



Asia Dragon Trust plc

Annual Report 31 August 2022

Asia Dragon Trust plc

asiadragontrust.co.uk





"While the Company cannot be immune to the global picture or to geopolitical pressures, the Board remains convinced of the long-term outlook for Asia and the types of businesses favoured by your Manager."

James Will, Chairman



"Our focus remains on quality companies with sustainable business models, robust finances and access to structural growth drivers. We continue to favour fundamental themes like consumption, technology and green energy, which we believe will deliver positive results for Shareholders over the long run."

Adrian Lim and Pruksa Iamthongthong,
abrdn (Asia) Limited

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Performance Highlights

Net asset value total return^A

(8.4)%

2021

+20.5%

Net asset value per share

513.3p

2021

566.6p

Share price total return^A

(11.8)%

2021

+24.3%

Share price

446.0p

2021

512.0p

Benchmark total return (in sterling terms)

(7.1)%

2021

+14.7%

Ongoing charges^A

0.84%

2021

0.83%

Earnings per share (revenue)

6.38p

2021

7.36p

Dividend per share

6.50p

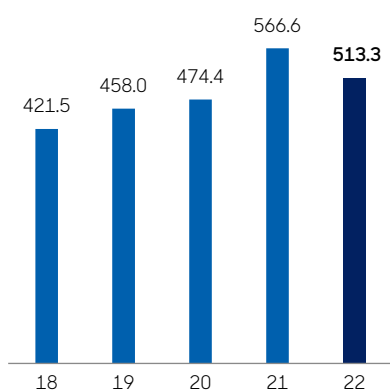
2021

6.50p

^A Considered to be an Alternative Performance Measure. Further details can be found on page 99.

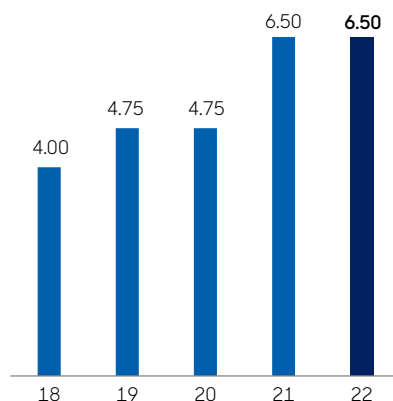
Net asset value per share

At 31 August - pence



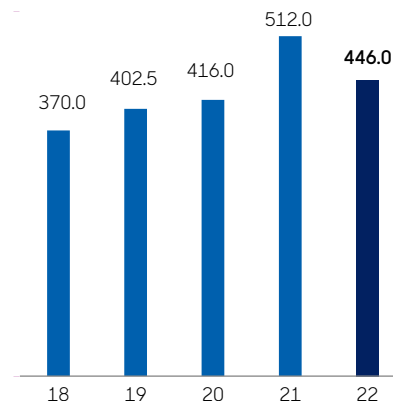
Dividends per share

Year ended 31 August - pence



Mid-market price per share

At 31 August - pence



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"ESG factors are considered in all investment decisions, and also at Board level, where ESG integration has become an increasingly important part of our discussions over the course of the year. The Trust's portfolio is ESG AA rated by MSCI, which is higher than the benchmark rating of A."

James Will, Chairman

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Financial Calendar, Dividends and Highlights

Financial Calendar

Pre-AGM Investor Presentation	21 November 2022
Annual General Meeting	9 December 2022
Payment of Final Dividend	16 December 2022
Half year end	28 February 2023
Expected announcement of results for the six months ending 28 February 2023	April 2023
Financial year end	31 August 2023
Expected announcement of results for the year ending 31 August 2023	November 2023

Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2022	6.50p	10 November 2022	11 November 2022	16 December 2022
Final 2021	6.50p	18 November 2021	19 November 2021	17 December 2021

Highlights

	31 August 2022	31 August 2021	% change
Performance			
Total shareholders' funds (£'000)	614,369	706,929	-13.1
Net asset value per share (capital return basis) (p)	513.32	566.60	-9.4
Net asset value per share (total return basis) (%)	-8.4	+20.5	
Share price (capital return basis) (p)	446.00	512.00	-12.9
Market capitalisation (£'000)	533,800	638,804	-16.4
MSCI AC Asia (ex Japan) Index (in sterling terms; capital return basis)	1,030.48	1,138.78	-9.5
MSCI AC Asia (ex Japan) Index (in sterling terms; total return basis) (%)	-7.1	+14.7	
Revenue return per share (p)	6.38	7.36	-13.3
Total return per share (p)	(49.53)	96.60	-151.3
Dividend			
Dividend per share (p)	6.50	6.50	-
Gearing			
Net gearing (%) ^A	9.0	7.9	
Discount			
Discount to net asset value (%) ^A	13.1	9.6	
Operating costs			
Ongoing charges ratio ^A	0.84	0.83	

^A Considered to be an Alternative Performance Measure. Further details can be found on pages 98 and 99.

Strategic Report



The Company is an investment trust and aims to achieve long-term capital growth principally through investment into companies in the Asia Pacific region which are believed by the Investment Manager to have above average prospects for growth.

A photograph of a Samsung display stand. The stand is white and holds several smartphones. The word "SAMSUNG" is printed in large, white, bold letters on a dark grey rectangular sign that is part of the stand. The background is blurred, showing what appears to be a store or exhibition space with other displays and lights.

SAMSUNG

Chairman's Statement

Overview

As Shareholders are more than aware, the last 12 months have been another challenging and, at times, turbulent period for investors, with macroeconomic and geopolitical risks coming to the fore. While Asian markets have proven more resilient than those of other emerging markets, the region could not entirely avoid the global concerns of rising inflation, recession risk and conflict in Europe. Against this backdrop, the MSCI AC Asia ex Japan fell 7.1% over the 12 months, while the Company's net asset value (NAV) also declined, down 8.4%, on a total return basis.

The Company's long term performance record remains intact, outperforming its benchmark and recording a gain, in NAV terms, of just under 30% in the five years to 31 August 2022.

Covid-19 again dominated the early part of the period under review, as further lockdown measures hampered recovery. However, as 2022 has progressed, most economies have begun to reopen, as governments ramped up vaccinations and loosened Covid restrictions. As a result, improving tourism and increasing consumer spending, due to the release of pent-up demand, have aided economic recovery. This has particularly benefited the Company's holdings in the ASEAN region, with positions in Indonesia, Singapore, and off-benchmark holdings in Vietnam among the strongest performers. In China, however, the 'zero-Covid' policy has continued, dampening domestic activity and impacting global supply chains. This has also put further pressure on an economy already struggling with a weak property market and tighter regulatory conditions. As a result, China was among the market's worst performers, albeit your Company's holdings have fared better in such a difficult landscape, reflecting your Manager's focus on quality and opportunities with long-term structural growth prospects.

At the time of writing, China's 20th Party Congress has just ended with a new seven-strong CPC Politburo Standing Committee being established. Xi Jinping has clearly cemented his control of the party and the extent of this has surprised the market. The Manager discusses this more in their Review.

Russia's invasion of Ukraine also contributed to global inflationary pressures through the disruption of oil supplies, driving Brent crude above US\$100 per barrel at one point. Supply fears boosted share prices and made Asia's energy sector one of the top performers over the period. This was negative for the Company's relative returns, as we have no exposure to the sector. With the global transition to renewables and growing need for new energy sources, abrdn (Asia) Limited (the Manager) favours pockets of opportunity within this segment, especially the various parts of the supply chains for solar and auto electrification, including the hardware required for developing renewable energy.

One of the key themes impacting Asia has been tightening US monetary policy, exacerbated by the build-up of global inflationary pressures. The US Federal Reserve implemented four interest rate increases over 2022, which continued to drive a de-rating of expensive growth stocks and a rotation to value for much of the period. While inflation is lower in most Asian countries than elsewhere, many central banks, including those in Indonesia, India, and Korea, have also begun to raise interest rates. The notable exception here is the People's Bank of China, which cut several key lending rates to support the economy amid significant domestic growth challenges. As I said in this year's interim report, prudent policies mean that most Asian policymakers have monetary and fiscal room for manoeuvre, which mean they are better able to mitigate any serious slowdown in growth.

Given the global backdrop, your Manager has assessed the portfolio to ensure that it includes high-quality stocks that should prove more resilient to volatile markets, consolidating exposure into companies that are best able to withstand tougher operating conditions and seize long-term structural growth opportunities. Environmental, social and governance (ESG) factors are also considered in all investment decisions, and also at Board level, where ESG integration has become an increasingly important part of our discussions over the course of the year. The Trust's portfolio is ESG AA rated by MSCI, which is higher than the benchmark rating of A.

You can find more detail on performance and portfolio activity in the Investment Manager's Review, and our approach to ESG in the ESG report.

Gearing

The Board believes that the sensible use of modest financial gearing should enhance returns to shareholders over the longer term. At the beginning of the financial year the Company had in place a £75 million three-year loan facility with Scotiabank Europe plc, of which £25 million was fixed and fully drawn down with a further £40 million of the revolving £50 million facility drawn down. The facility expired in July 2022 and the Board was pleased to announce that it had entered into loan facilities totalling a commitment of £60 million with The Royal Bank of Scotland International Limited, London Branch. The facilities, which are unsecured, consist of a two-year fixed facility of £25m, which is fully drawn, and a two year £35m multi-currency revolving credit facility which has also been fully drawn.

At 31 August 2022, the Company's net gearing position was 9.0%, compared to 7.9% at the end of August 2021.

The Investment Manager continues to monitor closely gearing levels and bank covenants. As at 28 October 2022, the Company's net assets stood at £490m and net gearing was 11.3%. These levels remain comfortably within the covenant limits.

Discounts and Share Buybacks

The discount level of the Company's shares is closely monitored by the Board and the Investment Manager and share buybacks are undertaken when appropriate. During the year ended 31 August 2022, 5.1 million shares were bought back into treasury at a cost of £24.0 million (2021: 1.6 million shares were bought back into treasury at a cost of £7.7 million). Since 31 August 2022, a further 651,351 shares have been bought back into treasury at a cost of £2.7 million. The discount at the financial year end was 13.1% (2021: 9.6%). As at 28 October 2022, the discount was 13.3%.

Revenue Account

The Company's revenue return per share was 6.38p for the year to 31 August 2022 (2021 – 7.36p). As reported in the last annual report, the Company adopted a new policy for the allocation of management fees and finance costs during the financial year to 31 August 2021. The new policy, to allocate 25% to revenue and 75% to capital, continues to apply to the Company.

The Board has declared a final dividend of 6.5p per Ordinary share (2021 – 6.5p). The Board has taken the decision to draw on revenue reserves in order to maintain the level of dividend to be paid to shareholders. The dividend, if approved by shareholders at the Annual General Meeting, will be paid on 16 December 2022 to shareholders on the register on 11 November 2022.

The Board

The Board regularly undertakes a review of its performance and structure to ensure that it has the appropriate mix of relevant skills, diversity and experience for the effective operation of the Company's business. Having served nine years on the Board, the Board was sorry to see Kathryn Langridge retire at the AGM in December 2021. However, we were delighted to welcome Matthew Dobbs as a non-executive Director with effect from 1 February 2022. Mr Dobbs is a renowned Asian and Small Companies investment expert and brings a wealth of knowledge and experience to the Board.

Annual General Meeting

In a return to the familiar format before the onset of Covid-19, the AGM will, once again, be held in person. The AGM in 2021 was held in Edinburgh and the Board has agreed that the AGM in 2022 should be held in London.

The AGM will take place on Friday, 9 December 2022 at 12.00pm at the offices of abrdn plc, in Bow Bells House, 1 Bread Street, London EC4M 9HH.

The AGM provides shareholders with an opportunity to ask any questions that they may have of either the Board or the Manager. I look forward to meeting as many of you as possible over refreshments which will follow the AGM. Shareholders, whether attending the AGM or not, are encouraged to submit questions for the Board and/or the Manager, in advance, by email to asia.dragon@abrdn.com.

Chairman's Statement

Continued

Online Shareholder Presentation

In order to encourage as much interaction as possible with our shareholders, we will be hosting an Online Shareholder Presentation, which will be held at 11:00am on 21 November 2022. At this event there will be a presentation from the Investment Manager followed by an opportunity to ask live questions of the Chairman, Senior Independent Director and the Investment Manager. The online presentation is being held ahead of the AGM to allow shareholders time to submit their proxy votes after the presentation but prior to the deadline for submitting proxies for the AGM should they so wish. Full details on how to register for the online event can be found at <https://www.workcast.com/register?cpak=3501849254509496>.

Outlook

Given the background I referred to above, the macroeconomic position and geopolitical turbulence are unlikely to make the overall investment backdrop less volatile. Asia, however, is still less vulnerable than other emerging markets, given better economic and corporate fundamentals. It also has yet to experience the surge in inflation on the scale seen in the more developed markets like Europe and the US.

Furthermore, the region is home to companies aligned with strong long-term structural growth themes, among them the move to decarbonisation as policy makers globally commit to a greener future. Other themes include rising affluence in Asia, increased urbanisation and an infrastructure boom, and the growth in 5G, big data and digital interconnectivity.

While it cannot be immune to the global picture or to geopolitical pressures, the Board remains convinced of the long-term outlook for Asia and the types of businesses favoured by your Manager; we support the Manager's view that the current environment should see companies with strong balance sheets and sustainable earnings prospects well positioned to emerge from the current difficult period.



James Will

Chairman
31 October 2022

Investment Manager's Review

Portfolio review

It has been a year beset by multiple crises for Asian equities, including the coronavirus resurgence, war in the heart of Europe and recession risk. China experienced localised lockdowns under Beijing's zero-Covid policy, which disrupted international supply chains and constrained domestic growth. China's stance was in stark contrast to that of other countries in Asia, where loosened Covid measures led to a gradual re-opening of their economies.

Meanwhile, Russia's invasion of Ukraine triggered a commodity price shock, pushing up already-high inflation and hastening the reversal of accommodative monetary policies globally as evidenced by rising interest rates. This, in turn, deepened concerns over a global recession. In market terms, rising interest rates resulted in significant rotation away from growth stocks towards value across the globe.

Against this background the MSCI Asia ex Japan Index fell by 7.1% on a total return basis. In comparison, your Company's net asset value (NAV) fell by 8.4%. We continue to take a longer-term view with regard to investment and our longer-term investment record remains positive when compared to the benchmark index.

Given the volatile markets it is perhaps unsurprising that performance was impacted, both positively and negatively, by more factors than usual. China remains the Company's largest individual exposure and, because of our strong stock selection in the country, it had the largest positive impact in relative performance terms when compared to our benchmark. The largest detractor from performance, again in country terms, was India. In sector terms, the largest positive contributor was the Food and Beverages sector and the largest detractor, where we had no exposure, was the Energy sector. We have sought to provide more colour on each of these below:

China & Hong Kong

The mainland Chinese market was amongst the worst regional performers over the period. Strict Covid controls, regulatory tightening, liquidity concerns around the real estate sector and continued tensions with the US weighed on investor confidence, even while extensive policy support dispelled some of the gloom. Our average portfolio exposure was somewhat below the benchmark's 36% China weighting and this, helped by our overweight to more domestically orientated stocks, aided returns relative to the index.

This portfolio positioning reflects our focus on key investment themes such as aspirational spending, digitalisation, renewable energy, health and wealth. Although Covid and a slowing economy have placed short-term pressure on aspirational spending, we believe the consumption upgrade is a generational shift and one supported by the government to increase self-sufficiency.

Over the year our stock selection in China contributed positively to our performance, helped by our bias towards high-quality companies and an emphasis on these structural growth opportunities. Among the portfolio's standout performers in China were holdings that reflected our core themes of green energy and aspiration, where rising affluence spurs demand for premium goods and services. **Nari Technology** was buoyed by policy supporting the development of renewable energy in China. This grid automation provider, an indirect play on clean energy, is well placed to benefit from power-grid reform. Liquor maker **Kweichou Moutai** defied the market slump thanks to its pricing power and earnings resilience. The liquor maker's brand value gives it significant competitive advantage in the domestic Chinese market, and we believe that it is well placed as demand for premium products and services grow alongside rising incomes from a growing middle class in China. Other names that outperformed included Hong Kong companies **Budweiser APAC**, which fared well from a share price and demand perspective, notwithstanding Covid-related disruptions, and **AIA Group** which benefited from the economic reopening outside of China and anticipation of better investment yields. AIA Group's premium market position and diversified pan-Asian revenue sources give it notable defensive characteristics in the current environment.

Investment Manager's Review

Continued

The performance of these stocks offset the negative impact of a period of regulatory uncertainty around the Chinese internet sector where we had a number of holdings. We have consolidated these into our core holdings, including **Alibaba Group**, **Tencent Holdings** and **Meituan**. We also built on the small position in **JD.com**, after receiving its shares from Tencent Holdings through an in-specie distribution. JD.com directly procures inventory which it sells to consumers and delivers primarily via its in-house logistics network. The company has built up significant scale and differentiates itself through superior customer experience. Valuations are attractive, while the sector's long-term outlook remains promising. Although policy changes are disruptive, they could help to create a better functioning market and more sustainable growth, which should drive re-ratings for e-commerce companies over the longer term.

We have been increasing our China A-share exposure where we see unique longer-term opportunities not available offshore, particularly those aligned with Beijing's strategic objectives. Localisation of supply chains, for example, has accelerated as a result of China's pursuit of self-reliance in critical industries. Battery maker **Contemporary Amperex Technology (CATL)**, an earlier initiation highlighted in the interim report, is well positioned, given its economies of scale and know-how, to gain from China's push towards electric vehicle (EV) adoption. More reasonable valuations also allowed us to add to **Mindray**, another beneficiary of China's self-sufficiency drive. The medical equipment maker's high-quality diversified portfolio of products reflects its heavy focus on research and development. Other noteworthy top-ups include well-established snack producer **Chacha Food**, where we see considerable growth potential given the highly fragmented industry.

With the recently ended Party Congress in China we believe that the overall direction remains broadly unchanged. The main focus remains on the continued drive for Common Prosperity and technology localisation efforts to improve resilience and self-sufficiency. Following the Congress, both onshore and offshore Chinese stock markets saw a sell-off on the back of concerns that President Xi could sacrifice economic growth for policies driven by ideology. In particular, the market was disappointed at the lack of a specified timeline for bringing an end to the zero-Covid policy and also the fact that no detailed stimulus plans were laid out. Taking a step back and reviewing the economic policies and reform initiatives of the government over the last few years, these measures have largely been positive and aimed at better positioning China for future growth and increasing the

country's long-term competitiveness. For example, the deleveraging of the property sector and channelling of capital to more productive and strategic areas have been correct, directionally at least. However, these good policy intentions have at times been plagued by poor execution which has led to underwhelming outcomes, to say the least. With a more aligned new leadership team, we believe execution should be more efficient and effective going forward but the jury is clearly out at this stage and geo-political tension has increased, at least in the short term. The themes that are driving our investments in China have not been impacted as a result of these political changes.

India

In India, several of our financial sector holdings added value. **SBI Life Insurance**, mortgage lender **Housing Development Finance Corp (HDFC)** and **Kotak Mahindra Bank** all outperformed, helped by higher interest rates and the economic reopening. Separately, we believe HDFC's merger with subsidiary HDFC Bank will drive scale efficiencies and create new growth opportunities for the group over the medium term. These contributions, however, failed to offset the overall negative impact of our India exposure on portfolio performance. Stock selection in India – notably the lack of exposure to Reliance Industries – was the key driver of underperformance. The conglomerate rallied on higher oil prices and expectations of stronger refining margins. Additionally, our small position in online insurance platform **PB Fintech** suffered due to the rotation away from growth stocks, referred to above.

We remain sanguine about India which is home to many quality companies underpinned by structural tailwinds. A salient introduction over the year was **Power Grid Corporation of India**. The power transmission company will play a prominent role in the growth of renewable energy delivery to the grid in the decades ahead as India shifts to clean energy. We also added **Infosys**, a leading software developer backed by strong management, solid financials and a sustainable business model. We view both firms' openness to engaging with us on ESG matters favourably. With regard to the portfolio, as a whole, we have a strong conviction that sound ESG credentials can both complement a company's quality and reduce portfolio risks while improving long-term returns. A comprehensive report of our active engagement with the Trust's underlying companies can be found on pages 23 to 25.

Energy

The Trust's zero exposure to energy detracted from performance as energy prices surged following the outbreak of war in the Ukraine. We are wary of the cyclical nature of earnings that typifies the sector, as well as the significant State interference in many national oil companies. The Ukraine war has also highlighted the vulnerability of an over-dependence on fossil fuels and accelerated the global adoption of renewable energy, which is a clear structural trend over the medium to long term. Hence, our preferred exposure to energy is through the renewables space via investments in renewable energy, batteries, the EV supply chain and related infrastructure; these do not feature in the MSCI's Energy sector. The global green-energy transition is well underway, and Asia is dominant in the clean energy supply chain. In addition to the aforementioned CATL and Nari, we are positive on China-based **Longi Green Energy Technology**, the world's largest solar wafer maker, and **Sungrow**, a global supplier of solar inverters. We added to both of the latter two over the year as their many strengths include a formidable cost advantage and superior product quality.

Financials

Financial stocks are traditionally among the beneficiaries of a rising interest rate environment. As well as in India, the Trust's exposure in this area was positive in Southeast Asia, as the region's belated relaxation of Covid restrictions resulted in growth during the year. Our long-held conviction in Indonesia and Singapore was especially rewarding. Indonesia's **Bank Central Asia** and Singapore lenders **DBS Group** and **OCBC** advanced on higher interest rates and improving economic growth. We added to them over the period as rising interest rates should boost net interest margins. They are already seeing improving asset quality metrics and increased demand for loans as restrictions ease.

Other Portfolio Activity

The growth company sell-off impacted our holdings in South Korean internet application provider **Kakao Corp** and Taiwan-listed integrated circuit maker **Silergy Corp**.

Meanwhile, market turmoil led to opportunities to add some new names to the portfolio. Apart from Thailand's **Kasikornbank**, which we detailed in the interim report, more recent additions included **Astra International** and **Singtel**. Astra is a well-managed conglomerate; as well as being the industry leader in cars and motorcycles, it is also a strong player in auto financing, mining services, plantations and infrastructure. Telecom operator Singtel has steady operations in Singapore and Australia, while its regional franchises are exposed to growth in Asia's emerging markets. The company offers a healthy dividend yield, buttressed by sound financials and cash flow, with new leadership executing well on more efficient capital allocation and management.

To help to navigate the near-term challenges we took a number of other actions. We trimmed our technology exposure as recession risks clouded the demand outlook, especially for the semiconductor hardware segment, with sales of ASM Pacific Technology, Accton Technology and GlobalWafers. We are also monitoring the broader cost inflation picture and its subsequent impact upon corporate profitability. We have scrutinised our holdings, ascertaining their ability to pass on cost pressures and protect their margins. Accordingly, we trimmed and exited positions in companies that could be more vulnerable in the rising cost environment, with Midea and Wanhua Chemical among the divestments.

