does not know the number of Shareholders (or related Shares) who will take up the Realisation Opportunity. Based on the uncertainty of the uptake of the offer, there is a material uncertainty over the going concern of the entity. As the assets

REPORT OF THE DIRECTORS (continued)

Going Concern (continued)

of the Company consist mainly of securities that are readily realisable, whilst the Directors acknowledge that the liquidity of these assets needs to be managed, the Directors believe that the Company has adequate financial resources to meet its liabilities as they fall due in the foreseeable future and for at least twelve months from the date of this Report, and that it is appropriate for the Financial Statements to be prepared on a going concern basis, given that the Board believes the Company will continue in existence post the Realisation Opportunity.

Viability Statement

In accordance with the UK Corporate Governance Code (July 2018) (the "UK Code"), published by the Financial Reporting Council in 2018, the Board has assessed the prospects of the Company over the three year period to 31 December 2025 (the "Viability Period").

On 13 March 2023, the Company announced to offer all Shareholders the right to elect, during the Election Period, to realise some or all of the value of their Ordinary Shares, less applicable costs and expenses, on or prior to the Realisation Date.

The Board and the Investment Manager believe that the investment opportunity provided by the Company remains compelling, but the viability of the Company is clearly contingent on the investment opportunity remaining in place, a matter which the Board monitors on an ongoing basis. As the South Korean preference shares held by the Company trade at a discount compared with common shares for the same companies, the Company remains attractive to long term investors over the Viability Period.

A period of three years has been chosen for the purposes of the assessment of viability as the Board believes that this reflects a suitable time horizon for reviewing the Company's circumstances and strategy, taking into account the investment policy, liquidity of investments, potential impact of economic cycles, nature of operating costs, dividends and availability of funding.

The Directors consider that three years is a sufficient investment time horizon to be relevant to shareholders and that choosing a longer time period can present difficulties given the lack of longer term economic visibility.

The Board has monitored the developments of the Ukraine conflict and current banking turmoil and considered the impacts they have had to date and continue to assess the impacts they may have in the future. There remains continued uncertainty on their development and scale such that predicting the impact with any certainty remains challenging. The Board will continue to assess the position.

The Board's assessment of the Company over the Viability Period has been made with reference to the Company's current financial position and prospects, the Company's strategy, and risk appetite, having considered the Company's principal risks and uncertainties detailed below. The Board has also considered the Company's likely cash flows and the liquidity of its portfolio.

It is noted that the Company currently has no gearing, though borrowing is permitted under its constitution. In the event that the Company did consider taking on debt, the Board would carefully assess the Company's ability to meet the debt obligations as they become due.

It is possible to imagine a number of scenarios, such as war, pandemic or political events, which could severely impact the liquidity of the Company's investments.

The Board has assumed that the regulatory and fiscal regimes under which the Company operates will continue in broadly the same form during the Viability Period. The Board speaks with its Broker and legal advisers on a regular basis to understand issues impacting the Company's regulatory and fiscal structure.

The Board has carried out a robust assessment of the principal risks and uncertainties outlined below and

REPORT OF THE DIRECTORS (continued)

Viability Statement (continued)

they confirm they have a reasonable expectation that the Company will be able to continue in operation to serve Shareholders appropriately and meet its liabilities as they fall due over the three year period to December 2025.

the Board, however, remains conscious that, should either:

(a) the aggregate Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the next Realisation Date, (this being 12 May 2023) be less than £50 million; or

(b) the mean Weighted Average Discount on the Portfolio is less than 25% over any 90 day period,

the Board will need to reassess the Company's position and may propose an ordinary resolution for the winding up of the Company.

Notice period of Investment Manager

The Board has assumed that the Investment Manager will remain in place during the Viability Period. However, the Board acknowledges the risk of the Investment Manager serving a twelve month notice period under the Investment Management Agreement ("IMA"). To mitigate this risk, the Board meets and communicates regularly with the Investment Manager to review its performance and the Board's relationship with the Investment Manager.

Failure of the Custodian to carry out its obligations to the Company

The Company's assets are held in accounts maintained by the Company's Custodian. Failure by the Custodian to carry out its obligations to the Company in accordance with the terms of the Custodian Agreement could have an impact on the viability of the Company. To mitigate this risk, the Board regularly receives reports from the Custodian, and through the Management and Engagement Committee, monitors the relationship with the Custodian.

Loss of license or listing

The Board has assumed that the Company will retain its regulatory status and listing throughout the Viability Period. The Company Secretary, Administrator, and Broker report to the Board at least quarterly on regulatory matters and confirm compliance with listing and other regulatory requirements.

Failure to implement and poor execution of the investment strategy

The Company maintains an investment policy as discussed on page 9. The policy states that the Company must invest primarily in listed South Korean preference shares, and also states that investments in other types of securities are allowed as long as the investments track South Korean companies or the South Korean market as a whole. Failure to implement the investment strategy or poor execution by the Investment Manager would have an effect on the viability of the Company. The Board ensures that the policy is being implemented in the quarterly Board Meetings, where the Investment Manager presents reports to the Board detailing the current portfolio and investment performance.

The risks specifically associated with the South Korean economic and political climate are discussed on pages 83 and 84.

Based on the Company's processes for monitoring operating costs, the Share price discount, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, liquidity risk, and the robust assessment of the principal risks and uncertainties facing the Company, the Board has 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 Viability Period to 31 December 2025.

REPORT OF THE DIRECTORS (continued)

International Tax Reporting

For the purposes of the US Foreign Accounts Tax Compliance Act, the Company registered with the US Internal Revenue Service ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI") in November 2014, received a Global Intermediary Identification Number (2A7KNV.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016.

The Board takes the necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Results and Dividends

The results for the year ended 31 December 2022 are set out in the Statement of Comprehensive Income on page 39. An annual dividend of 6.3732 pence per Share (£4,417,079) was approved on 12 May 2022 and paid on 10 June 2022 in respect of the year ended 31 December 2021. An annual dividend of 5.2311 pence per Share (£4,238,124) was approved on 4 May 2021 and paid on 4 June 2021 in respect of the year ended 31 December 2020.

The Board expects to declare an annual dividend on 2 May 2023 with a record date on 10 May 2023 for the year ended 31 December 2022 based on dividends received primarily from investments in South Korean preference shares net of Korean withholding tax.

Shareholder Information

Further Shareholder information can be found in the Company Overview set out from page 6.

Investment Management

The Investment Manager of the Company is Weiss Asset Management LP, a Delaware limited partnership formed on 10 June 2003 (the "Investment Manager"). The key terms of the IMA and specifically the fee charged by the Investment Manager are set out in Note 19 of the Financial Statements. The Board believes that the investment management fee is competitive with other investment companies with similar investment mandates.

The Board reviews, on an on-going basis, the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective.

Having considered the portfolio performance and investment strategy, the Board has unanimously agreed that the interests of the Shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

Directors

The details of the Directors of the Company during the year and at the date of this Report are set out on pages 98 to 100.

