Aberdeen Standard Asia Focus PLC

A fundamental, high conviction portfolio of well-researched Asian small caps

Annual Report
31 July 2021

asia-focus.co.uk

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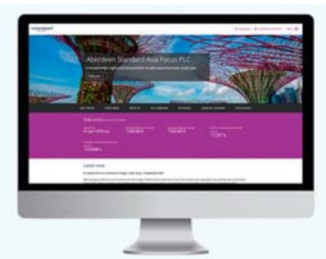
If you have sold or otherwise transferred all your Ordinary shares in Aberdeen Standard Asia Focus PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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"The Board has proposed a number of changes including a reduction in the management fee to significantly reduce the running costs of the Company, an increase in the dividend target for the current financial year and the introduction of a performance based tender offer in five years"

Nigel Cayzer, Chairman

"Our focus remains on quality businesses that are well-placed to benefit from these long-term trends that will power the overall growth in the region"

Hugh Young,
abrdn Asia Limited

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Highlights and Financial Calendar

Net asset value total return (diluted)[AB]

+41.9%

2020 −13.6%

MSCI AC Asia Pacific ex Japan Index total return[C]

+14.1%

2020 +1.9%

MSCI AC Asia Pacific ex Japan Small Cap Index total return[C]

+37.2%

2020 −2.5%

Share price total return[A]

+38.2%

2020 −13.2%

Discount to net asset value[AB]

13.9%

2020 11.4%

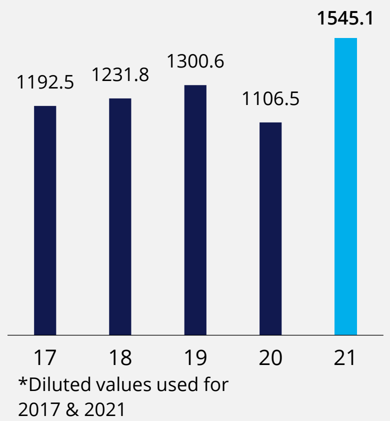
Dividends per Ordinary share[D]

16.00p

2020 19.00p

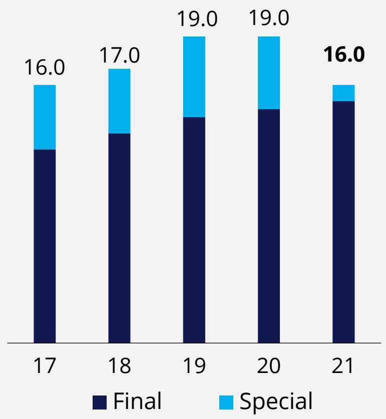
[A] Alternative Performance Measure (see pages 92 and 93).
[B] Presented on a diluted basis as the Convertible Unsecured Loan Stock ("CULS") is "in the money" (2020 not "in the money" so basic net asset value used).
[C] Currency adjusted, capital gains basis.
[D] Dividends are subject to shareholder approval at the Annual General Meeting.

Net asset value per share



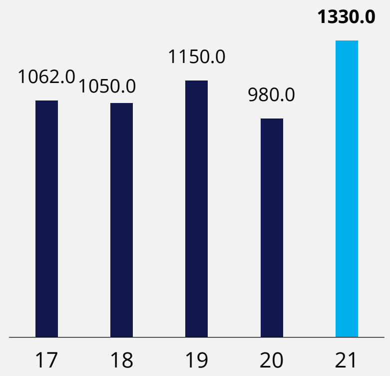
At 31 July – pence

Dividends per share



At 31 July – pence

Mid-market price per share



At 31 July – pence

Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2021	15.00p	6 January 2022	7 January 2022	2 February 2022
Proposed special 2021	1.00p	6 January 2022	7 January 2022	2 February 2022
	16.00p			
Final 2020	14.50p	12 November 2020	13 November 2020	9 December 2020
Special 2020	4.50p	12 November 2020	13 November 2020	9 December 2020
	19.00p			

"The Board has decided to hold an interactive Online Shareholder Presentation which will be held at 11:00 a.m. on Wednesday 19 January 2022."