Outlook

Volatility has been a feature of global stock markets in recent years. That appears unlikely to change any time soon. Markets continue to face a daunting set of challenges: rising interest rates to stem inflation, geopolitical risk, energy and food crises, and an increasingly fragile world economy.

Asia will not be immune to global developments. The good news is that the region is likely to be in a better position than developed economies in the West. The pace at which consumer prices are rising across most parts of Asia is still relatively slow; this has allowed central banks to adopt a more gradual stance in raising interest rates to stem inflationary pressures.

On a related point, this difference in the pace of interest rate increases between the developed West and Asia is also resulting in US dollar strength, with US dollar assets yielding more, and relative Asian currency weakness. We have seen some Asian central banks intervene in the foreign exchange market to support their domestic currencies, some of which have fallen to multi-year lows against the US dollar.

Investment Manager's Review

Continued

On the ground, we are receiving more reports from our holdings of rising input costs and the pressure on margins but, encouragingly, the earnings of many of our holdings have met our expectations in the latest results reporting season. This environment reinforces the importance of innovation, a premiumisation strategy, brand equity and/or channel control.

We should also not forget that many economies, particularly those in South-East Asia, are still recovering following their post-Covid reopening, and this should help to support earnings.

China continues to be a cause of market angst, with Beijing's zero-Covid policy a key overhang. However, we are cautiously upbeat about its outlook. The country remains an outlier in the global tightening cycle thanks to benign inflation. We expect a continued recovery in economic activity as monetary easing and stimulus measures take effect. The next few months should also provide greater clarity on the policy front, and we think the central government will continue with measures to support and stabilise the economy.

More broadly, we would highlight that valuations of Asian stocks are attractive, below the long-term average and below the valuations of US and global markets.

Against this backdrop, we have sought to position the portfolio to weather near-term risks while keeping in mind Asia's long-term structural trends. Our focus remains on quality companies with sustainable business models, robust finances and access to structural growth drivers. We continue to favour fundamental themes like consumption, technology and green energy, which we believe will deliver positive results for Shareholders over the long run.



Adrian Lim and Pruksa Iamthongthong
abrdn (Asia) Limited
31 October 2022

Overview of Strategy

Business Model

The business model of the Company is to operate as an investment trust for UK capital gains tax purposes in line with its investment objective. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 August 2022 so as to enable it to comply with the relevant eligibility conditions for investment trust status as defined by Section 1158 of the Corporation Tax Act 2010.

Investment Policy

The Company's assets are invested in a diversified portfolio of securities in quoted companies spread across a range of industries and economies in the Asia Pacific region, excluding Japan and Australasia. The shares that make up the portfolio are selected from companies that have proven management and whose shares are considered to be attractively priced. The Company invests in a diversified range of sectors and countries. Investments are not limited as to market capitalisation, sector or country weightings within the region.

The Company's policy is to invest no more than 15% of gross assets in other listed investment companies (including listed investment trusts).

The Company complies with Chapter 4 of Part 24 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 and does not invest more than 15% of its assets in the shares of any one company.

When appropriate the Company will utilise gearing to maximise long-term returns, subject to a maximum gearing level of 20% of net assets imposed by the Board.

The Company does not currently utilise derivatives but keeps this under review.

Company Benchmark

The total return of the MSCI All Country Asia (ex Japan) Index (sterling adjusted).

Alternative Investment Fund Manager ("AIFM")

The AIFM is abrdn Fund Managers Limited, called Aberdeen Standard Fund Managers Limited until 31 July 2022, (aFML or the "Manager") which is authorised and regulated by the Financial Conduct Authority.

The Company's portfolio is managed on a day-to-day basis by abrdn (Asia) Limited ("abrdn Asia" or the "Investment Manager") by way of a delegation agreement. abrdn Asia and aFML are both wholly owned subsidiaries of abrdn plc.

Achieving the Investment Policy and Objective

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day-to-day management of the Company's assets has been delegated to the Investment Manager. The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through direct contact by its fund managers and analysts. Stock selection is the major source of added value. No stock is bought without the Investment Manager having first met management, either in person, where possible, or virtually. The Investment Manager evaluates a company's worth in two stages: quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is evaluated by reference to key financial ratios, the market, the peer group and business prospects. Stock selection is key in constructing a diversified portfolio of companies.

For the purposes of achieving the Investment Policy and Objective, the Investment Manager is permitted to invest up to 30% of the portfolio in companies which are not listed in the Asia Pacific region but which generate more than 50% of annual turnover or revenue in the region.

A comprehensive analysis of the Company's portfolio by country and by sector is disclosed on pages 39 and 40, including a description of the ten largest investments, the full investment portfolio by value and sector/geographical analysis. At 31 August 2022, the Company's portfolio consisted of 61 holdings.

Gearing is used to leverage the Company's portfolio in order to enhance returns when this is considered appropriate to do so. At 31 August 2022, the Company's net gearing was 9.0%.

Overview of Strategy

Continued

Principal and Emerging Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. There are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has considered the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation.

The Company's risks are regularly assessed by the Audit & Risk Committee and managed by the Board through the adoption of a risk matrix which identifies the key risks for the Company, including emerging risks, and covers strategy, investment management, operations, shareholders, regulatory and financial obligations and third-party service providers.

The principal risks and uncertainties facing the Company, which have been identified by the Board, are described in the table below, together with the mitigating actions.

The Board notes that there are a number of contingent risks stemming from the global geo-political environment that may impact the operation of the Company.

Inflation and the resultant volatility that it created in global stock markets was a key risk during the financial year, as well as the ongoing tensions between China and Taiwan, China and the West, and the Russian invasion of Ukraine, all of which created geo-political uncertainty which further increased market risk and volatility. The impact of the global pandemic and the risk of its return remain, not least in China where a zero-covid policy continues to stifle economic activity.

The Board is also very conscious of the risks resulting from the increased ESG challenges. The recent scrutiny of human rights violations in China by Western governments is one example of the need for continued vigilance and engagement regarding supply chains and the fair treatment of workers. Likewise, as climate change pressures increase, the Board continues to monitor, through its Manager, the potential risk that investee companies may fail to maintain acceptable standards.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of this Annual Report and are not expected to change materially for the current financial year.

Risk	Mitigating Action
<p>Major market event or geo-political risk</p> <p>The Company is exposed to stockmarket volatility or illiquidity as a result of a major market shock due to a national or global crisis. The impact of such risks, associated with the portfolio or the Company itself, could result in disruption of the operations of the Company and losses.</p> <p>Risk Increased during the year</p>	<p>Exogenous risks over which the Company has no control are always a risk. The Company does what it can to address these risks where possible, not least operationally and to try and meet the Company's investment objectives.</p> <p>As part of its investment processes, the Manager regularly assesses the Company's portfolio as a whole, and each constituent part, and, during the financial year, remained in close communication with the underlying investee companies in order to navigate and guide the Company through macroeconomic and geopolitical challenges.</p> <p>The Manager's focus on quality companies with sustainable business models and robust finances, the diversified nature of the portfolio and a managed level of gearing all serve to provide a degree of protection in times of market volatility.</p>
<p>Unacceptable Discount Volatility</p> <p>Failure to manage the discount effectively or an inappropriate marketing strategy could result in the Company's share price trading at a discount to its underlying net asset value and reduced investor sentiment.</p> <p>Risk Increased during the year</p>	<p>The Board monitors the discount level of the Company's shares and has in place a buyback mechanism whereby the Manager is authorised to buy back shares within certain limits. The macroeconomic and geopolitical challenges during the year led to volatility in equity markets and a widening of the Company's share price discount to NAV. As a result, the Company bought back 5.1 million shares into treasury. The Board and Manager communicate with major shareholders regularly to gauge their views on the Company, including discount volatility.</p>

Risk	Mitigating Action
<p>Investment Performance</p> <p>The Company's investment performance is the most critical factor to the Company's long-term success. Sustained underperformance may result in reduced demand for the Company's shares and loss of investor confidence.</p> <p>Risk Unchanged during the year</p>	<p>The Board continually monitors the investment performance of the Company, taking account of stockmarket factors, and reviews the Company's performance compared to its benchmark index and peer group at every Board Meeting.</p> <p>A formal annual review is undertaken by the Management Engagement Committee. In addition to its own due diligence, the Board has previously used consultants to provide an independent perspective on the Manager's process and performance.</p> <p>The Board and Manager communicates with major shareholders regularly to gauge their views on the Company, including performance.</p> <p>At the AGM in 2021, shareholders voted in favour of the introduction of a performance-related conditional tender offer, which will take place every five years. The first performance-related period runs from 1 September 2021 to 31 August 2026.</p>
<p>Concentration Risk</p> <p>Trading volumes in certain securities of emerging markets can be low. The Investment Manager may accumulate investment positions across all its managed funds that represent a significant multiple of the daily trading volumes of an investment which may result in a lack of liquidity and price volatility. Accordingly, the Company will not necessarily be able to realise, within a short period of time, an illiquid investment and any such realisation that may be achieved may be at considerably lower prices than the Company's valuation of that investment for the purpose of calculating the NAV per Ordinary share.</p> <p>Risk Unchanged during the year</p>	<p>The Board reviews, on a regular basis, the Manager's total holdings for each stock within the Company's portfolio and the liquidity of these stocks. The Board also considers the portfolio's stock, sector and country concentration to ensure that the portfolio is suitably diversified and exposure is not overly concentrated in any particular region or sector.</p>
<p>Resource</p> <p>The Company is an investment trust and has no employees. The responsibility for the provision of investment management, marketing and administration services for the Company has been delegated to the AIFM, abrdn Fund Managers Limited, under the management agreement. The terms of the management agreement cover the necessary duties and conditions expected of the Manager. As a result, the Company is dependent on the performance of the AIFM.</p> <p>Risk Unchanged during the year</p>	<p>The Board reviews the performance of the Manager on a regular basis and its compliance with the management contract formally on an annual basis. As part of that review, the Board assesses the Manager's succession plans, risk management framework and marketing activities.</p>

Overview of Strategy

Continued

Risk	Mitigating Action
<p>Operational</p> <p>The Company is dependent on a number of third-party providers, in particular those of the Manager, depositary and registrar. Failure by any service provider to carry out its contractual obligations could have a detrimental impact or disruption on the Company operations, including that caused by information technology breakdown or other cyber-related issues.</p> <p>Risk Unchanged during the year</p>	<p>The Audit & Risk Committee reviews reports from the Manager on its internal controls and risk management (including an annual ISAE Report) and considers assurances from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. The Audit & Risk Committee meets representatives from the Manager's Compliance and Internal Audit teams on at least an annual basis and discusses any findings and recommendations relevant to the Company. Written agreements are in place with all third-party service providers.</p> <p>The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings and key performance indicators.</p> <p>A formal appraisal of the Company's main third-party service providers is carried out by the Management Engagement Committee on an annual basis. The operational requirements of the Company, including its service providers, were subject to rigorous testing during the Covid-19 pandemic, including increased use of online communication and out of office working and reporting.</p>
<p>Gearing</p> <p>As at 31 August 2022 the Company had £60 million of bank borrowings. Gearing has the effect of exacerbating market falls and gains.</p> <p>Risk Unchanged during the year</p>	<p>In order to manage the level of gearing, the Board has set a maximum gearing ratio of 20% of net assets and receives regular updates from the Manager on the actual gearing levels the Company has reached together with the assets and liabilities of the Company and reviews these at each Board meeting.</p>
<p>Regulatory</p> <p>The Company operates in a complex regulatory environment and faces a number of regulatory risks. Serious breaches of regulations, such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act.</p> <p>Risk Unchanged during the year</p>	<p>The Board receives updates on relevant changes in regulation from the Manager, industry bodies and external advisers and the Board and Audit & Risk Committee monitor compliance with regulations by review of internal control reports from the Manager. Directors are encouraged to attend relevant external training courses.</p>

The principal risks associated with an investment in the Company's shares can be found in the pre-investment disclosure document ("PIDD") published by the Manager, which is available from the Company's website:

www.asiadragontrust.co.uk.

Performance

Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators ("KPIs") are established industry measures and are as follows.

KPI	Description
Net asset value and share price (total return)	The Board monitors the NAV and share price performance of the Company over different time periods. Performance figures for one, three and five years are provided in the Results section on page 29.
Performance against benchmark	<p>Performance is measured against the Company's benchmark, the MSCI All Country Asia (ex Japan) Index (in sterling terms), on a total return basis. Charts showing the Company's performance against benchmark by quarter during the financial year, and over one, three and five years, and are shown on page 30.</p> <p>The Board also considers peer group comparative performance over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.</p>
Discount/Premium to net asset value	The discount/premium relative to the NAV represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price discount relative to the NAV is shown on page 31.

Further analysis of the above KPIs is provided in the Chairman's Statement.

Promoting the Success of the Company

The Board is required to report on how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 (the "s172 Statement"). Under section 172, the Directors have a duty to promote the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions, the need to foster relationships with the Company's stakeholders and the impact of the Company's operations on the environment.

The Company consists of five Directors and has no employees or customers in the traditional sense. As the Company has no employees, the culture of the Company is embodied in the Board of Directors. The Board seeks to promote a culture of strong governance, high standards of business conduct and to challenge, in a constructive and respectful way, the Company's third-party service providers and advisers, whilst considering the impact on the Company and other stakeholders.

The Board's principal concern has been, and continues to be, the interests of the Company's shareholders and potential investors and the need to act fairly between shareholders. The Manager undertakes an annual programme of meetings with the largest shareholders and investors and reports back to the Board on issues raised at these meetings. The Investment Manager, who is based in Singapore, will attend such meetings, where possible. The Board encourages all shareholders to attend and participate in the Company's AGM and Pre-AGM Investor Event and shareholders can contact the Directors via the Company Secretary. Shareholders and investors can obtain up-to-date information on the Company through its website and the Manager's information services and have direct access to the Company through the Manager's customer services team or the Company Secretary.

As an investment trust, a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services to the Manager and other third-party providers support the Company by providing secretarial, administration, depositary, custodial, banking and audit services.

Overview of Strategy

Continued

The Board undertakes a robust evaluation of the Manager, including investment performance and responsible ownership, to ensure that the Company's objective of providing capital growth for its investors is met, whilst taking ESG factors into account. The Board typically visits the Manager's offices in Singapore on an annual basis. This enables the Board to conduct due diligence of the fund management and research teams. Due to the travel restrictions arising from the Covid-19 pandemic during the financial year, the Board undertook a virtual visit to the region to conduct due diligence on the fund management and research teams. The Board met with the senior management team and the fund management team and attended virtual investee company meetings alongside the Manager.

The portfolio activities undertaken by the Manager on behalf of the Company can be found in the Investment Manager's Review and details of the Board's relationship with the Manager and other third-party providers, including oversight, is provided in the Statement of Corporate Governance.

During the year, the Board focused on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework. In addition to ensuring that the Company's investment objective was being pursued, a number of key decisions and actions were undertaken by the Directors as follows:

- The Board has declared a final dividend of 6.5p per Ordinary share (2021 – 6.5p) which, if approved by shareholders at the Annual General Meeting, will be paid on 16 December 2022.
- The Board has continued to consider Board succession planning, as it recognises the benefits of regular Board refreshment, and appointed Matthew Dobbs as a new non-executive director on 1 February 2022, following the retirement of Kathryn Langridge at the Company's AGM in December 2021.
- To continue the Board's discount control policy through the buyback of shares which provides a degree of liquidity to the market at times when the discount widens.
- The Board continues to believe that the sensible use of modest financial gearing should enhance returns to shareholders over the longer term. The Company has in place loan facilities totalling a commitment of £60 million with The Royal Bank of Scotland International Limited, London Branch. The facilities, which are unsecured, consist of a two-year fixed facility of £25m, which is fully drawn, and a two year £35m multi-currency revolving credit facility which has also been fully drawn.

- The Board continues to alternate the location of its AGM between Edinburgh and London to allow the Board to physically meet with shareholders in different locations. In order to encourage as much interaction as possible with shareholders, the Board has agreed to host an Online Shareholder Presentation, in advance of the AGM, to allow as many shareholders as possible to engage with, and ask questions of, the Board.

In summary, the Directors are cognisant of their duties under section 172 and decisions made by the Board take into account the interests of all the Company's key stakeholders and reflect the Board's belief that the long-term sustainable success of the Company is linked directly to its key stakeholders.

Duration

The Company does not have a fixed life, but shareholders are given the opportunity to vote on the continuation of the Company at every fifth Annual General Meeting. The last continuation vote was passed at the AGM on 15 December 2021. The frequency of continuation votes was extended from triennial continuation votes to five-yearly continuation votes at the AGM in 2021 in order to align them with the assessment period for performance-related conditional tender offers approved by shareholders at the AGM in 2021. The next performance related conditional tender offer will cover the period from 1 September 2021 to 31 August 2026 and the continuation vote is due to take place at the AGM in December 2026.

Board Diversity

The Board's statement on diversity is set out in the Statement of Corporate Governance. At 31 August 2022 there were three male Directors and two female Directors.

Environmental, Social and Human Rights Issues

The Company has no employees and therefore no disclosures are required to be made in respect of employees.

More information on socially responsible investment is set out on pages 22 to 28.

Viability Statement

In accordance with the provisions of the Listing Rules and UK Corporate Governance Code the Board has assessed the viability of the Company. The Company is a long-term investor, and the Board believes it is appropriate to assess the Company's viability over a five year horizon which reflects the Investment Manager's long-term approach. The Directors believe this period reflects a proper balance between the long-term horizon and the inherent uncertainties of looking to the future. This conclusion is consistent with Going Concern Assessment on page 48.

In assessing the viability of the Company, the Directors have carried out a robust assessment of the following factors:

- the principal risks set out in the Strategic Report on pages 16 to 18 and the steps available to mitigate these risks;
- the liquidity and diversity (in both sector and geography) of the Company's investment portfolio. The Company is invested in readily realisable listed securities in normal market conditions and there is a spread of investments held. Stress testing has confirmed that shares can be easily liquidated, despite the more uncertain and volatile economic environment;
- the level of revenue surplus generated by the Company;
- the level of gearing is closely monitored by the Board. Covenants are actively monitored and there is adequate headroom in place. The Company has a fixed term loan facility of £25 million and a multi-currency revolving loan facility of £35 million in place until July 2024. The Company has the ability to repay its gearing through proceeds from equity sales or renew the facility, depending on market conditions and requirements at that time; and
- the successful passing of the continuation vote at the Company's AGM in 2021, the change of frequency of continuation vote from every three years to every five years (with the next continuation vote due to take place at the AGM in 2026), and the introduction of the five-yearly performance-related conditional tender.

Taking into account all of these factors, the Company's current position and the potential impact of the principal risks and uncertainties faced by the Company, the Board has concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of this assessment to 31 August 2027.

In making its assessment, the Board has considered that there are other matters that could have an impact on the Company's prospects or viability in the future, including the current rising inflation, recession risk, a further increase in geo-political tension in the Asian region, war in Ukraine, economic shocks or significant stock market volatility caused by other factors, and changes in regulation or investor sentiment.

The Strategic Report has been approved by the Board and signed on its behalf by:

James Will,
Chairman
31 October 2022

Our Manager's Approach to ESG

The Company aims to outperform whilst maintaining a better ESG profile and a lower carbon footprint than the benchmark. In response to a number of questions, the Board has expanded the "Our Manager's Approach to ESG" in the Annual Report to present more information on the Investment Manager's approach to integrating ESG into its investment decision-making and the implications for the Trust.

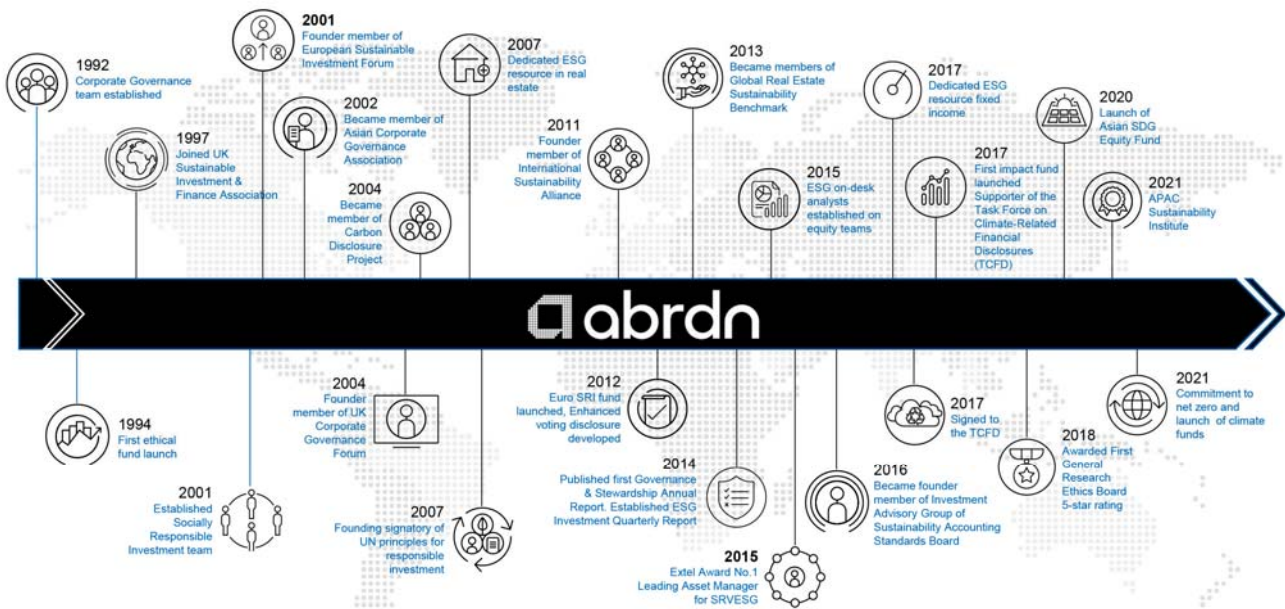
ESG Highlights for Asia Dragon

- We have been actively integrating ESG into our investment decision-making process for 30 years and believe that ESG factors are financially material and can meaningfully affect a company's performance
- Deep, on the ground ESG resources and expertise enable us to glean insights from company visits and obtain an ESG information advantage
- The Trust's portfolio is ESG AA rated by MSCI
- The Trust's carbon footprint is 48% of its benchmark

What is ESG?

- **Environmental** factors relate to how a company conducts itself with regard to environmental impact and sustainability. Types of environmental risks and opportunities may include a company's energy and water consumption, waste disposal, land use and development and its carbon footprint.
- **Social** factors pertain to a company's relationship with its employees, vendors, and a broad set of societal stakeholders. Risks and opportunities include conditions and rates of pay, the company's initiatives on employee attraction and retention, gender discrimination and how a company is managing its supply chain, including for example the risk of forced and child labour.
- **Corporate Governance** factors may include the corporate decision-making structure, the independence of board members, treatment of minority shareholders, executive compensation and political contributions, capital allocation and the risk of bribery and corruption.