REPORT OF THE DIRECTORS (continued)

Directors' Interests

The Directors who held office at 31 December 2022 and up to the date of this Report held the following numbers of Ordinary Shares beneficially:

	As at 31 December 2022		As at 31 December 2021	
	Ordinary Shares	% of issued share capital	Ordinary Shares	% of issued share capital
Norman Crighton	20,000	0.03%	20,000	0.03%
Robert King	N/A	N/A	15,000	0.02%
Gillian Morris	3,934	0.01%	3,934	0.01%
Krishna Shanmuganathan	-	-	N/A	N/A
Wendy Dorey	2,552	0.00%	N/A	N/A

Krishna Shanmuganathan was appointed to the Board on 1 June 2022. Wendy Dorey was appointed to the Board on 9 September 2022. Robert King resigned from the Board on 30 September 2022. There have been no other changes in the interests of the above Directors during the year.

REPORT OF THE DIRECTORS (continued)

Substantial Interests

The Disclosure Guidance and Transparency Rules ("DTRs") are contained in the Financial Conduct Authority handbook. Section 5, the only section of the DTRs which applies to AIM-listed companies, requires substantial Shareholders to make relevant holding notifications to the Company. The Company must then disseminate this information to the wider market. Details of major Shareholders in the Company are shown below.

			As at 31 December 2022
Shareholders	**Country**	**Shares**	**% of issued share capital**
City of London Investment Mgt Co	UK	14,496,421	20.92%
Degroof Petercam Asset Mgt	Belgium	10,125,000	14.61%
Merrill Lynch, Pierce, Fenner & Smith	USA	7,000,000	10.10%
Dr Andrew M Weiss	USA	5,316,888	7.67%
JBF Capital	USA	4,259,300	6.15%
Mount Capital	UK	2,534,000	3.66%

			As at 31 December 2021
Shareholders	**Country**	**Shares**	**% of issued share capital**
City of London Investment Mgt Co	UK	17,725,681	21.88%
Degroof Petercam Asset Mgt	Belgium	10,125,000	12.50%
Merrill Lynch, Pierce, Fenner & Smith	USA	7,000,000	8.64%
Dr Andrew M Weiss	USA	5,316,888	6.56%
JBF Capital	USA	3,177,500	3.92%
1607 Capital Partners	UK	2,928,519	3.61%
Mount Capital	UK	2,534,000	3.13%

There have been no significant changes to the substantial shareholdings at 27 April 2023.

REPORT OF THE DIRECTORS (continued)

Corporate Governance

The Company does not have a Main Market Listing on the LSE, and as such, the Company is not required to comply with the UK Code as issued by the Financial Reporting Council. However, the Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the main principles of the UK Code. By complying with the main principles of the UK Code, the Company is deemed to comply with the Code of Corporate Governance (the "GFSC Code") issued by the Guernsey Financial Services Commission.

The Board has considered the principles and recommendations of the UK Code and considers that reporting against the UK Code will provide better information to Shareholders. To ensure on-going compliance with these principles, the Board receives a report from the Company Secretary at each quarterly meeting, identifying how the Company is in compliance and identifying any changes that might be necessary.

The Board considers that it has maintained procedures during the year ended 31 December 2022 and up to the date of this Report to ensure that it complies with the UK Code, except as explained elsewhere in this Annual Report and Audited Financial Statements.

The Company became a member of the Association of Investment Companies (the "AIC") in February 2021.

Role of the Board

The Board is the Company's governing body and has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting compliance, governance, monitoring, and control; and
- other matters having a material effect on the Company.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibility Statement on page 86.

Although the Company is domiciled in Guernsey, the Board has considered the requirements of Section 172 of the Companies Act 2006 in the UK. Section 172 of the Companies Act requires that the Directors of the Company act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of all stakeholders, including suppliers, customers and shareholders. The Board has engaged external companies to undertake the investment management, administrative, and custodial activities of the Company. Documented contractual arrangements are in place with these companies which define the areas where the Board has delegated responsibility to them.

The Board needs to ensure that the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model, and strategy.

In seeking to achieve this, the Directors have set out the Company's investment objective and investment policy, have explained how the Board and its delegated committees operate, have explained how the Directors review the risk environment within which the Company operates, and have set appropriate risk controls. Furthermore, throughout the Annual Report and Audited Financial Statements, the Board has sought to provide further information to enable

REPORT OF THE DIRECTORS (continued)

Corporate Governance (continued)

Role of the Board (continued)

Shareholders to better understand the Company's business and financial performance.

Composition and Independence of the Board

The Board currently comprises four non-executive Directors, all of whom are considered independent of the Investment Manager. The Directors of the Company are listed on the Corporate Information section on page 108 and the Board of Directors section on pages 98 to 100.

The Chair is Norman Crighton. Biographies for Norman and all other Directors appear on pages 98 to 100. In considering the independence of the Chair, the Board has taken note of the provisions of the UK Code relating to independence, and has determined that he is an Independent Director.

The Board believes it has a good balance of skills and experience to ensure it operates effectively. The Chair is responsible for leadership of the Board and ensuring its effectiveness.

As the Chair is an Independent Director, no appointment of a Senior Independent Director has been made. The Company has no employees and therefore there is no requirement for a Chief Executive or a whistleblowing policy.

The Company holds a minimum of four Board Meetings per year to discuss general management, structure, finance, corporate governance, marketing, risk management, compliance, asset allocation and gearing, contracts, and performance. The quarterly Board Meetings are the principal source of regular information for the Board, enabling it to determine policy and to monitor performance, compliance, and controls. These meetings are supplemented by communication and discussions throughout the year.

A representative of the Investment Manager, Administrator, and Company Secretary may attend each Board Meeting either in person, by video conference or by telephone, thus enabling the Board to fully discuss and review the Company's operations and performance. Each Director has direct access to the Investment Manager and Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter.

The UK Corporate Governance Code limits the tenure of a Board member to nine years, with additional explanations to be provided should the recommendation be exceeded. Norman Crighton has reached this length of service at the date of these Financial Statements.

REPORT OF THE DIRECTORS (continued)

Corporate Governance (continued)

Composition and Independence of the Board (continued)

Attendance at the Board and other Committee Meetings during the year was as follows:

	Number of meetings held	Norman Crighton	Robert King	Gillian Morris	Krishna Shanmuganathan	Wendy Dorey
Quarterly Board Meetings	4	4	3	4	2	1
Audit Committee Meetings	4	4	4	4	1	-
Management Engagement Committee Meetings	1	1	-	1	1	1
Ad-hoc Board Meetings	5	3	4	5	2	1

Krishna Shanmuganathan was appointed to the Board on 1 June 2022. Wendy Dorey was appointed to the Board on 9 September 2022. Robert King resigned from the Board on 30 September 2022.

Board Diversity

The Board considers the composition of the Board on an on-going basis.

Composition, Succession and Evaluation

The Board of Directors and its Committees are currently considered to be adequately composed in order to be able to discharge their duties effectively. However when considering new appointments in the future, the Board will ensure that a diverse group of candidates is considered in accordance with its Diversity Policy and that appointments are made against set objective criteria.

The Board members have been briefed about their ongoing responsibilities as Directors as part of each individual Director's induction process and the Board receives ongoing guidance in this regard on an "as needed" bases from the Company Secretary and legal advisers.

The composition of the Board, together with its performance and approach to succession planning is considered annually at the time of the Board's annual performance appraisal.