Nigel Cayzer, Chairman

Financial Calendar

Financial year end	31 July
Online Shareholder Presentation	19 January 2022
Annual General Meeting	27 January 2022
Payment date of proposed dividends	2 February 2022
CULS Conversion Date	31 May 2022
Announcement of results for year ended 31 July 2022	October 2022

Highlights

	31/07/2021	31/07/2020	% change
Total assets (see definition on page 111)	£557,183,000	£405,653,000	+37.4
Total equity shareholders' funds (net assets)	£487,958,000	£358,956,000	+35.9
Net asset value per share (basic)	1,554.52p	1,106.45p	+40.5
Net asset value per share (diluted)	1,545.11p	n/a	
Share price (mid market)	1,330.00p	980.00p	+35.7
Market capitalisation	£417,483,000	£317,934,000	+31.3
Discount to net asset value (basic)[A]	14.4%	11.4%	
Discount to net asset value (diluted)[A]	13.9%	n/a	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	878.57	786.37	+11.7
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted, capital gains basis)	1,878.91	1,399.93	+34.2
Net gearing[A]	10.0%	9.9%	
Dividends and earnings			
Total return per share (basic)[B]	461.70p	(182.57)p	
Revenue return per share (basic)	7.52p	21.45p	–64.9
Dividends per share[C]	16.00p	19.00p	–15.8
Dividend cover[A]	0.47	1.13	
Revenue reserves[D]	£12,618,000	£16,276,000	–22.5
Operating costs			
Ongoing charges ratio[A]	1.10%	1.09%	

[A] Considered to be an Alternative Performance Measure. See pages 92 and 93.
[B] Measures the total earnings for the year divided by the weighted average number of Ordinary shares in issue (see note 9).
[C] The figures for dividends per share reflect the dividends for the year in which they were earned.
[D] Prior to payment of final and special dividends.