The Manager's 30 Year Leadership in ESG activities



ESG at abrdn in Asia

The abrdn Sustainability Institute, in Asia Pacific, was launched in September 2021. Bringing together sustainability experts from across the firm, the Institute's objectives are to deliver Asia Pacific-centric sustainability solutions and insights, build an Asia Pacific sustainable investing knowledge community and contribute to progress in regional sustainable investing.

Over the past year, we have ramped up our sustainable investing capabilities in Asia Pacific, doubling our dedicated sustainability resources from five to 10 colleagues across various teams. In addition, under our 'Grow Sustainably' learning & development program, we hired 10 interns for sustainability-focused roles across investment desks, research, marketing and compliance teams in Singapore, Malaysia and Australia and are supporting them through external qualifications. In addition, two scholarships were granted for colleagues to attend online courses.

In May 2022, we held our first ever abrdn Sustainability Week, also celebrating our 30 years of investing in Asia Pacific. The week culminated with the abrdn Sustainability Summit, a one-day hybrid conference bringing together colleagues, clients and partners from Singapore and across the region. Insights from the conference were shared with the broader public in our regular Thinking Aloud articles. We also held our first leadership roundtable in Singapore, to discuss climate change and net-zero alignment in Asia Pacific with key clients and our subject-matter experts. Going forward, we will seek to replicate this roundtable across our key regional markets.

Our Investment Process

Our investment process considers both macro and micro ESG issues.

- Macro ESG factors are broad thematic issues that impact companies and the products and services they provide. These include issues like climate change, access to finance or access to healthcare. These are secular, industry-impacting trends that may present a clear risk or opportunity for a company.
- Micro ESG factors are company/industry specific issues that relate to how a company's products or services are made or delivered.

Our five stages of ESG integration:

- **Idea generation:** Understanding themes and dynamics inherent in sectors, countries, and companies, we are able to use ESG as a lens to generate new investment ideas for the portfolio. This could include companies that are well placed to help in climate transition or companies that are managing their supply chain in a way that makes them more attractive to global clients.
- **Research:** ESG disclosure by companies in Asia tends to be lower quality than might be observed in Europe or North America but while such disclosure means it may be challenging to collect information, it also means that extensive company due diligence by us can create investment opportunities.
- **Buy / sell:** At this stage we must weigh the decision to buy (or sell) a company. We have a quality threshold for investment and ESG is a fundamental and non-negotiable part of this.
- **Portfolio Construction:** Whilst a simplification, the better quality a company, and the more conviction we have in the company, the more of that company we might elect to buy (whilst being sensitive to valuations). ESG is a key part of the discussion around 'position sizing', or just how much of a company to buy.
- **Engagement:** We continue discussing ESG issues with senior management over the course of the investment, both to protect and to enhance the value of investments through constructive challenge and debate around strategy and execution, with the mutual aim of fostering sustainable shareholder returns.

The Importance of Engagement

We believe that informed and constructive engagement helps to foster better companies, enhancing the value of the Trust's investments. We are committed to regular, ongoing engagement with companies to help maintain and enhance their ESG standards into the future. These meetings provide an opportunity to discuss various relevant ESG issues including board composition, remuneration, audit, climate change, labour issues, human rights, bribery and corruption. Companies are strongly encouraged to set clear targets or key performance indicators on all material ESG risks so as to enable performance monitoring. Discussions cover both risk and opportunities; we constructively challenge management teams on issues relating to strategy and execution, as well as capital allocation and return.

Our Manager's Approach to ESG

Continued

Moreover, and since ESG disclosure by Asian companies is often poor, these engagements give us an opportunity to source additional information and potentially to:

- Exploit an information gap: if a company does not disclose ESG information and the market is unable to form a robust view of its quality, its shares may be priced inefficiently. Using our research capabilities including on-site, face to face visits, we are able to develop an informed view of every company and to exploit any pricing inefficiency that we judge may exist.
- Close the information gap: if we own a company that is misunderstood by the market, we can work constructively with the company's management team to encourage improved and enhanced disclosure, allowing the market to better understand, and hence better price, the company's securities.

Considering Trust specific examples, the Trust owns shares in **Budweiser Brewing Company APAC Ltd.**, a company which listed in Hong Kong in 2019. Whilst we viewed the company as high quality, MSCI had awarded the company a BB rating, an overly negative view of the company in our view (and well below our internal rating). Since listing in 2019 we have engaged with the company to better understand its approach to issues including water stress management, encouraged the company to disclose more information, and spoken with MSCI to encourage them to recognise the quality of the group. These efforts resulted in a series of upgrades by MSCI, from BB to BBB in October 2020, from BBB to A in December 2021, and from A to AA in June 2022.

The same is true of **China Resources Land**, recently upgraded MSCI from BBB to A, continuing a series of upgrades which saw the firm upgraded from B to BB (October 2020), from BB to BBB (August 2021), and from BBB to A (August 2022). This is very pleasing given we had been engaging with the group to improve their disclosure – and hence receive scores that reflected the ESG quality of the firm – for a number of years now.

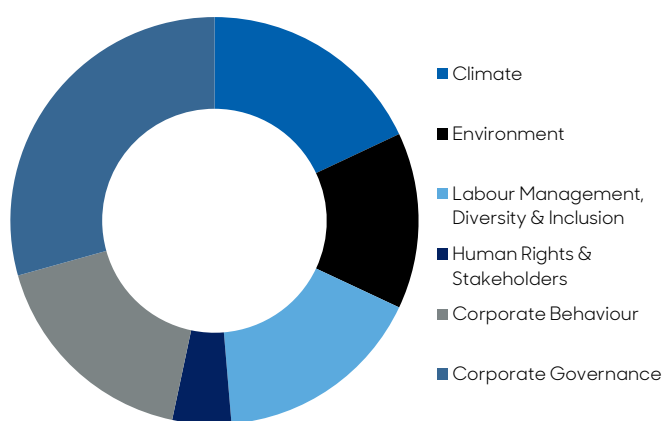
ESG engagements are conducted with consideration of the 10 principles of the United Nations Global Compact and companies are expected to meet fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption.

Engagement is not limited to a company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's customers and clients. During the period under review the breadth of issues covered in ESG specific company engagements for the Trust covered Climate Change (including air quality and energy management), Environment (including waste and waste management, and supply chain management), Labour Management (including health and safety), Human Risk & Stakeholders, Corporate Behaviour (including Practices and Processes) and Corporate Governance. The split of time spent engaging on each topic can be broken down as follows:

ESG Engagement

Our Engagement Activity

We regularly engage with companies we invest in. The below shows the engagements that have included ESG topics. Over the period we met with 38 portfolio companies on ESG topics and had 62 engagements with them. This does not include positions we have moved out of or are considering. Below are the themes engaged on:



Our Voting Activity

Voting Summary	Total
How many meetings were you eligible to vote at?	125
How many meetings did you vote at?	123
How many resolutions were you eligible to vote on?	1,040
What % of resolutions did you vote on for which you were eligible?	98.1%
Of the resolutions on which you voted, what % did you vote with management?	92.1%
Of the resolutions on which you voted, what % did you vote against management?	6.4%
Of the resolutions on which you voted, what % did you abstain from voting?	1.6%
In what % of meetings, for which you did vote, did you vote at least once against management?	35.0%

Measurement of ESG, including our Proprietary ESG Scoring System

Some ESG issues can be quantified, for example the diversity of a board, the carbon footprint of a company, and the level of employee turnover. But not everything that matters can be measured. While diversity can be monitored, measuring inclusion is more of a challenge. Although it is possible to measure the level of staff turnover, it is more challenging to quantify corporate culture. Nevertheless, after researching and analysing a company, and after meeting senior management, we allocate a company an ESG score of between one and five. This score of one to five is applied across every stock covered globally. Examples of each category and a small sample of the criteria used are detailed below:

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

Our Manager's Approach to ESG

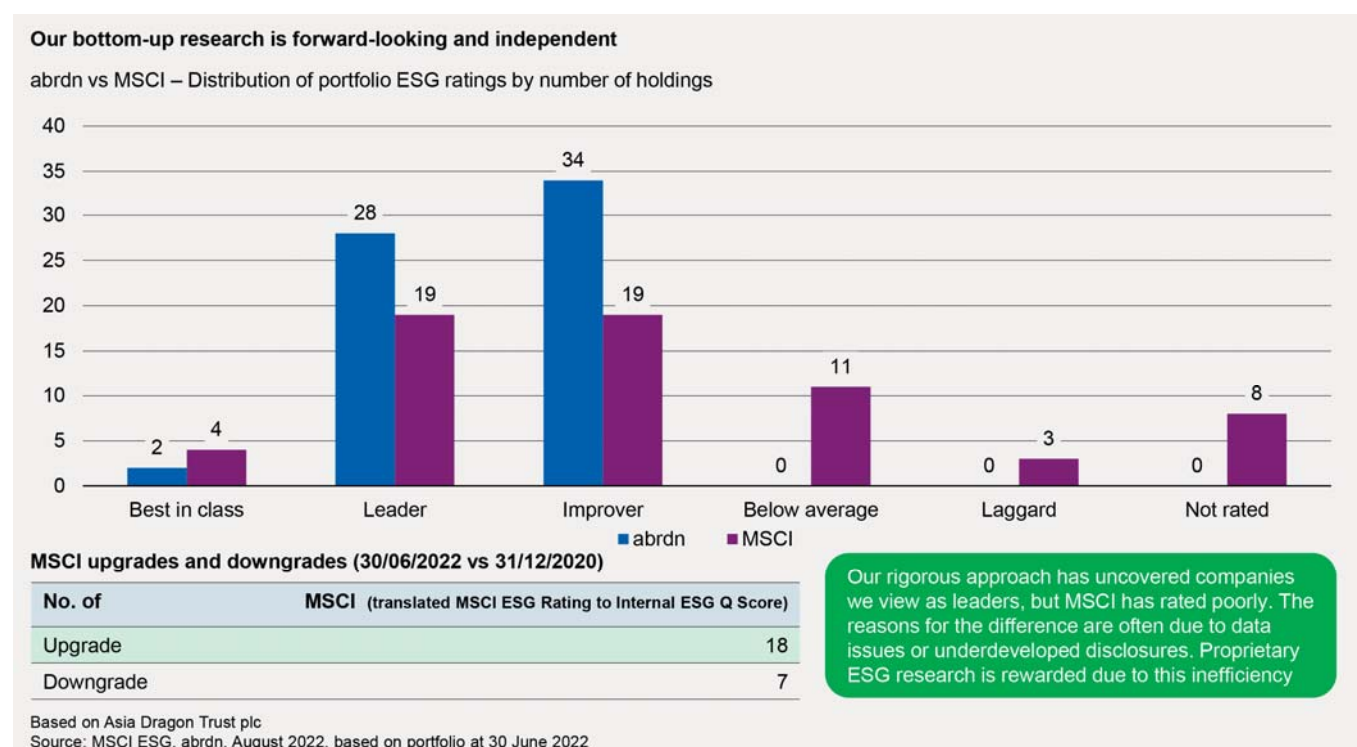
Continued

We also make use of third party ESG data for two primary reasons:

- To help build a view of a company: third party ESG data provides insights into a company based on that company's disclosure. Whilst that disclosure may have limits there is still merit in reading research from a speciality researcher. We buy in research as a "sense check" against internal analysis to ensure that issues or developments are not missed or weighted incorrectly.
- To provide a proxy for market perspective: We use third party data and scoring as a proxy for market perception and make use of these scores to compare with internal assessments. If the market views a company as low quality and we see the company as not only higher quality but also on a positive trajectory, it may be appropriate to exploit this information asymmetry. The market may react and change perceptions over time as performance and disclosure on ESG issues improves, but we are interested in the journey as much as arrival.

Taking an independent view on ESG allows us to anticipate upgrades and drive change through our engagement. External research agencies primarily use backward looking data to create ESG ratings and in doing so form the market view of a company's ESG credentials. Through our fundamental research we form a forward-looking view of company's ESG credentials and anticipate changes, attempting to take advantage of this inefficiency.

As per the chart below, dark blue bars represent our internal scoring and purple bars represent that of an external research agency. This shows that the external rating agency has rated a number of our holdings as below average and laggards while we hold a different view that many of these companies are in fact leaders and improvers based on our internal research work. Taking an independent view allows us to find good ESG companies before they get "discovered" by the external market.



Climate Change

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

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

We are a signatory to the UN supported Principles for Responsible Investment (PRI) and has aligned our approach to that advocated by the PRI agenda. This aims to promote responsible investment as a way of enhancing returns and better managing risk.

PRI provides an intellectual framework to steer the massive transition of financial capital towards low-carbon opportunities. It also encourages fund managers to demonstrate climate action across four areas: investments; corporate engagement; investor disclosure; and policy advocacy.

Climate scenario analysis proprietary tool - We believe that Climate scenario analysis provides a forward looking, quantitative assessment of the financial impact of climate risks and opportunities on the value of assets under different climate pathways. As a result, we work in partnership with Planetrics to quantify the impact of climate scenarios where a probability weighted view based on a range of off the shelf and bespoke scenarios is taken. This allows us to model a quantitative financial impact under 15 different climate risk scenarios at both the stock level and at the Trust level.

We joined the Net Zero Asset Management (NZAM) initiative to demonstrate our strong support for the global net zero 2050 goal. The core commitment is to support the goal of net zero greenhouse gas ('GHG') emissions by 2050, in line with global efforts to limit warming to 1.5°C ('net zero emissions by 2050 or sooner'). It also commits to support investing aligned with net zero emissions by 2050 or sooner.

The Trust is focused on real-world decarbonisation by investing in transition leaders and climate solutions rather than the fast removal of carbon intensive companies from our portfolios. We engage with the highest carbon-emitting companies across the portfolio through a focused priority watchlist, with a focus on clear expectations and outcomes combined with time-bound milestones.

How does the Asia Dragon portfolio measure up?

Whilst we note above the many qualitative assessments of ESG undertaken, as well as the limitations of external third-party data, there is merit in demonstrating the ESG "quality" of the portfolio versus the reference benchmark. We track the score of the portfolio within MSCI's ESG framework and compare this to a benchmark score. We also track the carbon intensity of the portfolio versus the reference benchmark.

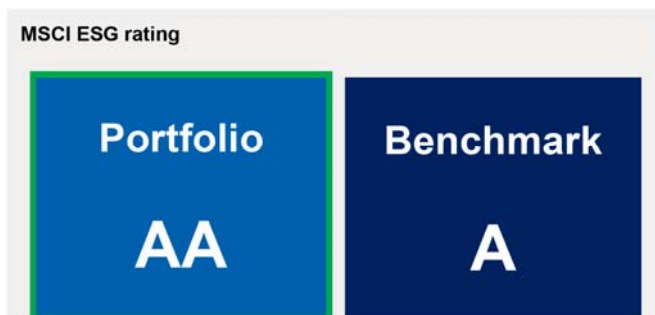
The Trust's portfolio is ESG AA rated by MSCI. This is higher than the benchmark rating of A, and is an improvement against the equivalent score one year ago, when the Trust was rated A. The improvement in the Trust's ESG MSCI rating is a result of a mixture of changes in the portfolio as well as MSCI upgrades on the ESG scores of a number of investee companies.

The portfolio contains more ESG "Leaders," and fewer laggards, than the benchmark.

The Trust's carbon footprint is 48% of its benchmark (2021: 66%). The improvement in the Trust's carbon intensity, versus the prior year, is also driven by changes in the underlying portfolio.

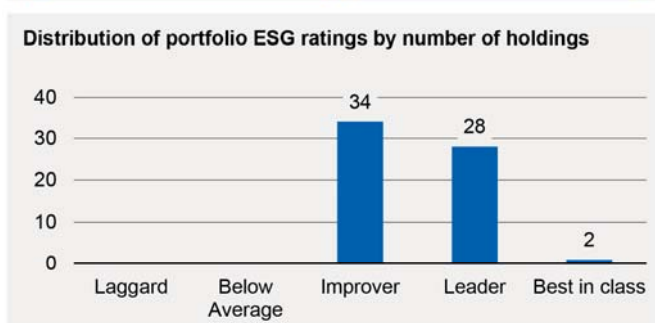
Our Manager's Approach to ESG

Continued



Our climate change tool – probability weighted scenario valuation uplift

Total impact on value	Portfolio (%)	Benchmark (%)	Difference (%)
Probability weighted scenario	-1.4	-3.3	1.9



Carbon intensity better than benchmark

Carbon intensity ¹	Weighted average carbon intensity ²	Direct emissions ³	In-direct emissions ⁴
Portfolio	174	121	53
Benchmark	360	293	67
Relative carbon intensity	48%	41%	80%

¹ In tonnes of CO₂e / million USD revenue; ² Scope 1 & 2 emissions; ³ Scope 1 emissions; ⁴ Scope 2 emissions; Benchmark: MSCI AC Asia ex Japan
Source: MSCI ESG Manager, Trucost & abrdn Research, August 2022 based on portfolio at 30 June 2022

Important Note

The Company does not specifically exclude any sectors from its investment universe. All investments have to pass a quality test and ESG issues are only part of the investment analysis.

We may, for example, invest in, and vigorously engage with, a well-managed, capitalised and valued fossil fuel company that is able to deploy a sizeable balance sheet and lower cost of capital to that of a renewables-only alternative.

It is also important to recognise that there may be periods in the future where it is impossible for us to make sequential annual improvements in some ESG factors like carbon intensity. We intend to maintain a lower carbon footprint relative to the benchmark but there may be times when we invest in companies that currently have a higher footprint but have a commitment to improve this over time. We will monitor and assess their commitment on a regular basis.

abrdn (asia) Limited

31 October 2022

Results

Year's Highs/Lows

	High	Low
Share price (p)	534.0	409.0
Net asset value (p)	589.7	456.9
Discount (%) ^A	-10.4	-14.8

^A Considered to be an Alternative Performance Measure.

Performance (total return)

	1 year return %	3 year return %	5 year return %
Share price ^A	-11.8	+14.7	+30.5
Net asset value ^{AB}	-8.4	+15.6	+29.8
MSCI AC Asia (ex Japan) Index (in sterling terms)	-7.1	+18.2	+21.1

^A Considered to be an Alternative Performance Measure. Further details can be found on page 99.

^B 1 year and 3 year returns are presented on an undiluted basis; 5 year return presented on a diluted basis as CULS in issue during those periods were "in the money".

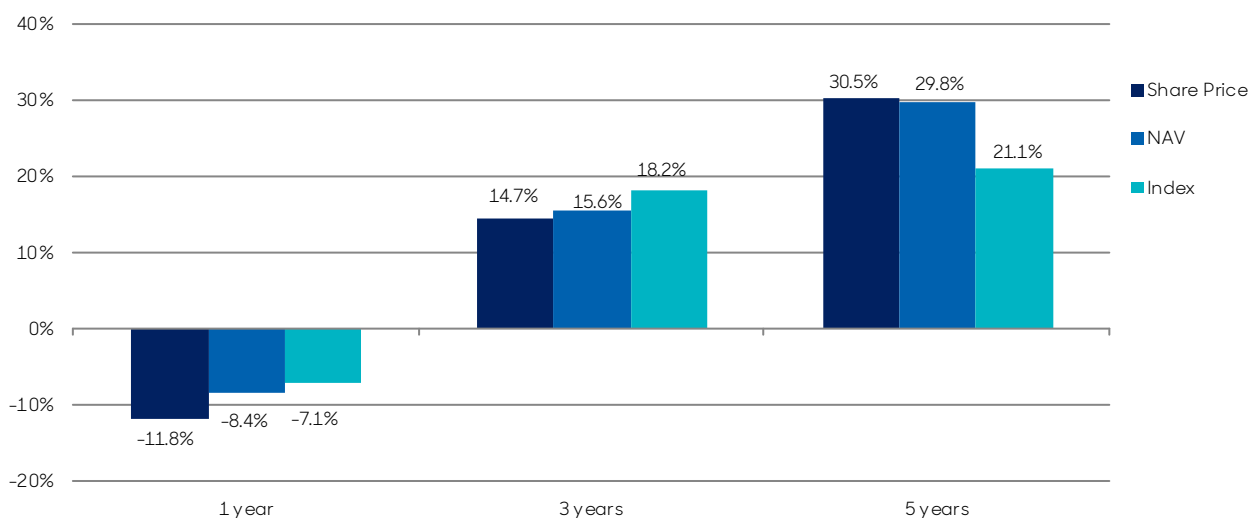
Ten Year Financial Record

Year ended 31 August	Equity shareholders' interest £'000	Net asset value per Ordinary share p	Revenue return per Ordinary share p	Ordinary share price p	Share price discount %	Dividend per Ordinary share p	Expenses as a % of average shareholders' funds
2013	550,346	280.26	3.42	254.70	9.1	2.20	1.23
2014	603,077	307.10	3.43	272.50	11.3	2.20	1.23
2015	518,635	267.22	4.13	235.75	11.8	3.00	1.15
2016	664,159	348.62	4.50	302.00	13.4	3.20	1.14
2017	807,330	423.26	4.68	361.00	13.1	3.30	1.03
2018	788,019	421.54	5.03	370.00	12.2	4.00	0.80
2019	589,708	458.03	4.87	402.50	12.1	4.75	0.83
2020	599,431	474.39	5.01	416.00	12.3	4.75	0.89
2021	706,929	566.60	7.36	512.00	9.6	6.50	0.83
2022	614,369	513.32	6.38	446.00	13.1	6.50	0.84

Performance

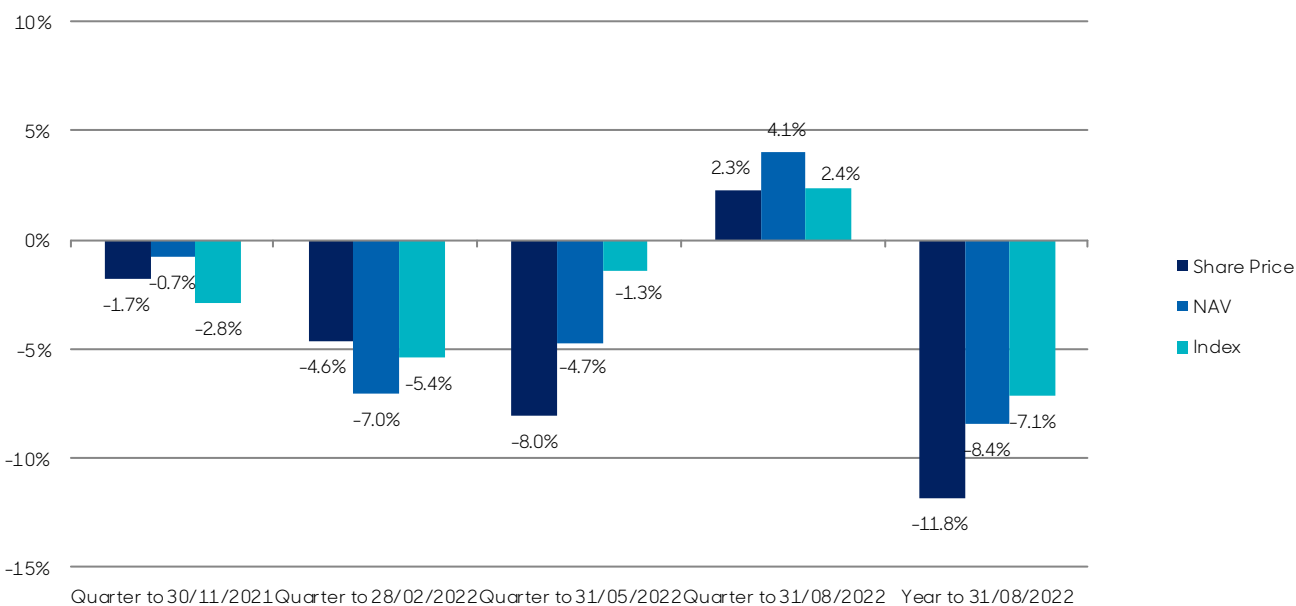
Total Return of NAV and Share Price vs MSCI All Country Asia (ex Japan) Index (in sterling terms)