The performance of the Board, its committees and individual Directors (including the Chair) is evaluated annually through a self-assessment process coordinated by the Administrator which then circulates the findings. The Board will consider the need for, and the benefits of, having this process externally facilitated by an independent third party from time to time.

Re-election

The Articles of Incorporation provide that one-third of the Directors retire by a voluntary rotation basis at each Annual General Meeting ("AGM"). However, in order to meet the highest standards of corporate governance, the Directors have agreed to stand for re-election annually. The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until, and shall be eligible for re-election at, the next AGM following their appointment.

REPORT OF THE DIRECTORS (continued)

Corporate Governance (continued)

Re-election (continued)

Although the Company looks at not retaining the Chair of the Board in the post beyond nine years from date of first appointment on the Board, the Board has not set such a formal policy in place since the Company shareholders decide, on an annual basis, whether or not to support the continuation of the Chair.

Board Performance

The Board undertakes an evaluation of its own performance and that of individual Directors on an annual basis. In order to review its effectiveness, the Board carries out a process of formal self-appraisal. The Board considers how it functions as a whole and also reviews the individual performance of its members. This process is conducted by the respective Chair reviewing each members' performance, contributions, and commitment to the Company by verbal discussion.

The Board considers it has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption.

In accordance with the UK Code, when 20% or more of Shareholder votes have been cast against a Board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult Shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the Shareholder meeting. The Board should then provide a final summary in the Annual Report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the Board has taken and any actions or resolutions now proposed. During the year, no resolution recommended by the Board received more than 20% of votes against it.

Committees of the Board

The Board has established an Audit Committee and a Management and Engagement Committee. All Terms of Reference for both Committees are available from the Company Secretary upon request or on the Company's website, www.weisskoreaopportunityfund.com.

Audit Committee

The Company has established an Audit Committee with formally delegated duties and responsibilities within written terms of reference. The Audit Committee is chaired by Gill Morris. The Audit Committee meets formally at least twice a year. Due to the small size of the Board, the Board considers it appropriate that all Directors should be members of the Audit Committee.

Appointment to the Audit Committee is for a period of up to three years, which may be extended for two further three year periods.

The table on page 78 sets out the number of Audit Committee Meetings held during the year ended 31 December 2022 and the number of such meetings attended by each Audit Committee member.

A report of the Audit Committee detailing responsibilities and activities is presented on pages 88 to 92.

Management and Engagement Committee

The Company has established a Management and Engagement Committee with formally delegated duties and responsibilities within written terms of reference. The Management and Engagement Committee was chaired by Robert King until the date of his resignation and Wendy Dorey was appointed in his place. Due to the small size of the Board, the Board considers it appropriate that all Directors should be members of the Management and

REPORT OF THE DIRECTORS (continued)

Corporate Governance (continued)

Management and Engagement Committee (continued)

Engagement Committee.

The principal duties of the Management and Engagement Committee are to review the performance of and contractual arrangements with the Investment Manager and all other service providers to the Company (other than the External Auditor).

During the Management and Engagement Committee meeting held on 17 November 2022, the quality of the services provided by the Investment Manager as well as the other service providers was reviewed. The Management and Engagement Committee also reviewed the fees of all other service providers (other than the External Auditor).

Nomination Committee

The Board does not have a separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. Any proposal for a new Director will be discussed and approved by the Board. The Board will determine whether an external search consultancy or open advertising is used in the appointments of non-executive Directors in the future.

Remuneration Committee

In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a Remuneration Committee as anticipated by the UK Code because this function is carried out as part of the regular Board business. A Remuneration Report prepared by the Board is contained on page 93. Directors' remuneration is considered on an annual basis.

As at 31 December 2022, Directors' fees per annum were £35,000 payable to Norman Crighton as the Chair, £32,500 to Gill Morris as Chair of the Audit Committee, £30,000 to Robert King prorated to 30 September 2022, being his date of resignation, £30,000 to Krishna Shanmuganathan and Wendy Dorey prorated from their dates of appointment, 1 June 2022 and 9 September 2022 respectively. The Board increased their fees by £1,500 per Director, per annum effective 1 January 2023.

Environmental, Social and Governance Matters

As an investment company, WKOF's own direct environmental impact is minimal. Other than flights by the Chair and other directors based in the UK to attend meetings, the Company 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 Reporting and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The Company's operations are delegated to third party service providers, and the Company has no employees. The Board seeks assurances, at least annually, from its main counterparties that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

The Board and WAM recognise that governance issues have an effect on its investee companies. The Board supports WAM in its belief that good corporate governance will help deliver long term Shareholder value. Since inception of the Company, improved corporate governance has been one of the main drivers of value, as some Korean companies have improved the efficiency of their balance sheets by buying back preference shares and improving dividend payouts. The Board and WAM will continue to support these changes in its investee companies and expect these governance improvements to continue in Korea.

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REPORT OF THE DIRECTORS (continued)

Corporate Governance (continued)

Geopolitical risks

At the time of signing these Financial Statements, there is an increased level of global uncertainty associated with the conflict in Ukraine. The long-term impacts of Ukraine, in addition to the continued uncertainty regarding regional conflicts in North Asia, are not yet known but are likely to result in increased market and economic volatility, which may in turn have an impact on the Company.

Internal Controls

The Board is ultimately responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing the system's effectiveness. The Company's risk matrix continues to be the basis of the Company's risk management process in establishing the Company's system of internal financial and reporting controls. The risk matrix is prepared and maintained by the Board, which initially identifies the risks facing the Company and then collectively assesses the likelihood of each risk, the impact of those risks, and the strength of the controls operating over each risk. The Company's system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve the Company's objectives, and by the internal controls' nature, can only provide reasonable and not absolute assurance against misstatement and loss. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information for publication is reliable.

The UK Code requires Directors to conduct at least annually a review of the Company's system of internal controls, covering all controls including financial, operational, compliance, and risk management. The Board has evaluated the Company's system of internal controls. In particular, it has prepared a process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed. The process has resulted in a low to medium risk assessment.

The Board has delegated the management of the Company's investment portfolio, administration, registrar, and corporate secretarial functions, which includes the independent calculation of the Company's NAV and the production of the audited Annual Report and Financial Statements. Whilst the Board delegates these functions, it remains responsible for the functions it delegates and for the systems of internal controls. Formal contractual agreements have been put in place between the Company and providers of these services. On an on-going basis, Board reports are provided at each quarterly Board Meeting from the Investment Manager, Administrator, Registrar, and Company Secretary, and a representative from the Investment Manager is asked to attend these meetings.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Investment Manager, Administrator, Registrar, and Company Secretary, which have their own internal audit and/or risk assessment functions.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its meetings and annually by the Board. The Board believes that the Company has adequate and effective systems in place to identify, mitigate, and manage the risks to which it is exposed.

Shareholder Engagement

The Directors welcome Shareholders' views and place great importance on communication with the Company's Shareholders. Shareholders wishing to meet with the Chair and other Board members should contact the Company's Administrator.

The Investment Manager and Broker maintain a regular dialogue with institutional Shareholders, the feedback from which is reported to the Board.

The Company's AGM provides a forum for

REPORT OF THE DIRECTORS (continued)

Corporate Governance (continued)

Shareholder Engagement (continued)

Shareholders to meet and discuss issues of the Company and provides Shareholders with the opportunity to vote on the resolutions as specified in the Notice of AGM. The Notice of AGM and the results are released to the London Stock Exchange in the form of an announcement.

In addition, the Company maintains a website which contains comprehensive information, including links to regulatory announcements, Share price information, financial reports, investment objective, and investor contacts.

Auditor

The Independent Auditor, KPMG Channel Islands Limited, has indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming AGM.

Disclosure of Information to the Independent Auditor

The Directors who hold office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's independent auditor is unaware, and that each Director has taken all the steps they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's independent auditor is aware of that information.

Signed on behalf of the Board by:

Norman Crighton
Chair
28 April 2023

Gill Morris
Director
28 April 2023

STATEMENT OF PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

For the year ended 31 December 2022

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its meetings and annually by the Board. The Board believes that the Company has adequate and effective systems in place to identify, mitigate, and manage the risks to which it is exposed.

Emerging Risks

In order to recognise any new risks that may impact the Company and to ensure that appropriate controls are in place to manage those risks, the Audit Committee undertakes a regular review of the Company's Risk Matrix. This review took place on four occasions during the year.

Geopolitical risks

Risks to global growth have been heightened as a result of the conflict in the Ukraine. The level of tension between North and South Korea fluctuates. There is a heightened risk of malicious cyber activity. Through the Management Engagement Committee, the Company asks its service providers to confirm that they have appropriate safeguards in place to mitigate the risk of cyber-attacks and remote working (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area. None of the Service Providers has reported any problems regarding cyber security when questioned by the MEC.

Principal Risks and Uncertainties

In respect of the Company's system of internal controls and reviewing its effectiveness, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency, or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems, including material financial, operational, and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

The principal risks and uncertainties which have been identified and the steps which are taken by the Board to mitigate them are as follows:

Investment Risks

The Company is exposed to the risk that its portfolio fails to perform in line with its investment objective and policy if markets move adversely or if the Investment Manager fails to comply with the investment policy. The Board reviews reports from the Investment Manager at the quarterly Board Meetings, with a focus on the performance of the portfolio in line with its investment policy. The Administrator is responsible for ensuring that all transactions are in accordance with the investment restrictions.

Operational Risks

The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Investment Manager, Administrator, and the Custodian. The Board and its Committees regularly review reports from the Investment Manager and the Administrator on their internal controls.

STATEMENT OF PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES (continued)

Principal Risks and Uncertainties (continued)

The Administrator will report to the Investment Manager any valuation issues which will be brought to the Board for final approval as required.

Accounting, Legal and Regulatory Risks

The Company is exposed to the risk that it may fail to maintain accurate accounting records, fail to comply with requirements of its Admission Document, and fail to meet listing obligations. The accounting records prepared by the Administrator are reviewed by the Investment Manager. The Administrator, Broker, and Investment Manager provide regular updates to the Board on compliance with the Admission Document and changes in regulation.

Discount Management

The Company is exposed to Shareholder dissatisfaction through inability to manage the Share price discount to NAV. The Board and its Broker monitor the Share price discount (or premium) continuously and have engaged in Share buybacks from time to time to help minimise any such discount. The Board believes that it has access to sufficiently liquid assets to help manage the Share price discount. The Company's discount management programme is described within Note 18.

Liquidity of Investments

The Korean preference shares typically purchased by the Company generally have smaller market capitalisations and lower levels of liquidity than their common share counterparts. These factors, among others, may result in more volatile price changes in the Company's assets as compared to the South Korean stock market or other more liquid asset classes. This volatility could cause the NAV to go up or down dramatically.

In order to realise its investments, the Company will likely need to sell its holdings in the secondary market, which could prove difficult if adequate liquidity does not exist at the time and could result in the values received by the Company being significantly less than their holding values. The liquidity of the market for preference shares may vary materially over time. There can be no guarantee that a liquid market for the Company's assets will exist or that the Company's assets can be sold at prices similar to the published NAV. Illiquidity could also make it difficult or costly for the Company to purchase securities, and this could result in the Company holding more cash than anticipated. Furthermore, it is possible that South Korea could impose currency-exchange or capital controls on foreign investors, making it difficult or impossible for the Company to repatriate funds. The Investment Manager considers the liquidity of secondary trading in assessing and managing the liquidity of the Company's investments. The Board reviews the Company's resources and obligations on a regular basis with a view to ensuring that sufficiently liquid assets are held for the expected day to day operations of the Company. However, if the Company was required to liquidate a substantial portion of its assets at a single time, it is likely that the market impact of the necessary sale transactions would impact the value of the portfolio materially.

Fraud Risk

The Company is exposed to fraud risk. The Audit Committee continues to monitor the fraud, bribery, and corruption policies of the Company. The Board receives an annual confirmation from all service providers that there have been no instances of fraud or bribery.

Financial Risks

The financial risks, including market, credit, and liquidity risks, faced by the Company are set out in the Annual Report of the Company. These risks and the controls in place to reduce the risks are reviewed at the quarterly Board Meetings.

STATEMENT OF PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES (continued)

Principal Risks and Uncertainties (continued)

Climate Risks

Climate change is a growing area of focus for regulators, companies, investors and other stakeholders. Climate related risks include both physical risks from global warming and extreme weather events as well as transition risks (e.g. increased regulation) and litigation risks. Climate risks are incorporated in the ESG analysis under environmental factors.

DIRECTORS' RESPONSIBILITY STATEMENT

For the year ended 31 December 2022

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 International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that the Financial Statements give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors confirm that they have complied with the above requirements in preparing the Annual Report and Financial Statements and that to their best knowledge and belief:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

DIRECTORS' RESPONSIBILITY STATEMENT (continued)

We consider the Annual Report and Financial Statements, taken as a whole, to be fair, balanced, and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model, and strategy.

The Board of Directors confirms that, throughout the period covered by the Financial Statements, the Company complied with the GFSC Code through its compliance with the UK Code.

On behalf of the Board,

Norman Crighton
Chair
28 April 2023

Gill Morris
Director
28 April 2023

AUDIT COMMITTEE REPORT

For the year ended 31 December 2022

Dear Shareholders,

On the following pages, we present the Audit Committee's Report for 2022, setting out the responsibilities of the Audit Committee and its key activities in 2022.

The Audit Committee has reviewed the Company's financial reporting, significant areas of judgement and estimation within the Company's Financial Statements, the independence and effectiveness of the External Auditor, and the internal control and risk management systems of the Company's service providers. The Audit Committee considered whether the Annual Report and Financial Statements are fair, balanced, and understandable and whether they provided the necessary information for Shareholders to assess the Company's performance, business model, and strategy before recommending them to the Board for approval. In order to assist the Audit Committee in discharging these responsibilities, regular reports are received from the Investment Manager, Administrator, and External Auditor. Following its review of the independence and effectiveness of the Company's External Auditor, the Audit Committee has recommended to the Board that KPMG Channel Islands Limited be reappointed as Auditor, which the Board will submit for approval to the Company's Shareholders at the forthcoming AGM.

A member of the Audit Committee will continue to be available at each AGM to respond to any Shareholder questions on the activities of the Audit Committee.