One, three and five years to 31 August 2022



Total Return of NAV and Share Price vs MSCI All Country Asia (ex Japan) Index (in sterling terms)

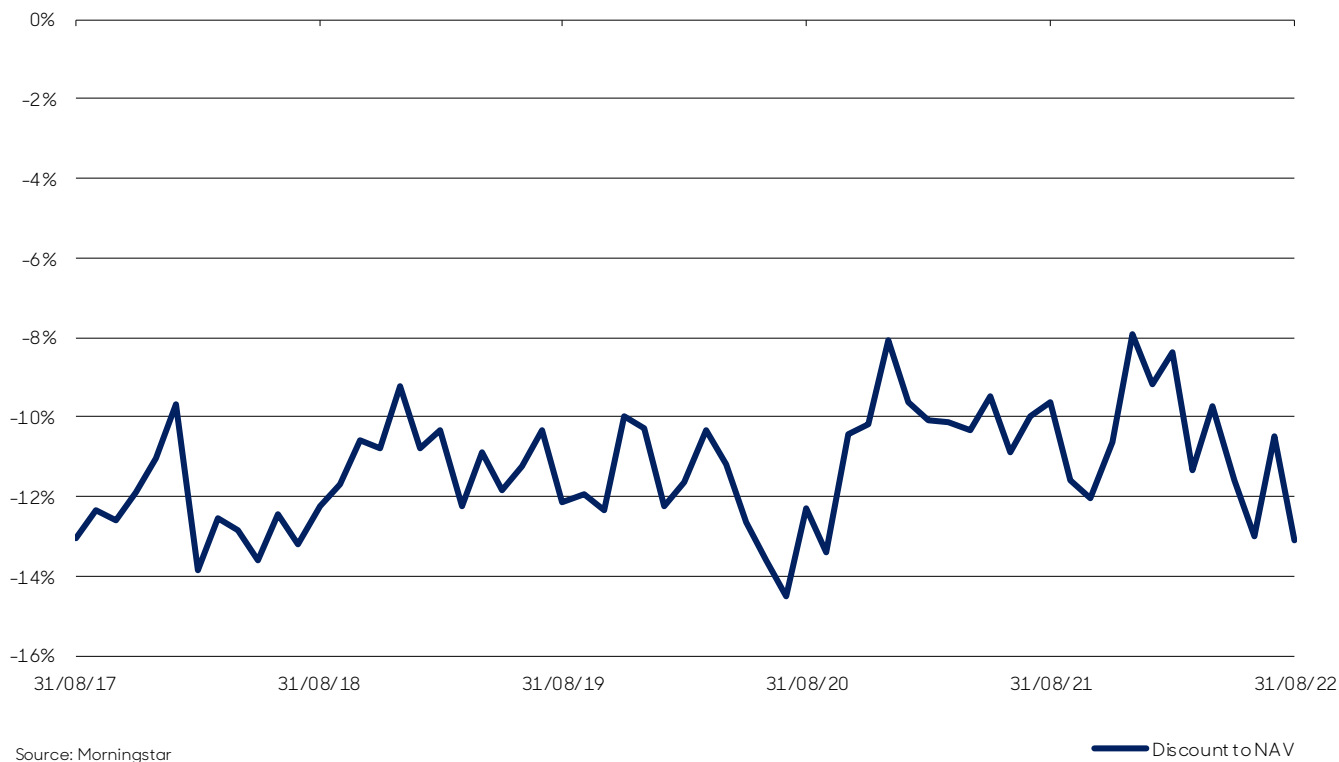
By quarter for year to 31 August 2022



Source: abrdn, Morningstar & Factset

Share Price Discount to NAV

Five years to 31 August 2022



Portfolio

The Investment Manager's theoretical universe of companies is all listed stocks within the Asia (ex Japan) region as well as other listed stocks which generate more than 50% of annual turnover or revenue in the region. In practice the universe is very much smaller; having met with over 96% of all companies in the MSCI All Country Asia (ex Japan) universe in the last decade, the Manager has eliminated a vast proportion, mainly for reasons of size, business quality or governance. Asia Dragon Trust plc has 61 companies in its portfolio that meet the Investment Manager's selection criteria.

The Investment Manager is one of the leading Asia investment specialists with a strong active regional presence. A bottom-up, fundamentals driven approach is adopted, which seeks out high quality companies with effective management, good cash flow and healthy balance sheets at attractive valuations. The quality-focused approach enables the Trust to capture growth from world-class Asian companies.



Ten Largest Investments

As at 31 August 2022



Taiwan Semiconductor Manufacturing Company

As the world's largest pure-play semiconductor manufacturer, TSMC provides a full range of integrated foundry services, along with a robust balance sheet and good cash generation that enables it to keep investing in cutting-edge technology and innovation.



Samsung Electronics (Pref)

One of the global leaders in the memory chips segment, and a major player in smartphones and display panels as well. It has a vertically integrated business model and robust balance sheet, alongside good free cash flow generation.



Tencent Holdings

The internet giant continues to strengthen its ecosystem and we see great potential in its ability to balance its multiple revenue streams and monetise its social media and payment platforms whilst navigating the regulatory landscape.



AIA Group

A leading pan-Asian life insurance company, it is poised to take advantage of Asia's growing affluence, backed by an effective agency force and a strong balance sheet.



Housing Development Finance Corp

A steady, well-managed financial services conglomerate with leading positions in mortgage finance, retail banking, life insurance and asset management, supported by a broad distribution network, efficient cost structure and balance sheet quality.



Bank Central Asia

Among the largest non state owned banks in Indonesia, it is well capitalised and has a big and stable base of low-cost deposits that funds its lending, while asset quality has remained solid.



Alibaba Group

The Chinese internet group is a leading global e-commerce company with many impressive businesses, including the Taobao and Tmall online platforms in China. It also has interests in logistics, media as well as cloud computing platforms and payments.



DBS Group

The largest Singapore bank, DBS Group is also the best managed with a clear strategy. It is backed by good digital infrastructure, and operates with a strong focus on efficiency of returns, as shown in the distinctively better return on equity than local peers.



Kweichow Moutai 'A'

Kweichow Moutai is a leading hard liquor (baijiu) producer that boasts a dominant brand and a cash generative business. Its brand value stems from a long history and its rich heritage, which account for its wide domestic business moat.



Oversea-Chinese Banking Corporation

A well-managed Singapore bank with a solid capital base and good cost-to-income ratio. It is diversified by both geography and service offerings, with interests spanning Southeast Asia, North Asia, wealth management and life assurance as well as its core banking activities.

Investment Portfolio

At 31 August 2022

Company	Industry	Country	Valuation 2022 £'000	Total assets %	Valuation 2021 £'000
Taiwan Semiconductor Manufacturing Company	Semiconductors & Semiconductor Equipment	Taiwan	59,819	8.8	80,788
Samsung Electronics (Pref)	Technology Hardware, Storage & Peripherals	South Korea	40,687	6.0	66,610
Tencent Holdings	Interactive Media & Services	China	32,211	4.8	53,993
AIA Group	Insurance	Hong Kong	31,254	4.6	39,446
Housing Development Finance Corp	Diversified Financial Services	India	30,440	4.5	32,093
Bank Central Asia	Banks	Indonesia	23,282	3.5	16,968
Alibaba Group	Internet & Direct Marketing Retail	China	19,547	2.9	30,664
DBS Group	Banks	Singapore	18,721	2.8	12,076
Kweichow Moutai 'A'	Beverages	China	16,405	2.4	13,627
Oversea-Chinese Banking Corporation	Banks	Singapore	15,832	2.3	15,494
Top ten investments			288,198	42.6	
JD.com 'H'	Internet & Direct Marketing Retail	China	14,640	2.2	-
SBI Life Insurance	Insurance	India	12,894	1.9	10,124
China Tourism Group Duty Free Corp ^A	Speciality Retail	China	12,816	1.9	12,809
China Merchants Bank ^A	Banks	China	12,759	1.9	13,077
Hong Kong Exchanges & Clearing	Capital Markets	Hong Kong	11,605	1.7	13,009
Hon Hai Precision Industry	Electronic Equipment, Instruments & Components	Taiwan	11,387	1.7	15,856
Power Grid Corporation	Electric Utilities	India	11,274	1.7	-
Kasikornbank 'F'	Banks	Thailand	10,836	1.6	-
Wuxi Biologics (Cayman)	Life Sciences Tools & Services	China	10,429	1.5	11,531
Ayala Land	Real Estate Management & Development	Philippines	10,392	1.5	8,728
Twenty largest investments			407,230	60.2	

Portfolio

Continued

At 31 August 2022

Company	Industry	Country	Valuation 2022 £'000	Total assets %	Valuation 2021 £'000
Kotak Mahindra Bank	Banks	India	9,895	1.5	10,573
Tata Consultancy Services	IT Services	India	9,832	1.4	17,679
Hindustan Unilever	Personal Products	India	9,429	1.4	6,713
Budweiser Brewing	Beverages	Hong Kong	9,188	1.4	6,463
Yunnan Energy New Material A	Chemicals	China	8,938	1.3	9,417
Astra International	Automobiles	Indonesia	8,873	1.3	-
China Resources Land	Real Estate Management & Development	China	8,779	1.3	10,897
LG Chem	Chemicals	South Korea	8,293	1.2	10,459
Delta Electronic	Electronic Equipment, Instruments & Components	Taiwan	8,183	1.2	9,004
Maruti Suzuki India	Automobiles	India	8,119	1.2	-
Thirty largest investments			496,759	73.4	
ShenZhen Mindray Bio-Medical Electronics - A	Health Care Equipment & Supplies	China	7,963	1.2	3,948
Nari Technology	Electrical Equipment	China	7,939	1.2	11,144
Kakao Corp	Interactive Media & Services	South Korea	7,931	1.2	6,370
Contemporary Amperex Technology - A	Electrical Equipment	China	7,623	1.1	-
Longi Green Energy Technology - A	Semiconductors & Semiconductor Equipment	China	7,420	1.1	7,986
Bank of Philippine Islands	Banks	Philippines	6,918	1.0	5,765
Techtronic Industries	Machinery	Hong Kong	6,909	1.0	-
Samsung Biologics	Life Sciences Tools & Services	South Korea	6,766	1.0	6,564
Chacha Food - A	Food Products	China	6,607	1.0	3,805
Ultratech Cement	Construction Materials	India	6,591	1.0	7,959
Forty largest investments			569,426	84.2	

At 31 August 2022

Company	Industry	Country	Valuation 2022 £'000	Total assets %	Valuation 2021 £'000
Info Edge (India)	Interactive Media & Services	India	6,495	1.0	8,527
Singapore Telecommunications	Diversified Telecommunication	Singapore	6,461	1.0	-
China Vanke 'H'	Real Estate Management & Development	China	6,296	0.9	6,788
Mobile World Investment Corporation	Speciality Retail	Vietnam	6,236	0.9	4,129
Meituan-Dianping Class B	Internet & Direct Marketing Retail	China	6,180	0.9	6,915
Silergy Corp	Semiconductors & Semiconductor Equipment	Taiwan	6,080	0.9	7,702
Sungrow Power Supply Co - A	Electrical Equipment	China	6,056	0.8	4,243
Zhongsheng Group Holdings	Speciality Retail	China	5,356	0.8	-
Vietnam Technological & Commercial Bank	Banks	Vietnam	5,256	0.8	5,507
Tongcheng Elong Holdings	Hotels, Restaurants & Leisure	China	5,255	0.8	3,632
Fifty largest investments			629,097	93.0	
Andes Technology	Semiconductors & Semiconductor Equipment	Taiwan	4,657	0.7	-
Siam Cement 'F'	Construction Materials	Thailand	4,621	0.7	5,598
GDS Holdings Class A	IT Services	China	4,610	0.7	3,512
Delhivery	Air Freight & Logistics	India	4,172	0.6	-
ShenZhen Inovance Technology - A	Machinery	China	3,860	0.6	-
Yonyou Network Technology - A	Software	China	3,785	0.6	-
Hangzhou Tigermed Consulting Co ^A	Life Sciences Tools & Services	China	3,796	0.5	4,378
Glodon Co -A	Software	China	3,779	0.5	4,021
Infosys	IT Services	India	3,402	0.5	-
FSN E-Commerce Ventures	Internet & Direct Marketing Retail	India	3,363	0.5	-
Sixty largest investments			669,142	98.9	
PB Fintech	Insurance	India	3,237	0.5	-
			672,379	99.4	
Net current assets^B			4,374	0.6	
Total assets less current liabilities^B			676,753	100.0	

^A Holding includes investment in both 'A' and 'H' shares.

^B Excluding bank loan of £35,000,000.

Note: Unless otherwise stated, foreign stock is held and all investments are equity holdings. Values for 2022 and 2021 may not be directly comparable due to purchases and sales made during the year.

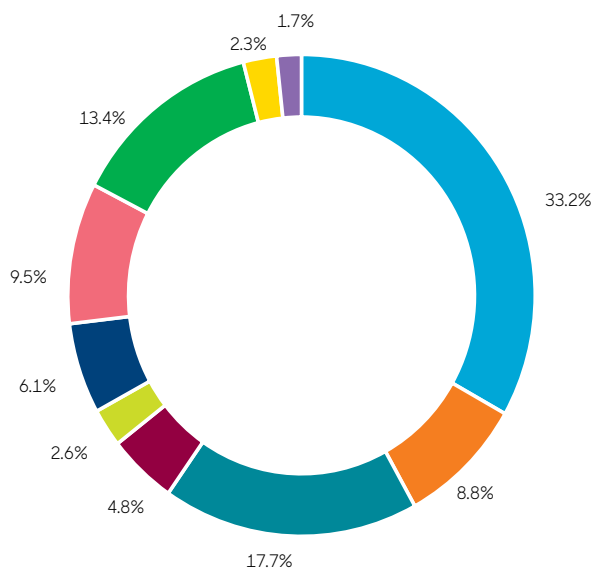
Changes in Asset Distribution

Country	Value at 1 September 2021 £'000	Purchases £'000	Sales proceeds £'000	Gains/ (losses) £'000	Value at 31 August 2022 £'000
China	278,083	100,197	110,703	(44,529)	223,048
Hong Kong	73,302	11,293	32,696	7,057	58,956
India	101,770	40,859	22,344	(1,142)	119,143
Indonesia	16,968	8,851	1,517	7,853	32,155
Philippines	14,493	2,357	-	461	17,311
Singapore	34,146	9,522	2,378	(276)	41,014
South Korea	100,336	13,902	28,506	(22,054)	63,678
Sri Lanka	57	-	56	(1)	-
Taiwan	128,184	10,900	38,520	(10,439)	90,125
Thailand	5,598	12,134	2,435	160	15,457
Vietnam	13,857	166	56	(2,475)	11,492
Total investments	766,794	210,181	239,211	(65,385)	672,379
Net current assets	8,942	-	-	(4,568)	4,374
Total assets less current liabilities	775,736	210,181	239,211	(69,953)	676,753

Analysis of Portfolio

Geographic Summary

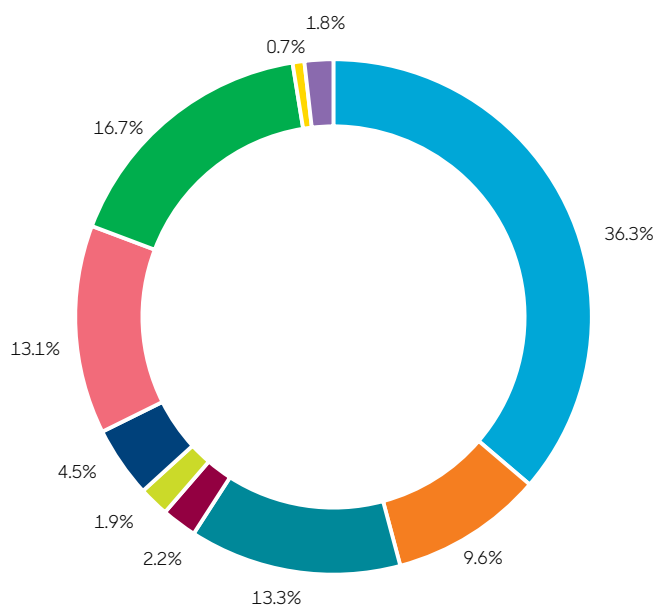
As at 31 August 2022



Country allocation

- China - 33.2%
- Hong Kong - 8.8%
- India - 17.7%
- Indonesia - 4.8%
- Philippines - 2.6%
- Singapore - 6.1%
- South Korea - 9.5%
- Taiwan - 13.4%
- Thailand - 2.3%
- Vietnam - 1.7%

As at 31 August 2021



Country allocation

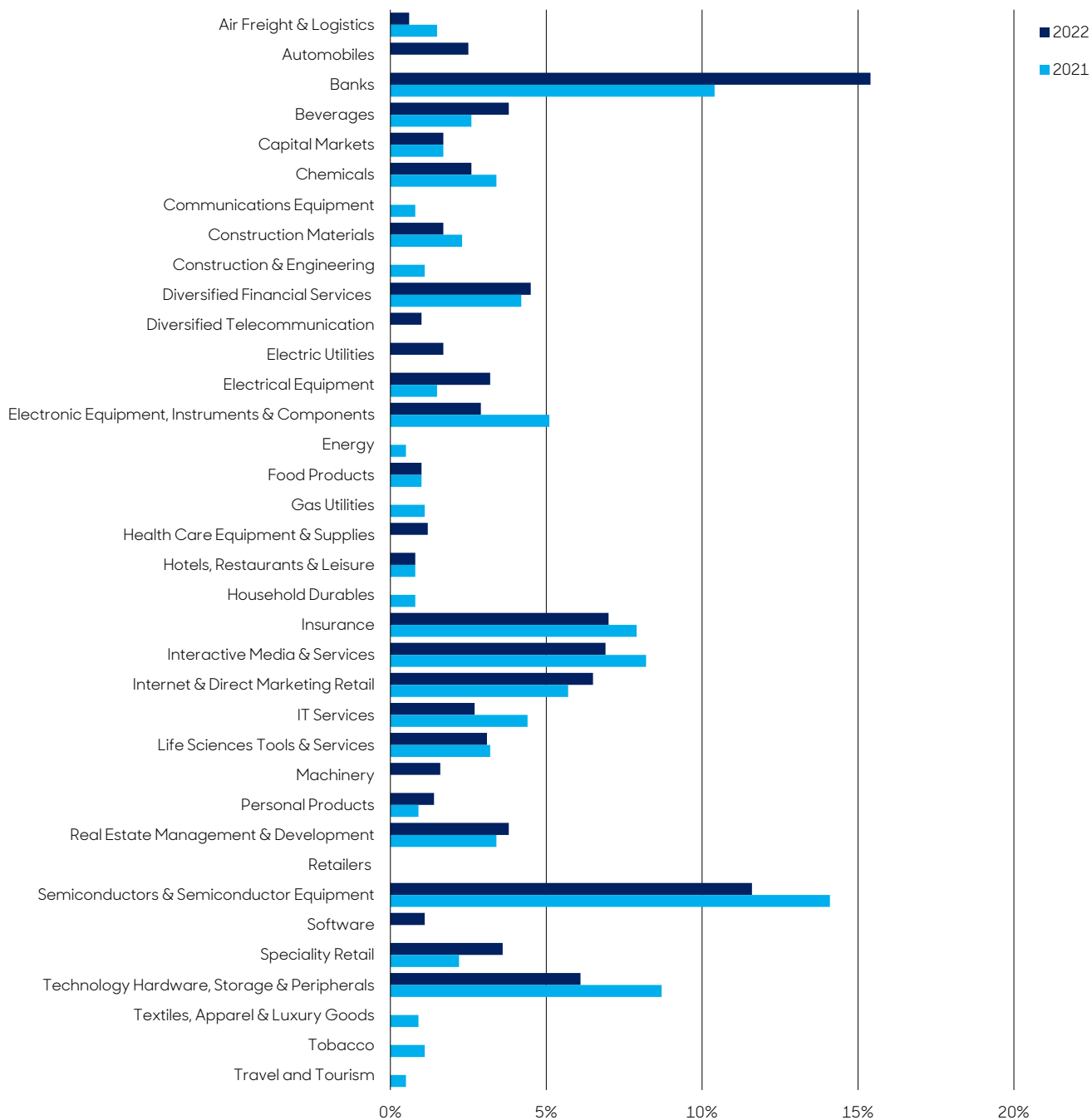
- China - 36.3%
- Hong Kong - 9.6%
- India - 13.3%
- Indonesia - 2.2%
- Philippines - 1.9%
- Singapore - 4.5%
- South Korea - 13.1%
- Taiwan - 16.7%
- Thailand - 0.7%
- Vietnam - 1.8%

Analysis of Portfolio

Continued

Sector Breakdown

As at 31 August 2022



Investment Case Studies

Singtel (Singapore)

What does the company do?

Singtel is a telecom operator that has strong market positions in its core markets of Singapore and Australia, and in selective Southeast Asian and Asian emerging markets via its regional investments.

Why do we like the investment?

Singtel operates in a competitive industry, but it is well positioned across all of its markets, where it is often among the top players. We believe it has sustainable competitive advantage. Aside from technical operational know-how and astute financial management, Singtel has a premium brand, economies of scale and a healthy balance sheet. The group is seeing growth from monetising data demand, as its revenue mix migrates from traditional sources to data. We are impressed by the new management, which has been strong in executing strategy, with a focus on profitability and return on invested capital. Management has also been effective at funding capex and investment by re-cycling capital from its balance sheet. Despite a challenging macroeconomic backdrop, Singtel's share price has matched the steady recovery of its core operations where earnings have been resilient and dividend payouts have been improving. We remain positive on Singtel's prospects as it capitalises on new growth opportunities and unlocks value from assets, amid a recovery of demand in the post-Covid economic re-opening.

What is our key area of engagement?

Capital allocation and management because we see a lot of value in the recycling of assets and reallocating capital more effectively towards more productive uses.