AUDIT COMMITTEE REPORT (continued)

Responsibilities

The Audit Committee reviews and recommends the approval of the Financial Statements of the Company to the Board and is the forum through which the External Auditor reports to the Board of Directors. The External Auditor and the Audit Committee will meet together without representatives of either the Administrator or Investment Manager being present at least once a year.

The role of the Audit Committee includes:

- monitoring the integrity of the published Financial Statements of the Company;
- reviewing and reporting to the Board on the significant issues, judgements, and estimates made in the preparation of the Company's published Financial Statements;
- monitoring and reviewing the quality and effectiveness of the External Auditor and their independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement, and remuneration of the Company's External Auditor;
- reviewing the Company's procedures for prevention, detection and reporting of fraud, bribery, and corruption; and
- monitoring and reviewing the internal control and risk management systems of the service providers.

The Audit Committee's full terms of reference can be obtained by contacting the Company's Secretary or on the Company's website, www.weisskoreaopportunityfund.com.

Key Activities of the Audit Committee

The following sections discuss the assessments made by the Audit Committee during the year:

Financial Reporting

The Audit Committee's review of the Annual Report and Audited Financial Statements focused on the following significant areas:

Valuation of Investments

The Company's financial investments had a fair value of £120,764,446 as at 31 December 2022 and represent the majority of the net assets of the Company. The majority of the investments are listed and traded, and the valuation is by reference to the fair value measurement required by IFRS. The Audit Committee considered the fair value of the investments held by the Company as at 31 December 2022 to be reasonable from a review of the information provided by the Investment Manager and Administrator. All prices have been confirmed by the Administrator to independent pricing sources as at 31 December 2022.

The Investment Manager and Administrator confirmed to the Audit Committee that they were not aware of any material misstatements including matters relating to the Financial Statements' presentation, nor were they aware of any fraud or bribery relating to the Company's activities. Furthermore, the External Auditor reported to the Audit Committee that no material misstatements were found in the course of their work.

Following the review of the presentations and reports from the Administrator and consulting, where necessary, with the External Auditor, the Audit Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates made in the preparation of the Financial Statements (both in respect to the amounts reported and the disclosures). The Audit Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust.

Risk Management

The Audit Committee continues to manage the

AUDIT COMMITTEE REPORT (continued)

Risk Management (continued)

Company's risks. All risks are reviewed and assessed at least once a year with key risks or a sub-section thereof being presented to the Board and discussed at most Board meetings. Where necessary, actions to improve controls or mitigation of risks are implemented. The last Board meeting at which risks were discussed was held on 17 November 2022.

Fraud, Bribery and Corruption

The Audit Committee continues to monitor the fraud, bribery, and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud or bribery.

The External Auditor

Independence, Objectivity and Fees

The independence and objectivity of the External Auditor is reviewed by the Audit Committee, which also reviews the terms under which the External Auditor is appointed to perform non-audit services. The Audit Committee has established pre-approval policies and procedures for the engagement of the External Auditor to provide audit and assurance services.

The External Auditor may not provide a service which:

- places them in a position to audit their own work;
- creates a mutuality of interest;
- results in the External Auditor developing close relationships with service providers of the Company, in respect of services to the Company;
- results in the External Auditor functioning as a manager or employee of the Company; and
- puts the External Auditor in the role of advocate of the Company.

As a general rule, the Company does not utilise the External Auditor for internal audit purposes, secondments, or valuation advice. Services such as tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews, and disclosure advice are normally permitted but will be pre-approved by the Audit Committee.

The following table summarises the remuneration payable to KPMG Channel Islands Limited and to other KPMG member firms for audit and non-audit services:

KPMG Channel Islands Limited	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Annual audit	43,500	39,000
KPMG LLP		
Tax fees (UK Reporting Fund Status)	12,000	5,750

AUDIT COMMITTEE REPORT (continued)

The External Auditor (continued)

Independence, Objectivity and Fees (continued)

For the year ended 31 December 2022, the Company has engaged KPMG LLP to provide tax services, a separate entity to KPMG Channel Islands Limited.

The Audit Committee does not consider KPMG Channel Islands Limited's independence to be under threat. In making this assessment, the Audit Committee has concluded that the non-audit fees, disclosed above, do not relate to prohibited services. In approving the non-audit services, the Audit Committee considered the safeguards put in place by KPMG Channel Islands Limited to reduce the threats to independence and objectivity to an acceptable level.

KPMG Channel Islands Limited has been the External Auditor from the date of the initial listing on the London Stock Exchange. The UK Code introduced a recommendation that the external audit be put out to tender every ten years. The Audit Committee has noted this and will develop a plan for the tender process in 2023.

The Audit Committee has examined the scope and results of the audit, its cost effectiveness, and the independence and objectivity of the External Auditor, with particular regard to non-audit fees, and considers KPMG Channel Islands Limited, as External Auditor, to be independent of the Company.

Performance and Effectiveness

During the year, when considering the effectiveness of the External Auditor, the Audit Committee has taken into account the following factors:

- The audit plan presented to it before the audit;
- Changes in audit personnel;
- The post audit report including variations from the original plan, if any;
- The External Auditor's report on independence; and
- Feedback from both the Investment Manager and Administrator.

Further to the above, at the conclusion of the 2022 audit fieldwork, the Audit Committee performed specific evaluation of the performance of the External Auditor through discussion with the Administrator and Investment Manager, as well as the audit team itself.

There were no significant adverse findings from this evaluation.

Reappointment of External Auditor

As noted above the Board intends to commence a formal tender process for the position of External Auditor with suitably qualified firms during 2023.

Internal Control and Risk Management Systems

After consultation with the Investment Manager, Administrator, and External Auditor, the Audit Committee has considered the impact of the risk of the override of controls by its service providers, the Investment Manager, and Administrator.

The Audit Committee reviews externally prepared assessments of the control environment in place at the Administrator, with the Administrator providing a Service Organisation Controls Report on a bi-annual basis. The Audit Committee noted that the Management and Engagement Committee received a self-assessment from the Investment Manager and no issues were identified in this. Additionally, representatives of the Investment Manager meet with the Board of Directors annually to discuss and review the controls in place at the Investment Manager. No significant failings or weaknesses were identified in these reviews.

The Audit Committee has also reviewed the need for an internal audit function. The Audit Committee

AUDIT COMMITTEE REPORT (continued)

Internal Control and Risk Management Systems (continued)

has decided that the systems and procedures employed by the Investment Manager, as well as the Administrator's internal audit function provide sufficient assurance that a sound system of internal controls, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

In finalising the Financial Statements for recommendation to the Board for approval, the Audit Committee is satisfied that, taken as a whole, the Annual Report and Financial Statements are fair, balanced, and understandable. The Board has accepted this approval.

For any questions on the activities of the Audit Committee not addressed in the foregoing, a member of the Audit Committee remains available to attend each AGM to respond to such questions.

The Audit Committee Report was approved by the Board on 28 April 2023 and signed on behalf of the Audit Committee by:

Gill Morris
Chair, Audit Committee
28 April 2023

DIRECTORS' REMUNERATION REPORT

For the year ended 31 December 2022

Introduction

An ordinary resolution for the approval of the Directors' Remuneration Report was put to the Shareholders at the AGM held on 21 July 2022.