What is the result?

Singtel's management has responded positively to our engagement. Broadly, the group has actively recycled its capital by monetising assets that do not align to its vision, and re-investing the proceeds into higher growth areas. With this, Singtel aims to deliver earnings growth and narrow its significant holding company discount. Through 2022, the group has been rebalancing and optimising its portfolio of associate companies, unlocking S\$6 billion in capital that will fund mainly 5G capex and growth initiatives. These transactions included the divestment of partial stakes in Australia Tower Network and Airtel Africa; the full disposal of subsidiary Amobee; the sale of a 3.3% direct stake in Bharti Airtel to Bharti Telecom, a JV between Bharti Enterprises and Singtel; and the transfer of 6,000 towers from its Indonesian associate Telkomsel to Mitratel. Singtel also appointed Lendlease to jointly redevelop its Comcentre headquarters into a S\$3 billion sustainable workplace. Singtel will hold 51% after a joint-venture company is formed with Lendlease.



Photo Source: Singtel

Investment Case Studies

Continued

China Tourism Group Duty Free Corp (China)

What does the company do?

China Tourism Group Duty Free Corp (CTG) is the world's biggest travel retail operator, focused on the duty-free market.

Why do we like the investment?

We think CTG is a good proxy for the rising demand for duty-free cosmetics and skincare in mainland China. It has four major business lines: airport duty free, offshore duty free (Hainan), downtown duty free (pre-departure) and wholesale. The group has benefited from China's decision to loosen restrictions on its lucrative duty-free industry, particularly in the popular tourist island of Hainan, amid a broader supportive policy trend of the government to bring overseas spending back to China. In addition, CTG's growth via acquisitions is likely to result in greater scale and stronger bargaining power with the potential for a margin uplift versus new competition. In the Covid environment, CTG's online business has evolved rapidly, accounting for close to half of overall sales. The pandemic has changed the way consumers shop, and the online business has complemented the traditional shopping model. CTG's ongoing focus on developing its online and digitalisation businesses should also help the company to compete more effectively with other cross-border e-commerce operators. As China re-opens, and over the longer term, we see CTG as well positioned for growth, given its product portfolio, procurement capability and prime store locations.

What is our key area of engagement?

Sustainability and ESG awareness, including carbon emissions, data security, labour practices and supply-chain management.

What is the result?

The group has been responsive to our engagement. It has indicated to us that its suppliers are also taking ESG issues seriously. It is working with brands to promote sustainability and awareness. CTG is also focusing on customer and stakeholder engagement, and collecting feedback from stakeholders. It aims to raise its MSCI ESG rating from BB to A and ultimately AAA over the next two to three years. CTG has established an ESG management framework and leadership group with the board as the highest decision-making authority for its ESG efforts. Management has been proactively communicating with external ESG rating agencies and we are seeing this bear fruit. MSCI upgraded CTG from BB to BBB, citing its improved data privacy programme and corporate governance practices as driving the upgrade.



Photo Source: China Tourism Group Duty Free Corp

Governance



The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance. The Company is registered as a public limited company and has been approved by HM Revenue & Customs as an investment trust. The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Asia Dragon Trust plc and represent the interests of shareholders.

Board of Directors



James Will

Independent Chairman

Experience:

Former Chairman of law firm Shepherd and Wedderburn LLP where he was a senior corporate partner, heading its financial sector practice. He has experience of working with companies in a wide range of industry sectors including financial services, technology, energy and life sciences. James is Senior Independent Director of Herald Investment Trust plc and a non-executive director of JPMorgan Global Growth & Income plc. He was, until recently, Chairman of The Scottish Investment Trust PLC.

Length of service:

4 years, appointed on 1 October 2018

Last re-elected to the Board:

15 December 2021

Committee membership:

Management Engagement Committee (Chair), Nomination Committee (Chair) and Remuneration Committee

Contribution:

The Board has reviewed the contribution of James Will in light of his proposed re-election at the AGM and has concluded that he continues to chair the Company expertly, fostering a collaborative spirit between the Board and Manager, whilst ensuring that Board meetings remain focused on the key areas of stakeholder relevance.



Gaynor Coley

Independent Non-Executive Director and Chair of the Audit & Risk Committee

Experience:

A chartered accountant with over 30 years' experience in private and public sector finance and governance. She is currently the Audit Committee Chairman of Lowland Investment Company plc, SQN Secured Investment Fund plc and Foresight Enterprise VCT plc. Gaynor is also a Director of a number of private companies. She was previously the Chairman of the Wave Group Ltd, Director of Public Programmes at the Royal Botanic Gardens Kew, Managing Director of the Eden Project in Cornwall and Director of Finance at Plymouth University.

Length of service:

3 years, appointed on 3 July 2019

Last re-elected to the Board:

15 December 2021

Committee membership:

Audit & Risk Committee (Chair), Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:

The Board has reviewed the contribution of Gaynor Coley in light of her proposed re-election at the AGM and has concluded that she continues to chair the Audit & Risk Committee expertly and provides significant financial, risk management and ESG insight to Board discussions.



Matthew Dobbs

Independent Non-Executive Director

Experience:

40 years' fund management experience with Schroders, recently stepping down from full time investment responsibilities. He is a renowned Asian and Small Companies investment expert having served as Schroders' Head of Global Small Companies since 2000. In addition to managing the Schroders Asian Alpha Plus Fund, Matthew was instrumental in helping grow the assets of two investment trusts, Schroder Asia Pacific Fund plc and Schroder Oriental Income Fund Limited, since their respective launches in 1995 and 2005, into FTSE 250 Companies. He holds a BA in history and economics from Oxford University. Matthew is a non-executive director of the European Opportunities Trust PLC.

Length of service:

0 years, appointed on 1 February 2022

Last re-elected to the Board:

N/A

Committee membership:

Audit & Risk Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:

The Board has reviewed the strong contribution of Matthew Dobbs since his appointment to the Board and has concluded that he brings significant investment insight, and regional experience, to the Board and excellent knowledge of the investment management sector.



Susan Sternglass Noble

Independent Non-Executive Director

Experience:

Over 30 years' experience of investment management and analysis, specialising in financial sector equities, with focus on global, European and Asian mandates. She holds a B.A. in Asian Studies from Cornell University and a M.S. in Foreign Service from Georgetown University and is a Mandarin Chinese speaker. Susan held senior roles at Goldman Sachs, JP Morgan, CQS and AXA Investment Managers. More recently she has held a number of board, advisory and policy roles. Susan is a non-executive director of Unity Trust Bank, a senior adviser to The Investor Forum and an active angel investor. She was previously a specialist adviser to the Treasury Select Committee of the House of Commons and a Commissioner on the Dormant Assets Commission.

Length of service:

2 years, appointed on 7 August 2020

Last elected to the Board:

15 December 2021

Committee membership:

Audit & Risk Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:

The Board has reviewed the contribution of Susan Sternglass Noble in light of her proposed re-election at the AGM and has concluded that she continues to bring investment, industry and corporate governance expertise to the Board.

Board of Directors

Continued



Charlie Ricketts

Senior Independent Director

Experience:

Over 30 years' experience within the investment funds arena. He was, until 2014, the head of investment funds at Cenkos Securities, providing equity capital markets services to the fund management industry and to investment trust companies. He was previously a managing director of UBS Investment Bank and head of investment funds. He began his investment career as an investment director of Johnson Fry and then head of marketing and investment product development at Gartmore Investment Management. Charlie is a non-executive director of Templeton Emerging Markets Investment Trust and is co-Founder of the charity Carefreespace.

Length of service:

6 years, appointed on 19 April 2016

Last re-elected to the Board:

15 December 2021

Committee membership:

Audit & Risk Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chair)

Contribution:

The Board reviewed the contribution of Charlie Ricketts in light of his proposed re-election at the AGM and concluded that he provides significant investment and ESG insight to the Board and expert knowledge of the investment management and investment trust sectors. He is a strong Senior Independent Director and chairs the Remuneration Committee effectively.

Directors' Report

Capital Structure

At 31 August 2022, the Company had 119,686,001 fully paid Ordinary shares of 20p each in issue (2021: 124,766,350) with a further 39,925,676 Ordinary shares of 20p held in treasury (2021: 34,845,327). During the year to 31 August 2022 5,080,349 Ordinary Shares were bought back and held in treasury (2021: 1,592,103). Further details on the changes to the capital structure during the year ended 31 August 2022 are provided on page 197. Subsequent to the period end a further 651,351 Ordinary shares have been purchased in the market for treasury.

The Ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Board) and to receive any interim dividends which the Directors may resolve the Company should pay. On a winding-up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. On a show of hands, every Ordinary shareholder present in person, or by proxy, has one vote and, on a poll, every Ordinary shareholder present in person has one vote for each share held and a proxy has one vote for every share represented.

There are no restrictions concerning the holding or transfer of the Ordinary shares and there are no special rights attached to any of the shares. The Company is not aware of any agreements between shareholders which may result in any restriction on the transfer of shares or the voting rights.

In the event of a winding-up of the Company, the Ordinary shares will rank behind any creditors or prior ranking capital of the Company.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were James Will, Gaynor Coley, Matthew Dobbs, Susan Sternglass Noble and Charlie Ricketts. Biographies of the Directors of the Company are shown on pages 44 to 46.

Directors' and Officers' Liability Insurance

The Company's articles of association indemnify each of the Directors out of the assets of the Company against any liabilities incurred by them as a Director of the Company in defending proceedings, or in connection with any application to the Court in which relief is granted. In addition, the Directors have been granted qualifying indemnity provisions by the Company which are currently in force. Directors' and Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Dividends

The Directors recommend that a final dividend of 6.5p per Ordinary share (2021: 6.5p) be paid on 16 December 2022 to shareholders on the register on 11 November 2022. The ex-dividend date is 10 November 2022.

Management Agreement

The Company has appointed abrdrn Fund Managers Limited, a wholly owned subsidiary of abrdrn plc, as its alternative investment fund manager. By way of group delegation agreements within the abrdrn Group the management of the Company's investment portfolio is delegated to abrdrn (Asia) Limited and company secretarial services and administrative services are provided by Aberdeen Asset Managers Limited.

Details of the management agreement, including the notice period and fees paid to the abrdrn Group companies during the year ended 31 August 2022, are shown in note 4 to the financial statements.

Borrowings

The Company has a £35 million multicurrency revolving facility with The Royal Bank of Scotland International Limited, London Branch. The agreement was entered into on 29 July 2022 with a termination date of 29 July 2024. At the year end this facility had been fully drawn down at a rate of 2.690%. At the date of this Report the Company had drawn down £25 million at a rate of 3.558%. Under the terms of the revolving credit facility, the Company has the option to increase the level of the commitment from £35 million to £50 million at any time.

Directors' Report

Continued

On 29 July 2022, the Company also entered into a new fixed loan facility agreement of £25 million at an interest rate of 3.5575% with The Royal Bank of Scotland International Limited, London Branch, with a termination date of 29 July 2024. The agreement of this facility incurred an arrangement fee of £7,500, which will be amortised over the life of the loan.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 51 to 56.

Going Concern

The Directors have undertaken a rigorous review and believe that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements. This conclusion is consistent with the longer term Viability Statement on page 21.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking and loan covenants.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 16 to 18, and have reviewed forecasts detailing revenues and liabilities and undertaken sensitivity analysis. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise. The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year and considered the Company's Statement of Financial Position as at 31 August 2022 which shows net current liabilities of £30.6million at that date. The Directors believe that adopting a going concern basis of accounting remains appropriate.

Substantial Share Interests

At 31 August 2022 the Company had been notified or was aware of the following substantial interests in the Ordinary shares:

Shareholder	Number of Ordinary shares held	% held
City of London Investment Management	34,878,552	29.0
Allspring Global Investments	13,729,896	11.4
Lazard Asset Management	13,199,892	11.0
abrdrn Retail Plans	4,941,374	4.1
Rathbones	4,498,286	3.7
Evelyn Partners	4,297,501	3.6

Subsequent to the year end the Company was notified of the following changes:

- On 14 September 2022, City of London Investment Management reduced its holding to 34,625,304 Ordinary Shares (representing 29.0% of the issued share capital of the Company).
- On 23 September 2022, City of London Investment Management increased its holding to 34,670,304 Ordinary Shares (representing 29.0% of the issued share capital of the Company).
- On 12 October 2022, City of London Investment Management reduced its holding to 34,531,922 Ordinary Shares (representing 29.0% of the issued share capital of the Company).

As at the date of this Report, no other changes to the above interests had been notified to the Company.

Independent Auditors

The respective responsibilities of the Directors and the independent auditors in connection with the financial statements appear on pages 63 and 70.

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

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 9 December 2022, the following resolutions will be proposed:

(i) Section 551 Authority to Allot Shares

Resolution 11, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to 33.33% of the Company's issued Ordinary share capital (excluding treasury shares) as at the date of the passing of this resolution (up to a maximum nominal amount of £7.86 million based on the Company's issued share capital as at the date of this Report). Such authority will expire on 29 February 2024 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

(ii) Limited Disapplication of Pre-emption Rights

Resolution 12, which is a special resolution, seeks to give the Directors power, conditional on Resolution 11 being passed, to allot Ordinary shares and to sell Ordinary shares held in treasury for cash, without first offering them to existing shareholders in proportion to their existing holdings, up to an aggregate nominal value representing 5% of the Company's issued Ordinary share capital as at the date of passing of this resolution (up to a maximum nominal amount of £1.19 million based on the Company's issued share capital as at the date of this Report).

This authority will expire on 29 February 2024 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

Pursuant to this power, Ordinary shares would only be issued for cash and treasury shares would only be sold for cash at a premium to the net asset value per share (calculated after the deduction of prior charges at market value).

The Directors consider that the powers proposed to be granted by the above resolutions are necessary to provide flexibility to issue shares should they deem it to be in the best interests of shareholders as a whole.

(iii) Purchase of the Company's own Ordinary shares

Since the Company's last AGM the Company has undertaken share buybacks, the details of which are set out on page 107. Resolution 13, which will be proposed as a special resolution, will renew the Company's authority to make market purchases of its own shares. Shares so repurchased will be cancelled or held "in treasury". In respect of the Company's Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury it may sell such shares (or any of them) for cash (or its equivalent); or ultimately cancel the shares (or any of them).

No dividends will be paid on treasury shares, and no voting rights attach to them.

The maximum number of Ordinary shares which may be purchased pursuant to this authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 17.8 million Ordinary shares based on the Company's issued share capital as at the date of this Report). The minimum price which may be paid for an Ordinary share (exclusive of expenses) shall be 20p (being an amount equal to the nominal value of an Ordinary share). The maximum price for an Ordinary share (again exclusive of expenses) shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations for the Company's Ordinary shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

This authority, if conferred, will only be exercised if to do so would enhance the net asset value per share and is in the best interests of shareholders generally. This authority will expire on 29 February 2024 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

Directors' Report

Continued

(iv) Notice Period for General Meetings

Resolution 14, which will be proposed as a special resolution, seeks the authority from shareholders for the Company to be able to hold general meetings (other than AGMs) on 14 clear days' notice. The approval will be effective until the conclusion of the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on 14 clear days' notice.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling, in aggregate, 39,114 Ordinary shares, and representing 0.033% of the existing issued Ordinary share capital of the Company.

Greenhouse Gas Emissions

The Company can report that it has no greenhouse gas emissions or other emissions producing sources from its operations.

Other Information

The rules concerning the appointment and replacement of Directors, amendments to the articles of association and powers to issue or buy back the Company's shares are contained in the articles of association of the Company and the Companies Act 2006. There are no agreements which the Company is party to that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the management agreement with the Manager, further details of which are set out on page 47, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the Financial Statements.

**By order of the Board,
Aberdeen Asset Managers Limited
Secretary**
Edinburgh
31 October 2022

Registered office:
1 George Street
Edinburgh EH2 2LL
Company Registration Number: SC106049

Statement of Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. The Board is responsible for good governance, and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code published in 2018 (the "UK Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk, throughout the financial year.

The Company is a member of the Association of Investment Companies ("AIC"), which has published its own Code of Corporate Governance to recognise the special circumstances of investment trusts (www.theaic.co.uk) and approved by the FRC.

The Board confirms that, during the year to 31 August 2022, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below:

1. the role of the chief executive (A.1.2);
2. executive Directors' remuneration (D.1.1 and D.1.2); and
3. the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company.

The Board

The Board consists of five non-executive Directors. Each Director has the requisite range of business and financial experience to enable the Board to provide clear and effective leadership and proper stewardship of the Company. Charlie Ricketts is the Senior Independent Director ("SID") and is available to shareholders in the event that there are concerns that cannot be resolved through discussion with the Chairman.

Biographical details for each of the Directors, including their significant external appointments, can be found on pages 44 to 46.

All Directors are considered to be independent of the Manager and to be free of any material relationship with the Manager which could interfere with the exercise of their independent judgement. Subject both to annual re-election and renewal of the appointment every three years, a Director's tenure of office (including that of the Chairman) will normally be for up to nine years. When making a recommendation for re-electing a Director, the Board will take into account the on-going requirements of the UK Code.

Role and Operation of the Board

The Board normally meets at least five times each year, and more frequently where business needs require. In addition, there is regular contact between the Directors and the Manager throughout the year. The table below sets out the number of routine Board and Committee meetings attended by each Director during the year compared to the number of meetings that each Director was eligible to attend. Directors also have additional discussions when required to address administrative matters and ad hoc issues between scheduled Board meetings.

Statement of Corporate Governance

Continued

Director	Board Meetings	Audit & Risk Committee Meetings ¹	Remuneration Committee Meetings	Nomination Committee Meetings	Management Engagement Committee Meetings
James Will	5 (5)	n/a	1 (1)	1 (1)	1 (1)
Gay Coley	5 (5)	3 (3)	1 (1)	1 (1)	1 (1)
Matthew Dobbs ²	3 (3)	2 (2)	1 (1)	n/a	n/a
Kathryn Langridge ³	1 (2)	0 (1)	n/a	0 (1)	0 (1)
Susan Sternglass Noble	5 (5)	3 (3)	1 (1)	1 (1)	1 (1)
Charlie Ricketts	5 (5)	3 (3)	1 (1)	1 (1)	1 (1)

¹ All Directors are members of the four Committees of the Board with the exception of James Will who can, upon invitation, attend Audit & Risk Committee meetings as an observer.

² Appointed to the Board on 1 February 2022.

³ Retired from the Board on 15 December 2021.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of, and will give due regard to, the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of Directors. In view of its size, the Board will

continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. In doing so, the Board will seek to meet the targets set out in the FCA's Listing Rule 9.8.6R (9)(a), which are set out below.

Although the Company is not required to report against these targets until the 2023 Annual Report, the Board has resolved to do so on a voluntary basis for the year ended 31 August 2022. In accordance with the LR 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity.

Board Gender as at 31 August 2022

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	3	60%	2 ^B	n/a	n/a
Women	2	40% ^A	1 ^{CD}	n/a	n/a

^A meets target of 40% as set out in LR 9.8.6R (9)(a)(i)

^B the positions of Chair of the Board and Senior Independent Director are held by men

^C the position of Chair of the Audit & Risk Committee is held by a woman

^D meets target of 1 as set out in LR 9.8.6R (9)(a)(ii)

Board Ethnic Background as at 31 August 2022

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	100%	3	n/a	n/a
Minority ethnic	0 ^A	0%	0	n/a	n/a

^A is less than the target of 1 as set out in LR 9.8.6R (9)(a)(iii)

As shown in the above table, the Company has not as yet met the target set out in LR 9.8.6R (9)(a)(iii), which formally comes into effect for the financial year ending 31 August 2023, in relation to the ethnic background of the Board. It is the Board's intention that achieving the target as set out in LR 9.8.6R (9)(a)(iii) continues to be a priority during the Board's next succession appointments.

The information included above in relation to the gender and ethnic background of the Board has been obtained following confirmation from the individual Directors. Although not required to be disclosed under the FCA's Listing Rules, the Board notes that the Company's lead portfolio managers are one male and one female, both of whom are Asian and based in Singapore.

There have been no changes since the year end that have affected the Company's ability to meet the targets set in LR 9.8.6R (9)(a).

Role of the Board

The Board has overall responsibility for the Company's affairs. It delegates, through a management agreement and specific instructions, the day-to-day management of the Company to the Manager, abrdn Fund Managers Limited. The Board has a schedule of matters reserved to it for decision, and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager.

Such matters include overall strategy, review of investment policy, performance, gearing policy, treasury, corporate governance policy, promotional activities and communications with shareholders.

Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. At each meeting the Board reviews the following:

- Reports from the Manager covering stockmarket environment, portfolio activities, performance and investment outlook;
- Company financial information including revenue forecasts, balance sheet and gearing position;
- Shareholder analysis and relations;
- Regulatory issues and industry matters;
- Reports from other service providers such as brokers and registrars.

No contract or arrangement subsisted during the period in which any of the Directors was materially interested. The Board monitors, on a regular basis, the direct and indirect interests of each Director and has concluded that there were no situations which gave rise to an interest of a Director which conflicted with the interests of the Company. The Board adopts a zero-tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery.

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Board takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Directors' Time Commitments

The Company has a policy of ensuring that all non-executive directors of the Company have sufficient time to commit to the respective duties and responsibilities applicable to their particular Board roles.

When making new appointments, the Board takes into account other demands on potential candidates' time and prior to appointment any significant commitments are disclosed with an indication of the time involved. In the year under review the Board assessed the time commitment of each individual Director on external appointments. Each Director's aggregate time commitment is discussed with him or her as part of the annual appraisal process.

Statement of Corporate Governance

Continued

In the year under review, all Directors were considered to have sufficient time to commit to their respective roles on the Board, taking account of their external appointments.

If at any time any Director wishes to accept an additional significant external appointment, the prior approval of the Board is first required. In considering whether to grant such approval, the Board will in particular consider the Director's other time commitments and any potential conflicts of interest.

Board Committees

The Board has appointed four Committees with specific operations as set out below. The terms of reference, which clearly define the responsibilities of each Committee are available on the Company's website. The terms of reference of each of the Committees are renewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit & Risk Committee

The Audit & Risk Committee Report is contained on pages 56 to 58.

Remuneration Committee

The Remuneration Committee, which comprises all directors and is chaired by Charlie Ricketts, is responsible for determining the level of Directors' fees, having regard to external sources. The terms of reference are available on request and on the Company's website. Further information may be found in the Directors' Remuneration Report.

Management Engagement Committee

The Management Engagement Committee, which comprises all the Directors and is chaired by James Will, reviews the performance of the Manager and its compliance with the management agreement.

The Committee keeps the resources of the Manager under constant review, conducts an annual review of the terms and conditions of the management agreement ("Agreement") and undertakes an evaluation of the Manager's performance under this Agreement. In monitoring the performance of the Manager, the Board reviews the investment performance, management processes, risk control mechanisms and promotional activities of the Manager.