Remuneration Policy

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of the Board's consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors, and be sufficient to attract, retain, and motivate Directors of a quality required to run the Company successfully. The Chair of the Board is paid a higher fee in recognition of his additional responsibilities, as is the Chair of the Audit Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies. The Directors of the Company are remunerated for their services at such a rate as the Directors determine, provided that the aggregate amount of such fees does not exceed £150,000 per annum.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

None of the Directors has a service contract with the Company, but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire by rotation or cease to be a Director in accordance with the Articles of Incorporation, by operation of law, or until they resign.

DIRECTORS' REMUNERATION (continued)

Remuneration

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No Director has been paid additional remuneration outside their normal Directors' fees and expenses.

As at 31 December 2022, Directors' fees were: £35,000 payable to the Chair of the Board, £32,500 to the Chair of the Audit Committee, and £30,000 to the other Directors. The Board increased their fees by £1,500 per Director, per annum effective 1 January 2023.

The Directors paid during the year were as follows:

	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Norman Crighton	35,000	30,000
Gillian Yvonne Morris	32,500	11,553
Robert King	22,500	24,000
Stephen Coe	-	20,625
Krishna Shanmuganathan	17,466	-
Wendy Dorey	9,308	-
	116,774	**86,178**

Stephen Coe resigned from the Board on 30 September 2021. Krishna Shanmuganathan was appointed to the Board on 1 June 2022. Wendy Dorey was appointed to the Board on 9 September 2022. Robert King resigned from the Board on 30 September 2022.

Signed on behalf of the Board by:

Norman Crighton
Chair
28 April 2023

Gill Morris
Director
28 April 2023

FURTHER INFORMATION

BOARD OF DIRECTORS

The Company had five Directors during the year ended 31 December 2022 and will revert to three Directors after the current Chair has resigned this year. All Directors are considered independent of the Investment Manager.

Norman Crighton

(aged 56)

Norman Crighton is the Chair of the Company. Norman Crighton is an experienced public company director having served on the boards of eight closed-end funds and one operating company over the past ten years. Currently Norman is also Non-Executive Chair of RM Infrastructure Income plc, AVI Japan Opportunity Trust plc and Harmony Energy Income Trust plc.

Norman has extensive fund experience having previously been Head of close-end Funds at Jefferies International and Investment Manager at Metage Capital Ltd. leveraging his 31 years of experience in investment trusts. His career in investment banking covered research, sales, market making and proprietary trading, servicing major international institutional clients over 15 years. His work in many countries included restructuring closed-end funds as well as several IPOs. During his time as a fund manager, Norman managed portfolios of closed-end funds on a hedged and unhedged basis covering developed and emerging markets.

Following on from his long-term promotion of best corporate governance practice, Norman has more recently been focusing on expanding his work into Environmental and Social issues. His work in the investment trust industry is backed up with a master's degree from the University of Exeter in Finance and Investment and a BA(Hons) in Applied Economics. Norman is British and resident in the United Kingdom.

BOARD OF DIRECTORS (continued)

Gillian Yvonne Morris

(aged 59)

Gill is Chair of the Audit Committee. She is also a non-executive director and Chair of the Audit Committee at The International Stock Exchange and a Director of CICAP GP Limited. She also runs her own consultancy business. She qualified as a Chartered Accountant with the Institute of Chartered Accountants of England & Wales in 1988 and a Chartered Tax Advisor with the Chartered Institute of Taxation in 1994. She started her career in 1985 as a tax advisor at Touche Ross & Co. in London. She worked with Touche Ross & Co. and KPMG in Australia before returning to Guernsey with KPMG. She moved into the industry in 1994, joining Specsavers Optical Group as their tax manager and during her time with the Group was promoted to Director of Tax and Treasury and ultimately served as Director of Risk and Government Affairs until 2020. She has also assumed government roles in Guernsey since 2012, including as a Non – States member of the Public Accounts Committee and the Scrutiny Management Committee as well as a panel member for the Financial Scrutiny Panel, Guernsey Tax Tribunal and the Trade Policy Advisory Panel. She is British and resident in Guernsey. She was appointed to the Board in 2021.

Krishna Shanmuganathan

appointed 1 June 2022 (aged 49)

Krishna Shanmuganathan is an independent non-executive director of the Company. He is also an independent non-executive director of abrdn Asia Focus plc since June 2020 and founded Scylax Partners in 2016, a provider of specialist advisory services. Prior to Scylax, Krishna was a managing partner at Hakluyt & Company (Asia), a risk advisory company, having established and led the Asia Pacific offices of the firm based in Singapore. Krishna has also held research and analyst roles at Fidelity International and Cambridge Associates after a successful and varied career in the Foreign & Commonwealth Office. He holds a number of other non-executive appointments, including being on the advisory board of Serendipity Capital, chair of the trustees of St Jude India ChildCare Centres UK and a trustee of Solefield School Educational Trust. Krishna has Masters degrees from University of Cambridge and University of London, is British and resident in the United Kingdom. Krishna was appointed to the board in 2022.

BOARD OF DIRECTORS (continued)

Wendy Dorey

appointed 9 September 2022 (aged 50)

Wendy is an experienced professional in the financial services industry, with key competencies in business strategy, financial regulation, risk management and investment marketing and distribution. She is currently a Director of Dorey Financial Modelling, an investment consulting firm, a Commissioner for the Guernsey Financial Services Commission, and a Non-Executive Director for Schroders (CI) Limited and TwentyFour Select Monthly Income Fund Limited.

She has over 25 years' industry experience working for asset managers, pension consultants and retail banks in the UK, Guernsey and France. She has worked for a number of leading asset managers: BNY Mellon, M&G Asset Management, Friends Ivory & Sime and Robert Fleming/Save & Prosper. She has also consulted to the Defined Contribution Consulting arm of the Punter Southall Group and obtained retail banking experience at Lloyds bank and Le Credit Lyonnais. She is a Fellow of the Institute of Directors and qualified as a Chartered Director in 2020. She is also currently the Chair of the Guernsey Branch of the Institute of Directors.

WEISS ASSET MANAGEMENT

Weiss Asset Management is an investment management firm headquartered in Boston, MA and is registered with the U.S. Securities and Exchange Commission as an investment adviser. In addition to WKOF, WAM manages multiple investment vehicles, including private hedge funds, an institutional separate account and an opportunity fund.

The firm was founded by Dr. Andrew Weiss, an academic economist, who launched his first fund in 1991.

WAM employs deep fundamental and statistical analysis to find undervalued securities globally and seeks to maximise risk-adjusted returns for its investor base that includes charitable foundations, pension plans, endowments, hospitals, government entities and private investors. A portion of WAM's profits is donated annually to the Weiss Asset Management Foundation Inc., a foundation launched internally in response to employees' interest in allocating resources globally to alleviate suffering.

WAM has been investing in the Korean market for over 20 years. Over this time, the firm has built out a dedicated night desk of 6 employees focused on trading its Asian strategies, as well as strong relationships with a number of Korean brokers.

The firm has 90+ employees and assets under management of approximately £2.5 billion.

Andrew Weiss

Founder and Chief Executive Officer

Andrew is the Founder and Chief Executive Officer of WAM. Andrew received his Ph.D. in Economics from Stanford University, was elected a fellow of the Econometric Society in 1989 and is currently Professor Emeritus of Economics at Boston University.

Andrew's academic research interests have included markets with imperfect information, macroeconomics, development economics, and labour economics. He ranks in the top 1% of published economists by citations, and his co-authored paper "Credit Rationing in Markets with Imperfect Information" with Joseph Stiglitz was prominently featured in the Nobel Prize committee statement for Stiglitz's 2001 Nobel Prize Award.

Andrew began his career as an Assistant Professor at Columbia University and as a Research Economist in the Mathematics Center at Bell Laboratories. He has lectured at numerous major universities and international organisations and is the author of numerous articles published in professional journals.

Andrew began managing the predecessor to WAM's existing domestic hedge fund in 1991 and founded WAM in 2003. Andrew and WAM's strategies have been featured in articles in Forbes, Time, and Outstanding Investor Digest, as well as newspaper articles in the U.S. and Europe.

Additionally, Andrew is a member of the Advisory Board of the University of California Center for Effective Global Action, the Advisory Board for the Center for Development Economics at Williams College and the Council on Foreign Relations. Andrew and his wife Bonnie are the founders of Child Relief International, a foundation dedicated to fighting poverty in less developed countries. Andrew is also a board member of the WAM Foundation, a non-profit focused on maximising the alleviation of suffering worldwide.

WEISS ASSET MANAGEMENT (continued)

Jack Hsiao

Managing Director

Jack joined WAM in February 2008; he is a Managing Director and a member of the Investment Committee. Prior to that, Jack interned at WAM from 2006 to 2008 while performing his undergraduate studies.

Jack works from Boston and oversees all strategies in Asia including investments across preference shares, holding companies, bonds, distressed, value equities and other instruments.

After graduating Valedictorian from his high school, Jack received his Bachelor degree in Economics from Harvard.

Ethan Lim

Portfolio Manager

Ethan joined WAM in June 2015; he is a Portfolio Manager at the firm and is primarily responsible for managing the firm's investments in Korea, while overseeing the Asia team and other strategies during Asia hours.

Prior to joining Weiss, Ethan interned at Goldman Sachs Seoul office. Ethan graduated from Seoul National University, where he received a BS in Mechanical and Aerospace Engineering, a BA in Economics, and completed his Master's degree in Financial Engineering at Columbia University.

HOW TO INVEST IN WEISS KOREA OPPORTUNITY FUND

You can invest in the Fund through the following:

Via the nominated broker

The nominated broker is Singer Capital Markets.

The Board encourages all of its Shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost.

Please refer to your investment platform for more details, or visit the Association of Investment Companies' ("AIC") website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead.

You can find an adviser at unbiased.co.uk You may also buy investment trusts through stockbrokers, wealth managers and banks. To familiarise yourself with the Financial Conduct Authority ("FCA") adviser charging and commission rules, visit fca.org.uk.

SHAREHOLDER INFORMATION

AIFMD DISCLOSURES

The Company's Alternative Investment Fund Manager is Weiss Asset Management LP (the "AIFM").

Under the Alternative Investment Fund Managers Regulations 2013 (the "UK AIFM Regulations") and the FCA's Investment Funds sourcebook ("FUND"), the Company is a non-UK Alternative Investment Fund ("AIF") and the AIFM is an "above-threshold non-UK AIFM".

Accordingly, the AIFM has obligations pursuant to the UK AIFM Regulations and FUND to make certain disclosures to investors before they invest in the Company. These are set out in the AIFM's Supplemental Disclosure to the Admission Document dated May 2013 which can be found on the Company's website www.weisskoreaopportunityfund.com. The AIFM confirms that, apart from changes to the latest net asset value of the Company as set out on page 6, there have been no material changes to this information in the year ended 31 December 2022.

The AIFM is also required to make certain disclosures as to the remuneration it pays to its employees. The portion of the total amount of remuneration paid by the AIFM to its 75 employees attributable to the Company for the financial year ended 31 December 2022 was £2,075,355, consisting of £204,425 fixed and £1,870,930 variable remuneration.

The aggregate amount of remuneration for the 10 employees and/or members constituting senior management and those employees whose actions have a material impact on the risk profile of the Company was £1,737,727.

REALISATION OPPORTUNITY

In accordance with the Company's Articles of Incorporation and its Admission Document, the Company shall offer all Shareholders the right to elect to realise some or all of the value of their Ordinary Shares (the "Realisation Opportunity"), less applicable costs and expenses, on or prior to the fourth anniversary of Company's admission to AIM and, unless it has already been determined that the Company be wound-up, every two years thereafter (the "Realisation Date"). See Note 18 for further details.

On 13 March 2023, the Company announced that pursuant to the Realisation Opportunity, Shareholders who are on the register as at the record date may elect, during the Election Period, to redesignate all or part of their Ordinary Shares as Realisation Shares (provided that any part is rounded up to the nearest whole Ordinary Share). The Election Period commenced on 12 April 2023 and closes on 5 May 2023 at 1pm BST.

Subject to the aggregate NAV of the continuing Ordinary Shares at the close of business on the last Business Day before the Realisation Date being not less than £50 million, the Ordinary Shares held by the Shareholders who have elected for Realisation will be designated as Realisation Shares and the Portfolio will be split into two separate and distinct Pools, namely the Continuation Pool (comprising the assets attributable to the continuing Ordinary Shares) and the Realisation Pool (comprising the assets attributable to the Realisation Shares). If one or more Realisation Elections are duly made and the NAV of the continuing Ordinary Shares at the close of business on the last Business Day before the Realisation Date is less than £50 million, the Directors may propose an ordinary resolution for the winding up of the Company and may pursue a liquidation of the Company instead of splitting the Portfolio into the Continuation Pool and the Realisation Pool.

SHARE BUYBACKS

In addition to the Realisation Opportunity, the Company has authority to repurchase on the open market up to 40% of its outstanding Ordinary Shares. During the year ended 31 December 2022, the Company purchased Nil shares (2021: 600,000) of its own Shares at a consideration of £Nil (31 December 2021: £1,719,433) under its general buyback authority. For additional information on Share Buybacks refer to Note 18.

NET ASSET VALUE

Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") is responsible for calculating the Net Asset Value ("NAV") per Share of the Company. Since 4 April 2022, the unaudited NAV per Ordinary Share is calculated on a daily basis and at the month end by the Administrator, and is announced by a Regulatory News Service and is available through the Company's website
www.weisskoreaopportunityfund.com.

CORPORATE INFORMATION

Directors (Non-Executive)

Norman Crighton (Chair)
Robert King
resigned 30 September 2022
Gillian Morris
Krishna Shanmuganathan
appointed 1 June 2022
Wendy Dorey
appointed 9 September 2022

Company Secretary, Administrator and Designated Manager

Northern Trust International Fund
Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey GY1 3QL

English Legal Adviser to the Company

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Guernsey Legal Adviser to the Company

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Guernsey GY1 4HP

Registrar

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Bulwer Avenue
St. Sampson
Guernsey GY2 4LH

Custodian and Principal Bankers

Northern Trust (Guernsey) Limited
PO Box 71
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Guernsey GY1 3DA

Registered Office

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Trafalgar Court
Les Banques
St. Peter Port
Guernsey GY1 3QL

Financial Adviser, Nominated Adviser and Broker

Singer Capital Markets
1 Bartholomew Lane
London EC2N 2AX

Investment Manager and AIFM

Weiss Asset Management LP
222 Berkeley Street, 16th Floor
Boston, MA 02116
USA

Independent Auditor

KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 1WR

Endnotes and Alternative Performance Measures

1, 2 ,3 The NAV published in this annual report and audited financial statement will include dividends receivable as part of the NAV. Please refer to the Admission Document for more information regarding the announcement and payment of Korean dividends.