As a result of these reviews, the Board concluded that the Manager has the investment management, promotional, secretarial and administrative skills required for the effective operation of the Company. The Board believes

that the Manager has satisfactorily met the terms of the management agreement with the Company, and considers that the continuing appointment of the Manager is in the interests of the Company and its shareholders. The performance of the Manager remains under close review.

Nomination Committee

A Nomination Committee was established in January 2020, which comprises all Directors and is chaired by James Will, and has responsibility for Board evaluation, succession planning, new appointments and training.

Performance evaluation

An appraisal of each Director, including the Chairman, and of the operation of the Board and its Committees, was undertaken during the year. The Chairman's performance assessment was led by the Senior Independent Director. The Board also reviewed the Chairman's and Directors' other commitments. The Board is satisfied that each Director's performance continues to be effective, and that each remains fully committed to the Company. The Company has not been a constituent of the FTSE 350 and, as such, an external evaluation of the Board was not undertaken during the financial year.

Succession planning

In line with the Company's strong commitment to its corporate governance responsibilities, the Board regularly reviews its performance and structure to ensure it has the correct mix of relevant skills, diversity and experience for the effective conduct of the Company's business to complement the existing composition of the Board whilst having due regard for the benefits of diversity, including gender and ethnicity, on the Board.

New Board appointments are identified against the requirements of the Company's business and the need to have a balanced Board and are routinely facilitated by an external search consultant to ensure that a wide range of candidates can be considered. Following a review of its composition and, taking into account succession plans, the Board engaged Trust Associates to identify potential candidates for a new Board appointment. This resulted in the appointment of Matthew Dobbs on 1 February 2022. Trust Associates has previously been engaged by the Company as an external search consultant to identify potential candidates for Board appointments. Trust Associates has no other connection with the Company or any of the Directors.

The Board has implemented the provisions of the UK Code whereby all Directors of the Company will stand for re-election on an annual basis. The Board has reviewed the skills and experience of each Director, and supports their re-election. Matthew Dobbs, who was appointed during the financial year, will stand for election.

New Directors are given appropriate induction from the Manager covering legal responsibilities, the Manager's operations and investment trust industry matters. All Directors are entitled to receive appropriate and relevant training. If necessary, there is a procedure for a Director to take independent professional advice at the Company's expense.

Relations with Shareholders

The Directors place great importance on communication with shareholders. Besides shareholders, the report and financial statements are widely distributed to other parties who have an interest in the Company's performance. Shareholders and potential investors may obtain up-to-date information on the Company through the Manager's freephone information service, and the Company responds to letters from shareholders on a wide range of issues. The Company's annual and half-yearly reports and other publications can be downloaded from the Company's website, www.asiadrakontrust.co.uk.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required. The Chairman meets with representatives of the major shareholders during the financial year on an annual basis in order to gauge their views. The Manager maintains regular contact with institutional shareholders and feeds back shareholder views to the Board.

As set out in the Chairman's Statement on page 10, the Board will be hosting an Online Shareholder Presentation at 11:00am on 21 November 2022 in order to encourage as much interaction as possible with the Company's shareholders. Full details on how to register for the online event can be found on the Company's website at www.asiadrakontrust.co.uk.

It is the intention of the Board that, in the ordinary course, the notice of the Annual General Meeting included within the annual report and financial statements is normally sent out at least 20 working days in advance of the meeting. The Board encourages shareholders to attend and participate at the Company's AGM. At the AGM, the Investment Manager provides a presentation at the

meeting outlining the key investment issues that affect the Company and all shareholders have the opportunity to raise questions. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands and details are available on the Company's website.

Environmental, Social and Governance ("ESG") Investing

Our Investment Manager's approach to ESG matters is included on pages 22 to 28.

The UK Stewardship Code and Proxy Voting

The Company supports the UK Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. abrdn plc is a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. While delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues.

Audit and Risk Committee's Report

The Audit & Risk Committee ("the Committee") presents its Report for the year ended 31 August 2022.

Membership and Responsibilities

The Committee is chaired by Gaynor Coley, who is a chartered accountant, and comprises all Directors, with the exception of James Will who can, upon invitation, attend meetings as an observer. The Committee is satisfied that, as a whole, it has the necessary recent and relevant financial experience and competence relevant to the investment trust sector in order to fulfil its responsibilities. The main responsibilities of the Committee are:

- to review the half yearly and annual financial statements of the Company, the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements;
- to assess whether the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to review and report to the Board on the significant financial reporting issues and judgements made in connection with the financial reporting including the statement on the Company's viability;
- to consider reports from the external auditors, including its audit strategy and findings;
- to develop and implement policy on the engagement of the external auditors to supply non-audit services;
- to consider the re-appointment, remuneration and terms of engagement of the external auditors and to review annually the external auditors' independence, objectivity, effectiveness, resources and qualification;
- to review and monitor the internal control systems and risk management systems (including non financial risks) on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function; and
- to review the arrangements in place within the Manager whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing').

The Committee undertakes an annual performance evaluation, in relation to discharging its responsibilities, through questionnaires and discussion.

The respective responsibilities of the Directors and the external auditors in connection with the financial statements appear on pages 63 and 70.

Activities During the Year

The Committee meets at least three times per year when it reviews the annual and half yearly financial reports in detail. Reports from the Manager's internal audit, risk and compliance departments are also considered by the Committee which cover internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Risk Management and Internal Control

In accordance with the Disclosure and Transparency Rules 7.2.5, the Board is responsible for the Company's system of internal control and has reviewed the effectiveness of the Company's risk management and internal control systems. The Board confirms that there is an ongoing and robust process for identifying, evaluating and managing the significant risks faced by the Company which include financial, operational, compliance and reputational risks.

Under the Management Agreement, the management of the Company's assets has been delegated to the Manager within overall guidelines. Risks are identified and documented through a risk management framework by each function within the Manager's activities. The internal control systems operated by the Manager are monitored and supported by an internal audit function which undertakes periodic examination of business processes and ensures that recommendations to improve controls are implemented. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

This process has been in place for the year under review and up to the date of approval of this annual report and financial statements. It is regularly reviewed by the Board and accords with the Financial Reporting Council's Guidance on Internal Controls.

In addition, the Board has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers. A monitoring system is undertaken whereby the controls to mitigate these risks, and the impact of the residual risks, are assessed on a regular basis. The risk matrix is formally reviewed on a six monthly basis in order to identify emerging risks which may arise. Details of the emerging and principal risks faced by the Company are provided in Overview of Strategy on pages 16 to 18.

The key components designed to provide effective internal control are outlined below:

- The Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- As a matter of course, the Manager's risk management department, including compliance and internal audit functions, continually reviews the Manager's operations and provides reports to the Committee;
- Written agreements are in place, which specifically define the roles and responsibilities of the Manager and other third party service providers;
- The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's risk management systems and internal audit procedures; and
- The Committee carried out bi-annual reviews of the Manager's risk management and internal controls, including the internal audit and compliance functions. At its October 2022 meeting, the Committee performed its annual assessment of internal controls for the year ended 31 August 2022. The results of the assessment were reported to the Board.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and by their nature can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Financial Statements and Significant Matters

During its review of the Company's financial statements for the year ended 31 August 2022, the Audit & Risk Committee considered the following significant matters, in particular those communicated by the Independent Auditors during its planning and reporting of the year end audit.

Valuation, Existence and Ownership of Investments

How the matter was addressed - the Company uses the services of an independent depositary (BNP Paribas Trust Corporation UK Limited) (the "Depositary") to hold the assets of the Company. An annual internal control report is received from the Depositary and reviewed by the Audit & Review Committee. This provides details of the Depositary's control environment. The investment portfolio is reconciled regularly by the Manager. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared quarterly and are considered at the quarterly meetings of the Board. The Audit & Risk Committee also considered the Independent Auditor's work and conclusions in this area.

The valuation of investments is undertaken in accordance with the accounting policies disclosed in note 2 to the financial statements.

The Audit & Risk Committee satisfied itself that there were no issues associated with the valuation, existence and ownership of the investments which required to be addressed.

Audit and Risk Committee's Report

Continued

Income from Investments

How the matter was addressed – the recognition of dividend income is undertaken in accordance with accounting policy note 2 to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the specific circumstances. Management accounts are reviewed by the Board on a quarterly basis and discussions take place with the Manager regarding the allocation of any special dividends that have been received. The Audit & Risk Committee also considered the Independent Auditor's work and conclusions in this area.

The Audit & Risk Committee concluded that there were no issues associated with the recognition of dividend income which required to be addressed.

Other Accounting Issues

The Company's compliance with investment trust status, under section 1158 of the Corporation Tax Act 2010, is monitored by the Manager on an ongoing basis and reported to the Committee.

Review of Independent Auditors

The Committee has reviewed the independence and the effectiveness of the external auditors, PricewaterhouseCoopers LLP ("PwC"), as follows:

- The external auditors report on an annual basis the steps it takes to ensure its independence and objectivity and confirms that it has complied with the relevant UK independence guidelines. The level of fees for non-audit services provided by the auditors is assessed and for the year to 31 August 2022 was nil (2021 – £nil). The Board will review any future non-audit fees in the light of the requirement to maintain the auditor's independence.
- The Committee considers the experience, continuity and tenure of the external audit team, including the audit partner. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit partner. This is the second year that PwC has undertaken the audit and the second year that Thomas Norrie, senior statutory auditor, has been involved in the Company's audit.

- The Committee assesses the level of audit service annually. The audit plan is reviewed well in advance and subsequent audit findings are reported comprehensively in a timely manner and are resolved satisfactorily. The auditors have a constructive working relationship with both the Board and the Manager.

Re-appointment of the Independent Auditors

During the financial year to 31 August 2020, the Committee undertook an audit tender, following which the Board recommended the appointment of PwC as the Company's auditors. Shareholders overwhelmingly voted in favour of the appointment of PwC at the Company's AGM on 10 December 2020.

Based on its experience of the audit process and engagement with PwC, the Audit & Risk Committee supports the recommendation to the Board that the re-appointment of PwC be put to Shareholders for approval at the AGM.

Gaynor Coley,
Chairman of Audit & Risk Committee
31 October 2022

Directors' Remuneration Report

The Board has prepared this Remuneration Report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises three parts:

- a) A Remuneration Policy, set out below, which was last approved by shareholders at the 2020 AGM. This policy is subject to a vote every three years. Any change to this policy during this interval would require shareholder approval;
- b) An annual Implementation Report, which provides information on how the Remuneration policy has been applied during the year and will be subject to an advisory vote at the AGM; and
- c) An Annual Statement.

The law requires the Company's auditors to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 65.

Remuneration Policy

The Remuneration Policy takes into consideration the principles of the UK Code of Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. Directors' remuneration is determined by the Remuneration Committee. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for changes in the foreseeable future, except for the Directors' fees, as set out in the Implementation Report below.

The Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders would be considered on an on-going basis. Fee rates are established by having regard to external sources as to current market levels.

Directors' fees

The Directors are non-executive and their fees are set within the limits of the Company's articles of association which limit the aggregate fees payable to the Board of Directors per annum, currently £250,000. The level of cap may be increased by shareholder resolution from time to time.

Appointment

- The Company only intends to appoint non-executive Directors under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment and annually thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.
- The Directors are entitled to re-imbursment of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Directors' Remuneration Report

Continued

The Directors' Remuneration Policy was last approved by shareholders at the Company's AGM on 10 December 2020. Assuming no changes to the Remuneration Policy, a resolution to approve the Directors' Remuneration Policy will next be proposed at the AGM in 2023.

Implementation Report

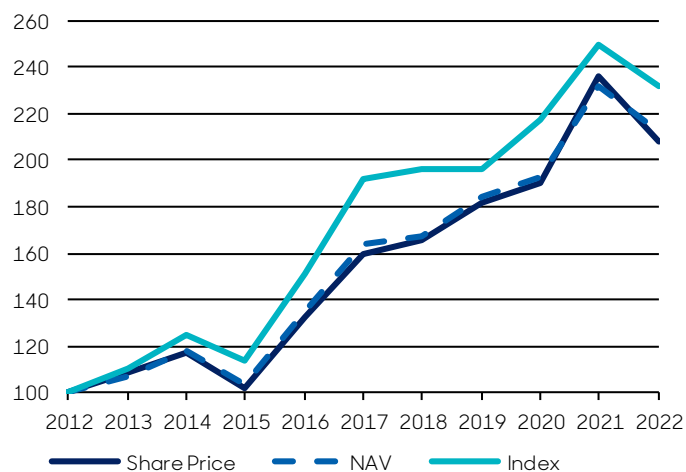
Directors' Fees

During the financial year the Board carried out a review of Directors' fees and increased the rates as shown in the following table with effect from 1 September 2022. The last increase in Directors' fees prior to this was effective from 1 September 2021.

	1 September 2022 £	1 September 2021 £
Independent Director	32,000	31,000
Additional fee for Chairman	13,000	12,500
Additional fee for Chairman of Audit & Risk Committee	5,750	5,500
Additional fee for SID	1,600	1,500

Company Performance

During the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from a composite index, in Sterling terms, consisting of the MSCI All Country Asia (ex Japan) Index for the ten year period to 31 August 2022 (rebased to 100 at 31 August 2012). This index was chosen for comparison purposes, as it is the reference index used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 15 December 2021, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 August 2021. 99.87% of proxy votes were in favour of the resolution, 0.09% were against and 0.04% abstained. At the AGM on 10 December 2020, shareholders approved the Directors' Remuneration Policy with 99.78% of proxy votes in favour, 0.14% against and 0.08% abstained.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 August 2022 will be proposed at the Annual General Meeting.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. However, for ease of reference, the total fees paid to Directors are shown in the table on page 61 while dividends paid to shareholders are set out in note 8 and share buybacks are detailed in note 14.

Fees Payable (audited)

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable. This represents the entire remuneration paid to the Directors.

Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

Director	2022 £	2021 £
James Will	43,500	42,000
Gay Coley	36,500	35,000
Matthew Dobbs (appointed 1 February 2022)	18,100	n/a
Kathryn Langridge (retired 15 December 2021)	9,000	30,000
Peter Maynard (retired 10 December 2020)	n/a	8,306
Susan Sternglass Noble	31,000	30,000
Charlie Ricketts	32,500	31,000
Total	170,600	176,306

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the past three years from 1 September 2019 to 31 August 2022.

	Year ended 31 August 2022	Year ended 31 August 2021	Year ended 31 August 2020
	Fees %	Fees %	Fees %
James Will	3.6	2.9	54.1
Gay Coley	4.3	14.3	537.5
Matthew Dobbs	n/a	n/a	n/a
Kathryn Langridge	-70.0	3.6	8.8
Susan Sternglass Noble	3.3	n/a	n/a
Charlie Ricketts	4.8	4.7	5.1

The above percentage changes take account of the following factors which impacted each Director's remuneration:

- James Will was appointed to the Board on 1 October 2018 and took over as Chairman on 3 July 2019;
- Gaynor Coley was appointed to the Board on 3 July 2019 and became Audit & Risk Committee Chair on 13 December 2019;
- Matthew Dobbs was appointed to the Board on 1 February 2022;
- Kathryn Langridge retired from the Board on 15 December 2021;
- Susan Sternglass Noble was appointed to the Board on 7 August 2020; and
- Charlie Ricketts joined the Audit & Risk Committee on 17 December 2018 and was appointed as Senior Independent Director on 1 May 2020.

Directors' Remuneration Report

Continued

Directors' Interests in the Company (audited)

The Directors (including their connected persons) at 31 August 2022 and 31 August 2021 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 August 2022 Ordinary shares	31 August 2021 Ordinary shares
James Will	10,114	10,114
Gay Coley	5,000	5,000
Matthew Dobbs	14,000	n/a
Kathryn Langridge [†]	5,000	5,000
Susan Sternglass Noble	5,000	5,000
Charlie Ricketts	5,000	5,000

[†] Holding at date of retirement from Board

The above interests were unchanged as at the date of this Report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year to 31 August 2022:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Charlie Ricketts,
Chairman of Remuneration Committee
31 October 2022

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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

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

Responsibility statement of the Directors in respect of the annual financial report.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic report /Director's report include 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.

We consider the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For Asia Dragon Trust plc

James Will,

Chairman

31 October 2022

A man and a woman in business attire are looking at a laptop in a modern office setting. The man is pointing at the screen while the woman looks on attentively. They are both wearing blue lanyards. The background shows a blurred office environment with a staircase.

Financial Statements

The Company's revenue return per share was 6.38p for the year to 31 August 2022

Independent Auditors' Report to the Members of Asia Dragon Trust plc

Report on the audit of the financial statements.

Opinion

In our opinion, Asia Dragon Trust plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 31 August 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Context

The Company is a standalone Investment Trust Company and engages abrdn Fund Managers Limited (the "AIFM") to manage its assets.

Overview

Audit scope

- We conducted our audit of the financial statements using information from the AIFM and BNP Paribas Securities Services (the "Administrator") to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the AIFM referred to above, and the industry in which the Company operates.
- We obtained an understanding of the accounting processes and control environment in place at the AIFM and adopted a fully substantive testing approach using reports obtained from the AIFM.

Key audit matters

- Income from Investments.
- Valuation and existence of listed investments.

Materiality

- Overall materiality: £6,143,000 (2021: £7,069,000) based on approximately 1% of Net Assets.
- Performance materiality: £4,607,000 (2021: £5,301,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent Auditors' Report to the Members of Asia Dragon Trust plc

Continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Consideration of the impacts of Covid-19 and Ability to continue as a going concern - Continuation Vote, which were key audit matters last year, are no longer included because of the reduced uncertainty of the impact of Covid-19 and the absence of a Continuation Vote within the next 12 months. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Income from Investments.</p> <p>Refer to page 56 (Audit & Risk Committee's Report), page 76 (Accounting Policies) and page 76 (Notes to the Financial Statements).</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments).</p> <p>As the Company has a capital objective, there may be an incentive to overstate capital. We therefore focussed on the completeness of revenue, in particular the allocation of special dividends from revenue to capital, as well as existence of gains/losses from investments and the presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition.</p> <p>The gains and losses on investments held at fair value comprise realised and unrealised gains and losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end (see Valuation and existence of listed investments Key Audit Matter), together with testing of the reconciliation of opening and closing investments and agreeing the year end holdings to independent confirmation. For realised gains and losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements.</p> <p>We tested the accuracy of all dividend receipts by agreeing the dividend rates from investments to independent market data.</p> <p>To test for completeness of dividend income we tested that appropriate dividends had been recorded as received in the year by reference to independent data of dividends declared.</p> <p>We tested the allocation and presentation of special dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining the reasons behind dividend distributions.</p> <p>Based on the audit procedures performed and evidence obtained, we concluded that income from investments was not materially misstated.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of listed investments. Refer to page 50 (Audit & Risk Committee's Report), page 76 (Accounting Policies) and page 76 (Notes to the Financial Statements).</p> <p>The investment portfolio at 31 August 2022 comprised listed equity investments of £672 million.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.</p>	<p>We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>We tested the existence of all listed investments by agreeing the holdings to an independent confirmation from the Depositary, BNP Paribas Trust Corporation UK Limited as at 31 August 2022.</p> <p>No material misstatements were identified from this testing.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where subjective judgements are made, for example in respect of classification of special dividends as revenue or capital.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£6,143,000 (2021: £7,069,000).
How we determined it	Approximately 1% of Net Assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £4,607,000 (2021: £5,301,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £307,000 (2021: £353,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the Members of Asia Dragon Trust plc

Continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including the ongoing impact of Covid-19, rising inflation, Russia's invasion of Ukraine, and the subsequent economic uncertainty;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in Net Asset Value (NAV) as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 August 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

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

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

Independent Auditors' Report to the Members of Asia Dragon Trust plc

Continued

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the Audit & Risk Committee, including specific enquiry of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Audit & Risk Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010;
- identifying and testing journal entries, in particular any material or revenue-impacting manual journal entries posted as part of the Annual Report preparation process; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit & Risk Committee, we were appointed by the members on 10 December 2020 to audit the financial statements for the year ended 31 August 2021 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 August 2021 to 31 August 2022.

Thomas Norrie (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 October 2022

Statement of Comprehensive Income

	Notes	Year ended 31 August 2022			Year ended 31 August 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	10	-	(65,385)	(65,385)	-	119,603	119,603
Currency gains/(losses)		-	455	455	-	(573)	(573)
Income	3	11,127	-	11,127	13,074	-	13,074
Investment management fee	4	(1,097)	(3,290)	(4,387)	(1,194)	(3,580)	(4,774)
Administrative expenses	5	(1,007)	-	(1,007)	(1,102)	-	(1,102)
Net return/(loss) before finance costs and taxation		9,023	(68,220)	(59,197)	10,778	115,450	126,228
Interest payable and similar charges	6	(266)	(798)	(1,064)	(189)	(567)	(756)
Return/(loss) before taxation		8,757	(69,018)	(60,261)	10,589	114,883	125,472
Taxation	7	(967)	707	(260)	(1,349)	(2,942)	(4,291)
Return/(loss) after taxation		7,790	(68,311)	(60,521)	9,240	111,941	121,181
Return per share (pence)	9	6.38	(55.91)	(49.53)	7.36	89.24	96.60

The total column of this statement represents the profit and loss account of the Company.

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

The accompanying notes on pages 76 to 96 are an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 August 2022 £'000	As at 31 August 2021 £'000
Non-current assets			
Investments at fair value through profit or loss	10	672,379	766,794
Current assets			
Debtors and prepayments	11	2,693	5,782
Cash and cash equivalents	12	5,094	5,000
		7,787	10,782
Creditors: amounts falling due within one year			
Bank loan	13(a)	(35,000)	(64,998)
Other creditors	13(b)	(3,413)	(1,840)
		(38,413)	(66,838)
Net current liabilities		(30,626)	(56,056)
Creditors: amounts falling due after more than one year			
Bank loan	13(a)	(24,983)	-
Deferred tax liability on Indian capital gains	13(c)	(2,401)	(3,809)
		(27,384)	(3,809)
Net assets		614,369	706,929
Share capital and reserves			
Called-up share capital	14	31,922	31,922
Share premium account		60,416	60,416
Capital redemption reserve		28,154	28,154
Capital reserve	15	453,273	545,582
Revenue reserve		40,604	40,855
Total shareholders' funds		614,369	706,929
Net asset value per Ordinary share (pence)	16	513.32	566.60

The financial statements on pages 72 to 96 were approved by the Board of Directors and authorised for issue on 31 October 2022 and were signed on its behalf by:

James Will
Chairman

The accompanying notes on pages 76 to 96 are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 August 2022

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2021		31,922	60,416	28,154	545,582	40,855	706,929
Return after taxation		-	-	-	(68,311)	7,790	(60,521)
Buyback of Ordinary shares for treasury	14	-	-	-	(23,998)	-	(23,998)
Dividend paid	8	-	-	-	-	(8,041)	(8,041)
Balance at 31 August 2022		31,922	60,416	28,154	453,273	40,604	614,369

For the year ended 31 August 2021

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2020		31,922	60,416	28,154	441,359	37,580	599,431
Return after taxation		-	-	-	111,941	9,240	121,181
Buyback of Ordinary shares for treasury	14	-	-	-	(7,718)	-	(7,718)
Dividend paid	8	-	-	-	-	(5,965)	(5,965)
Balance at 31 August 2021		31,922	60,416	28,154	545,582	40,855	706,929

The capital reserve includes investment holding gains amounting to £144,902,000 (2021 – £241,988,000), as disclosed in note 10.