4, 7 For WKOF, this return includes all dividends paid to WKOF's Shareholders and assumes that these dividends were reinvested in WKOF's Shares at the next date for which WKOF reports a NAV, at the NAV for that date. MSCI total return indices are calculated as if any dividends paid by constituents are reinvested at their respective closing prices on the ex date of the distribution. iShares MSCI Korea UCITS ETF also assumes reinvestment of dividends.

5 Since inception of Weiss Korea Opportunity Fund on 14 May 2013. The WKOF return since inception is calculated on the basis of the Net Asset Value per Ordinary Share and not on the price of WKOF shares on AIM. The value of WKOF NAV per share performance since inception represents a total return, inclusive of all dividends paid to WKOF shareholders since inception. The NAV per share may differ from the price at which shares of WKOF may be purchased or sold on AIM, and performance of NAV per share during any specific period may therefore not be reflective of the returns an investor would receive by investing in shares of WKOF during such period. For WKOF, this return includes all dividends paid to WKOF's Shareholders and assumes that these dividends were reinvested in WKOF's Shares at the next date for which WKOF reports a NAV, at the NAV for that date.

6, 7 MSCI Korea 25/50 Net Total Return Index denominated in GBP. MSCI total return indices are calculated as if any dividends paid by constituents are reinvested at their respective closing prices on the ex-date of the distribution.

8 If the share price of an investment company is lower than the NAV per share, the shares are 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, the shares are said to be trading at a premium.

9 Calculated as the dividend per share over the last 12-months divided by the share price as of the date of this report.

10 The Average Trailing 12-Month P/E Ratio of Preference Shares Held is based on the consolidated diluted earnings per share over the trailing 12- month period as reported by Bloomberg, and is calculated as the total market value of WKOF's preference share portfolio on the report date divided by the total earnings allocable to WKOF based on WKOF's holdings on the report date. Investments with negative reported earnings are excluded.

11 P/B Ratio of Preference Shares Held is calculated as the weighted average price to book ratio of all preference shares held at 31 December 2022.

12 The annualised total expense ratio includes charges paid to the Investment Manager and other expenses divided by the average NAV for the year. See Note 10 for details of such expenses.

13 Bloomberg L.P. (2022). Bloomberg Innovation Scores as of 12/31 since 2013. Retrieved from Bloomberg terminal.

14 *WIPO IP Facts and Figures 2021.* (n.d.). World Intellectual Property Organization.

15 Most recent sovereign credit ratings from Moody's, S&P, and Fitch as of 31 December 2022.

16 *Leading export countries worldwide in 2021.* (n.d.). Statista.

17 *GDP, current prices.* (2022). International Monetary Fund.

18 *Doing Business 2020.* (2020). World Bank.

19 PISA 2018 Insights and Interpretations. (n.d.). Organisation for Economic Co-operation and Development.

20 Bloomberg L.P. Data as of 29 December 2022.

21 *Activist Targets.* (2022). Activist Insight.

22 Bloomberg LP. Data as of 31 December 2022.

23 Market capitalisation of the leading chemical companies worldwide in March 2023. (2022). Statista.

24 Global EV battery usage in 2022 is 517.9GWh, up 71.8% from the previous year. (2023). SNE Research.

25 About Us. (2022). LG Chem.

26 Market share of the top six car manufacturers in South Korea in 2022, based on sales volume. (2023). Statista.

27 Hyundai Motor Reports 2022 Global Sales and 2023 Goals. (2023). Hyundai.

28 Brands. (n.d.). AmorePacific Group.

29 Brands. (n.d.). CJ Cheijedang.

30 Subsidiaries Info. (n.d.). Hanwha Corporation.

31 Samsung maintains No.1 position in global TV market. (2023). The Korea Economic Daily.

32 Global Business. (n.d.). Mirae Asset Securities

33 Company. (n.d.). LG H&H.

34 Our Business. (n.d.). SK Chemicals.

35 Technology and Products. (n.d.). Doosan Fuel Cell

36 This return includes all dividends paid to the Company's Shareholders and assumes that these dividends were reinvested in the Company's Shares at the next date for which the Company reports a NAV, at the NAV for that date.

37 MSCI total return indices are calculated as if any dividends paid by constituents are reinvested at their respective closing prices on the ex-date of the distribution.

38 On 31 December 2022 the Company had 69,307,078 shares outstanding.

39 This return includes all dividends paid to WKOF's Shareholders and assumes that these dividends were reinvested in WKOF's Shares at the next date for which WKOF reports a NAV, at the NAV for that date.

40 MSCI Korea 25/50 Net Total Return Index denominated in GBP. MSCI total return indices are calculated as if any dividends paid by constituents are reinvested at their respective closing prices on the ex-date of the distribution.

41 Bloomberg L.P. and Weiss Asset Management LP; Data as of 31 December 2022.

42 Bloomberg L.P. Data as of 31 December 2022

43 Market Data System. (n.d.). Korea Exchange.

44 Consumer Price Index in December 2022. Statistics Korea.

45 Bloomberg L.P. Data as of 31 December 2022.

46 The Bank of Korea Base Rate. (2023). Bank of Korea.

47 Bloomberg L.P. Data as of 31 December 2022.

48 S. Korea to report best ever exports performance this year: trade ministry. (2022). Yonhap News Agency.

49 Bloomberg L.P. Data as of 29 December 2022.

50 Weiss Asset Management LP. Data as of 31 December 2022.

51 HMC's first preference shares traded at a 55% discount relative to its common shares as of December 31, 2021, as compared to its 3-year historical average discount of 46% prior to 2020.

52 The estimated value of LG Chem's assets includes the market value of publicly traded subsidiaries and estimated values of private subsidiaries.

53 If voting rights were important determinants of the price of securities, due to LG Chem's control over its publicly traded securities one would expect the common shares of LG Chem to trade at a premium to the value of its underlying holdings in its publicly traded subsidiaries, not at a discount as is the case.

54 Activism Insights. Data as of 31 December 2022.

55 LG to buy back $398 mm of its own shares. (2022). The Korea Economic Daily.

56 SK's investment arm to buy back shares worth W200b. (2022). The Korea Herald.

57 Number of Companies publicly subjected to activist demands by HQ and time period. (2022). Activist Insight.

58 Activist fund wins over K-pop pioneer at SM Entertainment annual meeting. (2022). The Korea Economic Daily.

59 South Korea plans reforms to tackle 'Korea discount' for its stocks. (2022). Reuters.

60 Converted into GBP from USD using the prevailing currency exchange spot rate as of 31 December 2022.

61 Bloomberg L.P. and Weiss Asset Management LP. Data as of 29 December 2022.

WEISS
ASSET MANAGEMENT

WEISS KOREA OPPORTUNITY FUND