The Revenue reserve and the part of the Capital reserve represented by realised capital gains represent the amount of the Company's reserves distributable by way of dividend.

The accompanying notes on pages 76 to 96 are an integral part of the financial statements.

Statement of Cash Flows

	Notes	Year ended 31 August 2022 £'000	Year ended 31 August 2021 £'000
Operating activities			
Net return before taxation		(60,261)	125,472
Adjustment for:			
Losses/(gains) on investments		65,385	(119,603)
Currency (gains)/losses		(455)	573
(Increase)/decrease in accrued dividend income		(232)	568
(Increase)/decrease in other debtors		(466)	14
Increase in other creditors		1,473	176
Interest payable and similar charges	6	1,064	756
Scrip dividends included in investment income		-	(587)
Overseas withholding tax		(1,323)	(1,767)
Cash from operations		5,185	5,602
Interest paid		(1,013)	(749)
Net cash inflow from operating activities		4,172	4,853
Investing activities			
Purchases of investments		(210,345)	(259,733)
Sales of investments		243,361	229,021
Capital gains tax on sales		(701)	(187)
Net cash inflow/(outflow) from investing activities		32,315	(30,899)
Financing activities			
Equity dividends paid	8	(8,041)	(5,965)
Buyback of Ordinary shares		(23,807)	(7,806)
Repayment of bank loans		(65,000)	-
Drawdown of bank loans		60,000	34,000
Net cash (used in)/from financing activities		(36,848)	20,229
Decrease in cash and cash equivalents		(361)	(5,817)
Analysis of changes in cash and cash equivalents during the year			
Opening balance		5,000	11,390
Effect of exchange rate fluctuations on cash held		455	(573)
Decrease in cash and cash equivalents as above		(361)	(5,817)
Closing cash and cash equivalents		5,094	5,000
Represented by:			
Money market funds		1,000	500
Cash and short term deposits		4,094	4,500
		5,094	5,000

The accompanying notes on pages 76 to 96 are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 August 2022

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No SC106049, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) **Basis of preparation.** The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in April 2021. The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The accounting policies applied are unchanged from the prior year and have been applied consistently.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale. The Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. The revenue forecast for the coming year demonstrates that the Company has the ability to cover its expenses. The Company has a two year loan facility of £35 million multicurrency revolving facility in place until July 2024. The Company also has in place a fixed loan facility of £25 million in place until July 2024. The Board has set limits for borrowing and regularly reviews the Company's gearing levels and its compliance with bank covenants. A replacement option would be sought in advance of the expiry of the facility in July 2024, or, should the Board decide not to renew this facility, any outstanding borrowing would be repaid through the proceeds of equity sales as required. Shareholders are given the opportunity to vote on the continuation of the Company every five years. The last continuation vote held in December 2021 was passed, and the next continuation vote is due to be held in December 2026. The Board has considered the ongoing impact of Covid-19 on the Company and its underlying portfolio and believes that it will continue to have a limited financial impact on the Company's operational resources and existence. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Directors believe that adopting a going concern basis of accounting remains appropriate.

The Company's investments and borrowings are made in a number of currencies, however the Board considers the Company's functional currency to be Sterling. In arriving at this conclusion, the Board considered that the shares of the Company are listed on the London Stock Exchange, it is regulated in the United Kingdom, principally having its shareholder base in the United Kingdom, pays dividends and expenses in Sterling. Consequently, the Board also considers the Company's presentational currency to be Sterling.

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the consideration of certain significant accounting judgements, estimates and assumptions when management may need to exercise its judgement in the process of applying the accounting policies and these are continually evaluated. The Directors do not consider there to be any significant estimates within the financial statements.

(b) **Investments.** Listed investments have been designated upon initial recognition as held at fair value through profit or loss. Investments are recognised and de-recognised on the trade date at fair value, which is generally deemed to be the cost of the investment at that point. Subsequent to initial recognition, investments are valued at fair value, which for listed investments is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included as a capital item in the Income Statement and are ultimately recognised in the capital reserve.

(c) **Income.** Dividends (other than special dividends), including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the foregone cash dividend is recognised as income. Any excess in the value of the shares received over the amount of cash dividend foregone is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.

(d) **Expenses.** All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

- expenses directly relating to the acquisition or disposal of an investment, which are charged to the capital column of the Statement of Comprehensive Income and are separately identified and disclosed in note 10; and

- the Company charges 75% of investment management fees and finance costs to the capital column and 25% to the revenue column of the Statement of Comprehensive Income, in accordance with the Board's expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company.

(e) **Taxation.** The tax expense represents the sum of the tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all temporary differences at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise, using enacted tax rates that are expected to apply at the date the deferred tax position is unwound.

(f) **Nature and purpose of reserves**

Called-up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. This reserve is not distributable.

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 20p. This reserve is not distributable.

Capital redemption reserve. The capital redemption reserve arose when Ordinary shares were redeemed, and subsequently cancelled by the Company, at which point an amount equal to the par value of the Ordinary share capital was transferred from the Ordinary share capital to the capital redemption reserve. This reserve is not distributable.

Capital reserve. This reserve reflects any gains or losses on investments realised in the period along with any increases and decreases in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. The realised gains part of reserve is distributable for the purpose of funding share buybacks and dividends.

Notes to the Financial Statements

Continued

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend. The amount of the revenue reserve as at 31 August 2022 may not be available at the time of any future distribution due to movements between 31 August 2022 and the date of distribution.

When making a distribution to shareholders, the Directors determine profits available for distribution by reference to Guidance on realised and distributable profits under the Companies Act 2006 issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the Company and other accessible sources of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

- (g) **Foreign currency.** Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the reporting date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve. Unrealised and realised gains and losses on foreign currency movements on investments held through profit or loss are recognised in the capital column of the Statement of Comprehensive Income.
- (h) **Dividends payable.** Final dividends are recognised in the financial statements in the period in which Shareholders approve them.
- (i) **Treasury shares.** When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the capital reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.
- (j) **Cash and cash equivalents.** Cash comprises cash at bank and in hand. Cash equivalents are short-term, comprising money market funds and highly-liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.
- (k) **Borrowings.** Bank loans are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, they are measured at amortised cost using the effective interest method. Finance charges are accounted for on an accruals basis using the effective interest rate method and are charged 25% to revenue and 75% to capital.

3. Income

	2022 £'000	2021 £'000
Income from investments		
Overseas dividend income	11,098	12,474
Scrip dividends	-	587
	11,098	13,061
Other income		
Deposit interest	12	-
Interest from money market funds	17	3
Other income	-	10
	29	13
Total income	11,127	13,074

4. Investment management fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,097	3,290	4,387	1,194	3,580	4,774

Management fees paid to abrdr Fund Managers Limited ("aFML" or "the Manager") are calculated at 0.85% per annum on net assets up to £350 million and 0.50% per annum thereafter. Management fees are calculated and payable on a quarterly basis.

Net assets, per the management agreement, and for the purposes of the management fee calculation exclude long term borrowings less (i) the value of any investment funds managed by the Manager and (ii) 50% of the value of any investment funds managed or advised by investment managers other than the Manager. During the year and at the year end, the Company held £1,000,000 (2021 – £500,000) in Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund which is managed and administered by abrdr. The Company pays a management fee on the value of these holdings but no fee is chargeable at the underlying fund level.

The balance due to the Manager at the year end was £2,125,000 (2021 – £1,190,000).

The management agreement is terminable by the Company on three months' notice or in the event of a change of control in the ownership of the Manager. The notice period required to be given by the Manager is six months.

Notes to the Financial Statements

Continued

5. Administrative expenses

	2022 £'000	2021 £'000
Promotional activities	214	200
Directors' fees	171	176
Custody fees	261	289
Depositary fees	61	69
Auditors remuneration: Fees payable to the Company's auditor for		
- audit of the Company's annual report	35	30
Legal and professional fees	(6)	61
Other expenses	271	277
	1,007	1,102

The Company has an agreement with abrdn Fund Managers Limited for the provision of promotional activities. The total fees paid and payable under the agreement were £214,000 (2021 - £200,000) and the sum due to the Manager at the year end was £133,000 (2021 - £34,000).

No pension contributions were made in respect of any of the Directors.

The Company does not have any employees.

6. Interest payable and similar charges

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	266	798	1,064	189	567	756

7. Taxation

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Indian capital gains tax charge on sales	-	701	701	-	187	187
Overseas tax suffered	967	-	967	1,349	-	1,349
Total current tax charge for the year	967	701	1,668	1,349	187	1,536
Movement of deferred tax liability on Indian capital gains	-	(1,408)	(1,408)	-	2,755	2,755
Total tax charge for the year	967	(707)	260	1,349	2,942	4,291

On 1 April 2018, the Indian Government withdrew an exemption from capital gains tax on investments held for twelve months or longer. Accordingly, the Company has recognised a deferred tax liability of £2,401,000 (2021 – £3,809,000) on capital gains which may arise if Indian investments are sold.

The Company has not recognised a deferred tax asset of £25,673,000 (2021 – £24,071,000) arising as a result of excess management expenses and non-trading loan relationship deficits. These expenses will only be utilised if the Company has profits chargeable to UK corporation tax in the future. The Finance Act 2021 received Royal Assent on 10 June 2021 and the rate of Corporation Tax of 25% effective from 1 April 2023 has been used to calculate the potential deferred tax asset.

Notes to the Financial Statements

Continued

- (b) **Factors affecting the tax charge for the year.** The tax assessed for the year is lower (2021 – lower) than the effective rate of corporation tax in the UK.

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	8,757	(69,018)	(60,261)	10,589	114,883	125,472
Effective rate of corporation tax at 19.00% (2021 – 19.00%)	1,664	(13,113)	(11,449)	2,012	21,828	23,840
Effects of:						
Losses/(gains) on investments not taxable	-	12,423	12,423	-	(22,725)	(22,725)
Currency (gains)/losses not taxable	-	(86)	(86)	-	109	109
Other non-taxable income	(2,109)	-	(2,109)	(2,482)	-	(2,482)
Expenses not deductible for tax purposes	4	-	4	3	-	3
Increase in excess expenses and loan relationship deficit	441	776	1,217	467	788	1,255
Indian capital gains tax charge on sales	-	701	701	-	187	187
Movement in deferred tax liability on Indian capital gains	-	(1,408)	(1,408)	-	2,755	2,755
Net overseas tax suffered	967	-	967	1,349	-	1,349
Total tax charge for year	967	(707)	260	1,349	2,942	4,291

8. Dividends

In order to comply with the requirements of Sections 1158 –1159 of the Corporation Tax Act 2010 and with company law, the Company is required to make a final dividend distribution.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 – 1159 are considered. The revenue available for distribution by way of dividend for the year is £7,790,000 (2021 – £9,240,000).

	2022 £'000	2021 £'000
Proposed final dividend for 2022 – 6.50p per Ordinary share (2021 – 6.50p)	7,737	8,041

The amounts reflected above for the cost of the proposed final dividend for 2022 is based on 119,034,650 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

The final dividend will be paid on 16 December 2022 to shareholders on the register at the close of business on 11 November 2022.

9. Return per share

	2022		2021	
	£'000	pence	£'000	pence
Revenue return	7,790	6.38	9,240	7.36
Capital return	(68,311)	(55.91)	111,941	89.24
Total return	(60,521)	(49.53)	121,181	96.60

Weighted average Ordinary shares in issue	122,191,909	125,442,821
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Notes to the Financial Statements

Continued

10. Investments at fair value through profit or loss

	2022 £'000	2021 £'000
Opening book cost	524,806	441,336
Opening investment holding gains	241,988	179,491
Opening fair value	766,794	620,827
Analysis of transactions made during the year		
Purchases at cost	210,181	257,402
Sales – proceeds	(239,211)	(231,038)
(Losses)/gains on investments	(65,385)	119,603
Closing fair value	672,379	766,794
Closing book cost	527,477	524,806
Closing investment gains	144,902	241,988
Closing fair value	672,379	766,794
	2022 £'000	2021 £'000
Investments listed on an overseas investment exchange	672,379	766,794

The Company received £239,211,000 (2021 – £231,038,000) from investments sold in the period. The book cost of these investments when they were purchased was £207,510,000 (2021 – £173,932,000). These investments have been revalued over time and until they were sold any unrealised (losses)/gains were included in the fair value of investments.

Transaction costs. During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2022 £'000	2021 £'000
Purchases	273	313
Sales	495	466
	768	779

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

11. Debtors and prepayments

	2022 £'000	2021 £'000
Accrued income	339	137
Overseas withholding tax recoverable	1,455	1,062
Amounts due from brokers	-	4,150
Other debtors and prepayments	899	433
	2,693	5,782

12. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	4,094	4,500
Money market funds	1,000	500
	5,094	5,000

13. Creditors

(a)		2022 £'000	2021 £'000
	Bank loans		
	Falling due within one year	35,000	65,000
	Falling due in more than one year	25,000	-
	Unamortised expenses	(17)	(2)
		59,983	64,998

The Company has a £50,000,000 multi-currency revolving facility with The Royal Bank of Scotland International Limited, London Branch. The agreement was entered into on 29 July 2022 with a termination date of 29 July 2024. At the year end £35,000,000 of this facility had been drawn down at a rate of 2.690% which matured on 26 September 2022. At the date of this Report the Company had drawn down £25,000,000 at a rate of 3.558%.

On 29 July 2022, the Company entered into a new fixed loan facility agreement of £25,000,000 at an interest rate of 3.5575% with The Royal Bank of Scotland International Limited, London Branch, with a termination date of 29 July 2024. The facility has been drawn down in full. The agreement of this facility incurred an arrangement fee of £18,140, which will be amortised over the life of the loan.

The agreements contains the following covenants:

- the net asset value of the Company shall not at any time be less than £375 million.
- consolidated gross borrowings expressed as a percentage of adjusted portfolio value shall not exceed 25% at any time.
- the number of eligible investments shall not be less than 30 at any time.

Notes to the Financial Statements

Continued

All covenants have been complied with throughout the year.

	2022 £'000	2021 £'000
(b) Other creditors – falling due within one year		
Amounts due to brokers	17	181
Amounts due for the purchase of own shares to treasury	270	79
Other amounts due	3,126	1,580
	3,413	1,840
	2022 £'000	2021 £'000
(c) Deferred tax liability on Indian capital gains	2,401	3,809

14. Called-up share capital

	2022 £'000	2021 £'000	
Allotted, called-up and fully paid:			
Ordinary shares of 20p (2021: 20p)	23,937	24,953	
Treasury shares	7,985	6,969	
	31,922	31,922	
	Ordinary shares Number	Treasury shares Number	Total shares Number
At 31 August 2021	124,766,350	34,845,327	159,611,677
Buyback of own shares	(5,080,349)	5,080,349	-
At 31 August 2022	119,686,001	39,925,676	159,611,677

During the year 5,080,349 Ordinary shares of 20p each were purchased to be held in treasury by the Company (2021 – 1,592,103) at a total cost of £23,998,000 (2021 – £7,718,000). At the year end 39,925,676 (2021 – 34,845,327) Ordinary shares of 20p each were held in treasury, which represents 25% (2021 – 21.8%) of the Company's total issued share capital at 31 August 2022.

Since the year end a further 651,351 Ordinary shares of 20p each have been purchased by the Company at a total cost of £2,724,000 all of which were held in treasury.

15. Capital reserve

	2022 £'000	2021 £'000
At 1 September 2021	545,582	441,359
Movement in fair value gains	(65,385)	119,603
Foreign exchange movement	455	(573)
Buyback of Ordinary shares for treasury	(23,998)	(7,718)
Expenses allocated to capital	(4,088)	(4,147)
Movement in capital gains tax charge	707	(2,942)
As at 31 August 2022	453,273	545,582

The capital reserve includes investment holding gains amounting to £144,902,000 (2021 – £241,988,000), as disclosed in note 10.

16. Net asset value per share

The net asset value per share and the net asset values attributable to the Ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	2022	2021
Net assets attributable to the Ordinary shareholders (£'000)	614,369	706,929
Number of Ordinary shares in issue ^A	119,686,001	124,766,350
Net asset value per share (p)	513.32	566.60

^A Excluding shares held in treasury.

Notes to the Financial Statements

Continued

17. Analysis of changes in net debt

	At 1 September 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2022 £'000
Cash and short term deposits	5,000	455	(361)	-	5,094
Debt due within one year	(64,998)	-	30,000	(2)	(35,000)
Debt due after one year	-	-	(25,000)	17	(24,983)
	(59,998)	455	4,639	15	(54,889)

	At 1 September 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2021 £'000
Cash and short term deposits	11,390	(573)	(5,817)	-	5,000
Debt due within one year	(6,000)	-	(34,000)	(24,998)	(64,998)
Debt due after one year	(24,995)	-	-	24,995	-
	(19,605)	(573)	(39,817)	(3)	(59,998)

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

18. Financial instruments

Risk management. The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash balances, bank loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The Board has delegated the risk management function to aFML under the terms of its management agreement with aFML (further details of which are included under note 4). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors.

Risk management framework. The directors of aFML collectively assume responsibility for aFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

aFML is a fully integrated member of the abrdrn Group (the "Group"), which provides a variety of services and support to aFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to abrdrn (Asia) Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Chief Risk Officer, who reports to the Group's Chief Executive Officer. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's Chief Executive Officer and to the Audit and Risk Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of abrdrn Group, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk management. The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and price risk), (ii) liquidity risk and (iii) credit risk.

Market risk. The fair value of, or future cash flows from a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk. The Company is exposed to gearing risk which has the effect of exacerbating market falls and gains. The level of net gearing is shown on page 5. Details of the loan facilities the Company has in place can be found in note 13 on page 85.

Interest rate risk. Interest rate movements may affect the level of income receivable on cash deposits.

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

Notes to the Financial Statements

Continued

Interest risk profile. The interest rate risk profile of the portfolio of the Company's financial assets and liabilities, excluding equity holdings which are all non-interest bearing, at the reporting date was as follows:

At 31 August 2022	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	-	0.40	-	3,852
Hong Kong Dollars	-	-	-	5
Indian Rupee	-	-	-	4
Sri Lanka Rupee	-	-	-	-
Taiwanese Dollar	-	-	-	-
Thailand Baht	-	-	-	-
US Dollar	-	-	-	9
Vietnamese Dong	-	-	-	1,224
Total assets	n/a	n/a	-	5,094
Liabilities				
Short-term loan – £35,000,000	0.07	2.69	35,000	-
Long-term loan – £25,000,000	1.91	3.56	24,983	-
	-	-	59,983	-

At 31 August 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	-	0.04	-	2,991
Hong Kong Dollars	-	-	-	224
Indian Rupee	-	-	-	24
Sri Lanka Rupee	-	-	-	1,553
Taiwanese Dollar	-	-	-	97
Thailand Baht	-	-	-	100
US Dollar	-	-	-	9
Vietnamese Dong	-	-	-	2
Total assets	n/a	n/a	-	5,000
Liabilities				
Short-term loan – £35,000,000	0.07	1.00	40,000	-
Long-term loan – £25,000,000	0.91	1.61	24,998	-
	-	-	64,998	-

The weighted average interest rate is based on the current yield of each asset, weighted by its market value.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The Company's equity portfolio and short-term debtors and creditors have been excluded from the above tables.

Interest rate sensitivity. Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

Foreign currency risk. The majority of the Company's investment portfolio is invested in overseas securities and the Statement of Financial Position, therefore, can be significantly affected by movements in foreign exchange rates.

Management of the risk. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investments with foreign currency borrowings.

The Statement of Comprehensive Income is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does not hedge this currency risk.

Notes to the Financial Statements

Continued

Foreign currency risk exposure by currency of listing of incorporation is as follows:

	31 August 2022			31 August 2021		
	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000
Chinese Yuan ^A	223,048	-	223,048	278,083	-	278,083
Hong Kong Dollar ^A	58,956	(12)	58,944	73,302	43	73,345
Indian Rupee	119,143	4	119,147	101,770	24	101,794
Indonesian Rupiah	32,155	-	32,155	16,968	1,415	18,383
Korean Won	63,678	-	63,678	100,336	2,735	103,071
Philippine Peso	17,311	-	17,311	14,493	-	14,493
Singapore Dollar	41,014	-	41,014	34,146	-	34,146
Sri Lankan Rupee	-	-	-	57	1,553	1,610
Taiwanese Dollar	90,125	-	90,125	128,184	97	128,281
Thailand Baht	15,457	-	15,457	5,598	100	5,698
US Dollar ^A	-	9	9	-	9	9
Vietnamese Dong	11,492	1,224	12,716	13,857	2	13,859
	672,379	1,225	673,604	766,794	5,978	772,772
Sterling	-	3,582	3,582	-	2,912	2,912
Total	672,379	4,807	677,186	766,794	8,890	775,684

^A If currency denomination of overseas investments is used then exposure for Chinese Yuan is £97,032,000 (2021 - £91,958,000), for Hong Kong Dollar £184,972,000 (2021 - £255,915,000) and for US Dollar £nil (2021 - £10,088,000).

Foreign currency sensitivity. The following table details the Company's sensitivity to a 10% increase and decrease in sterling against the foreign currencies in which the Company has exposure as set out in the foreign currency risk table above.

	2022 £'000	2021 £'000
Chinese Yuan	22,305	27,808
Hong Kong Dollar	5,894	7,335
Indian Rupee	11,915	10,179
Indonesian Rupiah	3,215	1,838
Korean Won	6,368	10,307
Philippine Peso	1,731	1,449
Singapore Dollar	4,101	3,415
Sri Lankan Rupee	-	161
Taiwanese Dollar	9,012	12,828
Thailand Baht	1,546	570
US Dollar	1	1
Vietnamese Dong	1,272	1,386
	67,360	77,277

Other price risk. Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets and the stock selection process, as detailed on page 15, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Other price risk sensitivity. If market prices at the reporting date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 August 2022 would have increased/decreased by £67,238,000 (2021 – increased/decreased by £76,679,000) and equity reserves would have increased/decreased by the same amount.

Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk. The Company's assets mainly comprise readily realisable securities which can be sold to meet funding requirements if necessary. In order to monitor the concentration of Dragon's investee companies with abrdn, the total percentage holdings of those securities owned by abrdn-managed funds is reviewed by the Board.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions, and reviews these on a regular basis. The Board has imposed a maximum gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of 20%. Short-term flexibility can be achieved through the use of loan and overdraft facilities.

Notes to the Financial Statements

Continued

Liquidity risk exposure. At 31 August 2022, the Company had drawn down £35,000,000 from a £50,000,000 Revolving Facility Agreement with The Royal Bank of Scotland International Limited, London Branch, which matured on 26 September 2022. At the date of this Report the Company had drawn down £25,000,000 at a rate of 3.558%. There was a further facility of £25,000,000 with The Royal Bank of Scotland International Limited, London Branch due for repayment on 29 July 2024, details of which are disclosed in note 13 on page 85.

Management of the risk

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty, including the Depository, exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, the third party administrators' carries out a stock reconciliation to the Depository's records on a daily basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Depository's operations and reports its finding to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;
- cash is held only with reputable banks with high quality external credit enhancements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 31 August was as follows:

	2022		2021	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Loans and receivables	2,693	2,693	5,782	5,782
Cash and cash equivalents	5,094	5,094	5,000	5,000
	7,787	7,787	10,782	10,782

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

Maturity of financial liabilities. The maturity profile of the Company's financial liabilities at 31 August was as follows:

	2022 £'000	2021 £'000
In less than one year	38,413	66,838
In more than one year *	24,983	-
	63,396	66,838

* Excludes Indian CGT liability.

Fair value of financial assets and liabilities. The fair value of the long-term loan has been calculated £25,942,000 as at 31 August 2022 (2021 – nil) compared to an accounts value in the financial statements of £24,983,000 (2021 – nil) (note 13). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. The carrying values of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices.

19. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

All of the Company's investments are in quoted equities (2021 – same) which are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments as at 31 August 2022 of £672,379,000 (31 August 2021 – £766,794,000) has therefore been deemed as Level 1.

20. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on pages 61 and 62.

The Company has an agreement in place with aFML for the provision of management and administration services, promotional activities and secretarial services. Details of transactions during the year and balances outstanding at the year end disclosed in notes 4 and 5.

At the year end the Company had £1,000,000 (31 August 2021 – £500,000) invested in Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund which is managed and administered by abrdn plc. The Company pays a management fee on the value of these holdings but no fee is chargeable at the underlying fund level.

21. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board has imposed a maximum gearing level of 20% of net assets.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market, and the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company has no externally imposed capital requirements.

Notes to the Financial Statements

Continued

22. Subsequent events

Subsequent to the year end, the Company's NAV and share price has suffered as a result of a decline in stockmarket values. At the date of this Report the latest NAV per share was 411.24p as at the close of business on 28 October 2022, a decline of 19.9% compared the NAV per share of 513.32p at the year end. The latest share price was 355.00p as at the close of business on 28 October 2022, a decline of 20.4% compared the share price of 446.00p at the year end.

Corporate Information

The Manager is a subsidiary of abr dn plc.
Assets under the management of the abr dn investment division, were equivalent to £508 billion at 30 June 2022

Alternative Performance Measures

Alternative Performance Measures ("APMs") are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Discount to net asset value per Ordinary share

The difference between the share price and the net asset value per Ordinary share expressed as a percentage of the net asset value per Ordinary share. The highest and lowest discount during the year is shown on page 29.

		31 August 2022	31 August 2021
NAV per Ordinary share (p)	a	513.32	566.60
Share price (p)	b	446.00	512.00
Discount	$(a-b)/a$	13.1%	9.6%

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents divided by shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to and from brokers at the year end as well as cash and short term deposits.

		31 August 2022	31 August 2021
Borrowings (£'000)	a	59,983	64,998
Cash (£'000)	b	5,094	5,000
Amounts due to brokers (£'000)	c	287	260
Amounts due from brokers (£'000)	d	-	4,150
Shareholders' funds (£'000)	e	614,369	706,929
Net gearing	$(a-b+c-d)/e$	9.0%	7.9%

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average published daily net asset values with debt at fair value published throughout the year.

	2022	2021
Investment management fees (£'000)	4,387	4,774
Administrative expenses (£'000)	1,007	1,102
Less: non-recurring charges ^A (£'000)	(33)	(18)
Ongoing charges (£'000)	5,361	5,858
Average net assets (£'000)	640,938	707,217
Ongoing charges ratio	0.84%	0.83%

^A Comprises legal and professional fees which are not expected to recur.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which among other things, includes the cost of borrowings and transaction costs.

Total return

NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored against open-ended and closed-ended competitors, and the Benchmark Index, respectively.

Year ended 31 August 2022		NAV	Share Price
Opening at 1 September 2021	a	566.60p	512.00p
Closing at 31 August 2022	b	513.32p	446.00p
Price movements	c=(b/a)-1	-9.4%	-12.9%
Dividend reinvestment ^A	d	1.0%	1.1%
Total return	c+d	-8.4%	-11.8%

Year ended 30 August 2021		NAV	Share Price
Opening at 1 September 2020	a	474.39p	416.00p
Closing at 31 August 2021	b	566.60p	512.00p
Price movements	c=(b/a)-1	+19.4%	+23.1%
Dividend reinvestment ^A	d	1.1%	1.2%
Total return	c+d	+20.5%	+24.3%

^A NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

Information about the Investment Manager

abr dn Fund Managers Limited

abr dn Fund Managers Limited ("aFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as the alternative investment fund manager to the Company. aFML has in turn delegated portfolio management to abr dn (Asia) Limited.

abr dn (Asia) Limited ("abr dn Asia")

abr dn Asia is the investment manager of the Company. abr dn Asia is based in Singapore and is a wholly owned subsidiary of abr dn plc. Assets under the management of the combined investment division of abr dn were equivalent to £508 billion as at 30 June 2022.

The Investment Team Senior Managers



Adrian Lim

The Company's Portfolio Manager

Adrian graduated with a B.Acc from Nanyang Technological University (Singapore) and is a Chartered Financial Analyst®. He was an associate director at Arthur Andersen before joining abr dn Asia in 2001. He became Manager to Asia Dragon in 2013.

Adrian is part of the investment team managing Indian Equities and covers South Asia with his Singapore-based colleagues. He also sits on the Asia Pacific ex Japan Equities investment team, where he is responsible for company research and portfolio construction.



Pruksa lamthongthong

The Company's Portfolio Manager

Pruksa graduated with a BA in Business Administration from Chulalongkorn University, Thailand and is a Chartered Financial Analyst®. She joined abr dn Asia in 2007 and became Co-manager to Asia Dragon in 2019.

Pruksa is part of the investment team managing Chinese Equities and jointly covers Greater China with her Singapore and Hong Kong-based colleagues. She also sits on the Asia Pacific ex Japan Equities investment team, where she is responsible for company research and portfolio construction.



Hugh Young

Chairman, abr dn Asia

Hugh graduated with a BA in Politics from Exeter University. He started his investment career in 1980 and has been in charge of abr dn Asia's Far East funds since 1985.



Flavia Cheong

Head of Equities, abr dn Asia

Flavia graduated with a Masters in Economics from University of Auckland. She started her investment career in 1987 at Investment Company of the People's Republic of China and Development Bank of Singapore before joining abr dn Asia in 1996.

Investor Information

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed abrdrn Fund Managers Limited as its Alternative Investment Fund Manager and BNP Paribas Trust Corporation UK Limited as its Depository under the AIFMD.

The AIFMD requires abrdrn Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: asiadragontrust.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 108.

Investor Warning: Be alert to share fraud and boiler room scams

abrdrn has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for abrdrn or for third party firms. abrdrn has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for abrdrn and any third party making such offers/claims has no link with abrdrn.

abrdrn does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: fca.org.uk/consumers/scams.

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrars (see Contact Addresses). Changes of address must be notified to the Registrars in writing.

Any general queries, comments or complaints, including for the specific attention of the Chairman or Senior Independent Director, should be directed to the Company Secretary in writing (see Contact Addresses) or by email to: CEF.CoSec@abrdrn.com.

For questions about an investment held through the abrdrn Investment Plan for Children, Investment Trust Share Plan or Investment Trust Stocks and Shares ISA, please telephone the Manager's Customer Services Department on **0808 500 0040**, email inv.trusts@abrdrn.com or write to:

abrdrn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2022/23 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

Investors can buy and sell shares in Asia Dragon Trust plc (the "Company") directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for retail clients, shares may be bought directly through the abrdrn Investment Trust Share Plan, Individual Savings Account ("ISA") and Investment Plan for Children.

Investor Information

Continued

abrdn Investment Plan for Children

abrdn operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable on purchases. Selling costs are £10+VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn Investment Trust Share Plan

abrdn operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable on purchases. Selling costs are £10+ VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn Investment Trust Stocks and Shares ISA

abrdn operates an Investment Trust Stocks and Shares ISA ("ISA") through which an investment made be made of up to £20,000 in the tax year 2022/23.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases where applicable. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and deducted on 31 March (or the last business day in March) either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

Investors can choose to transfer previous tax year investments to abrdn which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in the abrdn Investment Trust Share Plan, Investment Trust ISA or Investment Plan for Children are held in nominee accounts and investors have full voting and other rights of share ownership.

How to Attend and Vote at Company Meetings

Investors who hold their shares in the Company via the abrdn Investment Plan for Children, Investment Trust Share Plan and Investment Trust Stocks and Shares ISA and who would like to attend and vote at Company meetings (including AGMs) will be sent for completion and return a Letter of Direction in connection with the relevant meeting.

Investors who hold their shares via another platform or share plan provider (for example Hargreaves Lansdown, Interactive Investor or AJ Bell) and would like to attend and vote at Company meetings (including AGMs) should contact their platform or share plan provider directly to make arrangements.

Investors who hold their shares through platforms and have their shares held through platform nominees, may not necessarily receive notification of general meetings and are advised to keep themselves informed of Company business by referring to the Company's website. Where voting is required, and the Board encourages shareholders to vote at all general meetings of the Company, shareholders with their holdings in nominees, need to instruct the nominee to vote on their behalf and should do so in good time before the meetings.

Keeping You Informed

The Company's share price is listed in the Financial Times. Information on the Company can be found on its dedicated website asiadragontrust.co.uk.

This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Details are also available at: invtrusts.co.uk.

Twitter:
[@abrdnTrusts](https://twitter.com/abrdnTrusts)

LinkedIn:
[abrdn Investment Trusts](http://abrdnInvestmentTrusts)

Key Information Document ("KID")

Key Information Document ("KID") The KID relating to the Company and published by the Manager can be found on the Company's website.

Investors should be aware that the PRIIPS Regulation requires the Manager, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Literature Service Request

For literature and application forms for abrdn's investment trust products, please contact us through: invtrusts.co.uk.

Or telephone: **0808 500 4000**

Or write to:
abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Terms and conditions

Terms and conditions for the abrdn investment trust products can also be found at: invtrusts.co.uk.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally advised private clients and institutional investors who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPs because they are securities issued by an investment trust.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company, such as self-invested personal pension (SIPP). Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: pimfa.co.uk.

Investor Information

Continued

Financial Advisers

To find an adviser who recommends on investment trusts, visit: unbiased.co.uk.

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority at: fca.org.uk/firms/financial-services-register.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trust shares purchased will immediately be reduced by the difference between the buying and selling prices of the shares, known as the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 101 to 104 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms

abrdrn plc or the Group

The abrdrn plc group of companies. abrdrn plc (previously known as Standard Life Aberdeen plc) was formed by the merger of Aberdeen Asset Management plc and Standard Life plc on 14 August 2017.

aFML, AIFM or Manager

abrdrn Fund Managers Limited ("aFML") is a wholly owned subsidiary of abrdrn plc and acts as the Alternative Investment Fund Manager ("AIFM") for the Company. It is authorised and regulated by the Financial Conduct Authority.

abrdrn Asia or Investment Manager

abrdrn (Asia) Limited ("abrdrn Asia" or "Investment Manager") is a subsidiary company of abrdrn plc which has been delegated responsibility for the Company's day-to-day investment management.

Asset Cover

The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

AIFMD

Alternative Investment Fund Managers Directive

Discount

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover

Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

ESG

Environmental, social and governance (ESG) factors, which are considered in all investment decisions.

FCA

Financial Conduct Authority.

Key Information Document (KID)

The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website.

Leverage

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

Listing Rules

The Financial Conduct Authority's Listing Rules are a set of regulations that are applicable to all companies that are listed on the London Stock Exchange.

Net Asset Value ("NAV")

The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Net Gearing

Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.

NMPIs

Non-mainstream pooled investment products.

Ongoing Charges

Ratio of ongoing expenses expressed as percentage of average daily shareholders' funds calculated as per the industry standard.

Glossary of Terms

Continued

Pre-Investment Disclosure Document ("PIDD")

The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a PIDD, which can be found on the Company's website.

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio

The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges

The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets

Total Assets less current liabilities (before deducting prior charges as defined above).

Total Return

Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Trust on the date to which that dividend was earned, eg half year or year end date.

Your Company's Share Capital History

Year to 31 August 2022

159,611,677 Ordinary shares of 20p (of which 39,925,676 are held in treasury).

Capital History

Year to 31 August 2022

5,080,349 Ordinary shares were repurchased into treasury.

Year to 31 August 2021

1,592,103 Ordinary shares were repurchased into treasury.

Year to 31 August 2020

2,390,395 Ordinary shares were repurchased into treasury.

Year to 31 August 2019

In January 2019, following a Tender Offer for up to 30% of the Ordinary shares of the Company at a discount of 2 per cent. to Formula Asset Value, 30% of the Ordinary shares (55,692,676 shares) were repurchased for cancellation at the repurchase price of 388.69p per share. 2,496,885 Ordinary shares were repurchased into treasury.

Year to 31 August 2018

14,405,297 Ordinary shares were issued following the final conversion of £44,678,748 nominal of CULS. 18,208,444 Ordinary shares were repurchased into treasury.

Year to 31 August 2017

4,868,554 Ordinary shares were issued following elections by CULS holders to convert £15,100,040 nominal of CULS. 4,636,200 Ordinary shares were repurchased into treasury.

Year to 31 August 2016

2,658 Ordinary shares were issued following elections by CULS holders to convert £8,254 nominal of CULS. 3,577,800 Ordinary shares were repurchased into treasury.

Year to 31 August 2015

3,085 Ordinary shares were issued following elections by CULS holders to convert £9,582 nominal of CULS. 352,000 Ordinary shares were repurchased for cancellation and 1,943,500 Ordinary shares were repurchased into treasury.

Between 31 August 2011 and 31 August 2014

30,409 Ordinary shares were issued following elections by CULS holders to convert £94,389 nominal of CULS.

Year to 31 August 2011

In January 2011, the Company issued £60 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS). In August 2011, 35,131 Ordinary shares were issued following elections by CULS holders to convert £108,987 nominal of CULS.

Year to 31 August 2010

In January 2010, following a Tender Offer for up to 15% of the Ordinary shares of the Company at a discount of 3 per cent. to Formula Asset Value, 15% of the Ordinary shares (34,643,156 shares) were repurchased for cancellation at the repurchase price of 197.2794p per share.

2006-2009

6,122,500 Ordinary shares were repurchased for cancellation in the year to 31 August 2008 and 200,000 Ordinary shares were repurchased for cancellation in the year to 31 August 2007.

1993 - 2005

In 1995 and 1996 the Company issued 841,571 Ordinary shares at a premium to the NAV.

All of the 5,864,444 warrants 1996 were converted in the period up to 31 January 1996, the final conversion date.

During the period 1998 - 2000 the Company repurchased 43,760,874 Ordinary shares for cancellation.

Prior to their final conversion date in 2005, 421,540 warrants 2005 were converted into Ordinary shares and 8,926,018 warrants 2005 were purchased for cancellation. The final conversion of 10,508,903 warrants 2005 took place in 2005.

1987 - 1993

The Company was launched in 1987 with a share capital of 120,000,000 Ordinary 5p shares and 24,000,000 warrants 1996. In 1989, following a placing and open offer, 192,000,000 Ordinary 5p shares and 38,400,000 warrants 2005 were issued. In April 1993, following the acquisition of Drayton Asia Trust plc, the Company issued 740,002,520 Ordinary shares and 42,086,268 warrants 2005. During the period 1987-1993, 542,223 warrants 1996 and 1,060,423 warrants 2005 were converted into Ordinary shares. In November 1993, following a four for one consolidation, the Company's issued share capital was 263,401,291 Ordinary 20p shares, 5,864,444 warrants 1996 and 19,856,461 warrants 2005.

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

abrdrn Fund Managers Limited ("aFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website. There have been no material changes to the disclosures contained within the PIDD since its publication in November 2021.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 18 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by aFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company Secretary, Aberdeen Asset Managers Limited on request (see contact details on page 117) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2021 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 August 2022	1.19:1	1.20:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There have been no changes to the circumstances in which the Company may be required to post assets as collateral and no guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which aFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

General

An aerial photograph of a large cable-stayed bridge spanning a wide body of water. The bridge features two tall, slender pylons from which numerous stay cables fan out to support the deck. The bridge deck is multi-laned and carries traffic. In the background, a city skyline with various buildings is visible under a clear sky. The overall color palette is dominated by blues and greys, with a slight orange tint from the lighting.

The Company's thirty-fourth AGM will be held at the offices of abrdn plc, Bow Bells House, 1 Bread Street, London, EC4M9HH on 9 December 2022 at 12:00 noon

Notice of Annual General Meeting

Notice is hereby given that the thirty-fourth annual general meeting of Asia Dragon Trust plc will be held at the offices of abrdn plc, Bow Bells House, 1 Bread Street, London, EC4M 9HH on 9 December 2022 at 12:00 noon to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 inclusive will be proposed as ordinary resolutions and resolutions 12 to 14 inclusive will be proposed as special resolutions:

Ordinary Business

As ordinary business to consider and, if thought fit, pass the following resolutions:

1. To receive the reports of the Directors and auditors and the audited financial statements for the year to 31 August 2022.
2. To receive and adopt the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, for the year to 31 August 2022.
3. To approve payment of a final dividend of 6.5p per Ordinary share.
4. To re-elect James Will as a Director of the Company.
5. To re-elect Gaynor Coley as a Director of the Company.
6. To re-elect Susan Sternglass Noble as a Director of the Company.
7. To re-elect Charlie Ricketts as a Director of the Company.
8. To elect Matthew Dobbs as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
10. To authorise the Directors to determine the remuneration of the auditors for the year to 31 August 2023.

Special Business

11. That, in substitution for any pre-existing authority to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("securities") up to an aggregate nominal amount of £7.86 million or, if less, the number representing 33.3% of the Company's issued Ordinary share capital as at the date of passing of this resolution, such authority to expire on 29 February 2024 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.
12. That, subject to the passing of resolution 11 as set out above and in substitution for any existing power under Sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority under Section 551 of the Act conferred by such resolution 11 or by way of a sale of treasury shares (within the meaning of Section 560 (3) of the Act) as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall:
 - i. be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal amount of £1.19 million or, if less, the number representing 5% of the Company's issued Ordinary share capital as at the date of passing of this resolution; and;

- ii. expire on 29 February 2024 or, if earlier, at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.
13. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 20p each in the capital of the Company ("shares") and to cancel or hold in treasury such shares, provided that:
- i. the maximum aggregate number of shares hereby authorised to be purchased is 17.8 million or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
 - ii. the minimum price which may be paid for a share shall be 20p (exclusive of expenses);
 - iii. the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and
 - iv. unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 29 February 2024 or, if earlier, at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.
14. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution.

By order of the Board

Aberdeen Asset Managers Limited

Company Secretary
31 October 2022

Registered Office

1 George Street
Edinburgh EH2 2LL

Notice of Annual General Meeting

Continued

Notes

- i. A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share.
- ii. A form of proxy for use by shareholders is enclosed with this document. Completion and return of the form of proxy will not prevent any shareholder from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority at the address stated thereon, so as to be received not later than 12:00 noon on 7 December 2022.
- iii. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 6.30pm on 7 December 2022 (or, in the event that the Meeting is adjourned, at 6.30pm on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.
- iv. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- v. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) no later than 12:00 noon on 7 December 2022 (or in the event the Meeting is adjourned no later than 48 hours (excluding non-working days) before the time of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- vi. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- vii. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- viii. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12:00 noon on 7 December 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

- ix. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above does not apply to nominated persons. The rights described in these notes can only be exercised by members of the Company.
- x. No Director has a service contract with the Company but copies of the Directors' letters of appointment will be available for inspection at the Meeting venue for at least 15 minutes prior to the Meeting and during the Meeting.
- xi. As at close of business on 28 October 2022 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 119,034,650 Ordinary shares of 20 pence each and there were a further 40,577,027 shares held in treasury. Each Ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 28 October 2022 is 119,034,650. Treasury shares represent 25.4% of the total issued Ordinary share capital (inclusive of treasury shares).
- xii. Any person holding 3% or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
- xiii. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- xiv. The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: The Company Secretary, Asia Dragon Trust plc, 1 George Street EH2 2LL.
- xv. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, www.asiadragontrust.co.uk.
- xvi. Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:
- answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- xvii. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
- xviii. There are special arrangements for holders of shares through the abrdn Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Notice of Annual General Meeting

Continued

- xviii. If the law or Government guidance so requires at the time of the meeting, for example as a result of the COVID-19 pandemic, the Chairman of the Meeting will limit, in his/her sole discretion, the number of individuals in attendance at the Meeting. The Chairman of the Meeting may impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the Meeting.

Overview

Strategic Report

Portfolio

Governance

Financial Statements

Corporate Information

General

Corporate Information

Directors

James Will (Chairman)
Gaynor Coley
Matthew Dobbs
Susan Sternglass Noble
Charlie Ricketts

Manager, Secretary and Registered Office

Alternative Investment Fund Manager

abrdr Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Website: www.abrdr.com
(authorised and regulated by the Financial
Conduct Authority)

Investment Manager

abrdr (Asia) Limited
(a subsidiary of abrdr plc which is authorised and
regulated by the Financial Conduct Authority)

Secretary and Registered Office
Aberdeen Asset Managers Limited
1 George Street
Edinburgh EH2 2LL

Telephone: **0131 528 4000**
(authorised and regulated by the Financial
Conduct Authority)

Website

www.asiadrdragontrust.co.uk

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone: **0371 384 2499**
Website: www.equiniti.com

Depository

BNP Paribas Trust Corporation UK Limited

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Broker

Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Foreign Account Tax Compliance Act ("FATCA") Registration Number ("GIIN")

IRS Registration Number (GIIN): 2WA1VW.99999.SL.826

Legal Entity Identifier ("LEI")

549300W4KB0D75D1N730

Company Registration Number

SC106049



Important Information

Launched in 1987, the Company is an investment company and its Ordinary shares are listed on the premium segment of the London Stock Exchange. It is a member of the Association of Investment Companies ("AIC").

The Company is governed by a Board of Directors, all of whom are non-executive and independent. Like many other investment companies, it outsources its investment management and administration to an investment management group, abrdn plc (previously known as Standard Life Aberdeen plc).

Investment Objective

To achieve long-term capital growth through investment in Asia, with the exception of Japan and Australasia. Investments are made primarily in stock markets in the region, principally in large companies. When appropriate, the Company will utilise gearing to maximise long term returns.

For more information visit www.asiadragnostrust.co.uk

abrdn.com