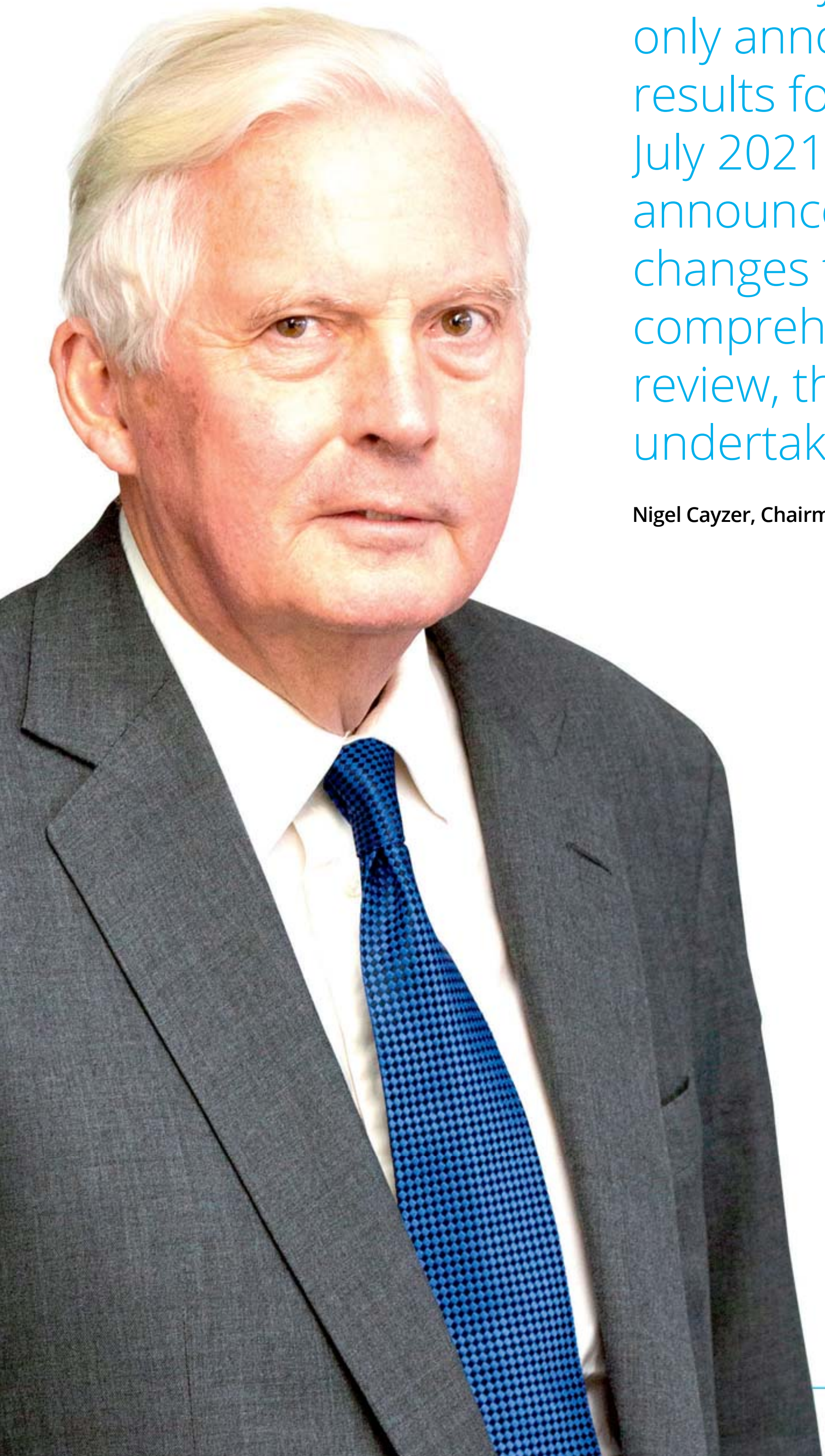

夏
十六元


招財
招財
招財進寶

Strategic Report

The Company aims to attract long term private and institutional investors wanting to benefit from the growth prospects of Asian smaller companies. It is an investment trust and its Ordinary shares and Convertible Unsecured Loan Stock are listed on the premium section of the London Stock Exchange. It does not have a benchmark.

Chairman's Statement



"I am very pleased to not only announce the annual results for the year ended 31 July 2021 but also to announce a series of changes that follow from a comprehensive strategic review, that the Board has undertaken during the year"

Nigel Cayzer, Chairman

Results

I am very pleased to not only announce the annual results for the year ended 31 July 2021 but also to announce a series of changes that follow from a comprehensive strategic review, that the Board has undertaken during the last 12 months.

In large part thanks to the work of Hugh Young, and his team in Singapore, this Company has achieved, since it was founded in 1995, an outstanding result for shareholders, delivering some of the best returns available from funds quoted on the London Stock Exchange. The purpose of the review and the introduction of new talent to the abrdn team, outlined in more detail below, is to put the Company in a position whereby it can repeat the success of the last quarter century in the next; to turn £1,000 invested in 1995 into £22,500 today (share price at close on 26 November 2021 with dividends reinvested).

The Board has also proposed a number of changes including a reduction in the management fee to significantly reduce the running costs of the Company, an increase in the dividend target for the current financial year and the introduction of a performance based tender offer in five years.

Year Under Review

The past year and more has been an unprecedented time, with the world as a whole having to deal with the shape-shifting Covid-19 virus. And yet, stock markets have continued to mark new highs, even as the pandemic upended everyday routines and threw supply chains into disarray. Stock investors found themselves in a sweet spot, as the largesse of governments and support of central banks not only helped fuel a nascent recovery in the global economy, but also pumped ample liquidity into asset prices.

Asia, the first region to emerge from the depths of the pandemic, was also among the first to mull over monetary policy tightening, especially in markets such as China and South Korea. While regulatory fears in China hit the share prices of a variety of major oligopolistic companies hard, small cap stocks were far less affected. As a result, the MSCI Asia Pacific ex-Japan Small Cap Index, outpaced its large-cap counterpart, rebounding 37.2% over the year under review. With such a strong performance it is pleasing, therefore, to report that your Company's net asset value ("NAV") outperformed that Index during the year, rising by 41.9% on a total return basis. The Company's share price also outperformed the Index, despite the discount widening slightly (from 11.4% to 13.9%), rising by 38.2% on a total return basis.

This theme of much-improved performance also means that, over three years to 31 July 2021, the Company's performance, in share price and NAV terms, is broadly in line with the MSCI Asia Pacific ex-Japan Small Cap Index and comfortably ahead of the MSCI AC Asia Pacific ex-Japan Index. Strong outperformance has been compounded for our loyal long term shareholders who have enjoyed NAV returns over ten years and since inception of 161% and 2,160% respectively, compared to 116% and 487% for the MSCI Asia Pacific ex-Japan Index and 94% over ten years (figures since the Company's inception not available) for the MSCI Asia Pacific ex-Japan Small Cap Index.

Strong outperformance has been compounded for our loyal long term shareholders who have enjoyed NAV returns over ten years and since inception of 161% and 2,160% respectively

Market Overview

In the reporting period, liquidity and sentiment have continued to underpin equity markets. Governments and central banks unleashed their arsenals to counter the dampening effects of lockdowns, ranging from direct cash transfers to interest rate cuts and asset purchases. With social-distancing measures stifling both consumer spending and businesses, a surfeit of money found its way into financial markets, lifting asset prices. In the summer, with the virus seemingly under control, regional economies reopened and demand returned. But as supply chains ran into bottlenecks, arising largely from mobility restrictions on labour, prices rose across products like smartphones and cars. This boosted companies' bottom lines which, in turn, added to the market euphoria. Subsequently, fresh waves of outbreaks that resulted in localised lockdowns in various countries only slightly tempered investor optimism, as consumers and businesses adapted better to the challenging conditions.

Nowhere was this more apparent than China, one of Asia's two economic giants. It was "first in, first out" of the pandemic for the world's most populous nation, after an aggressive countrywide lockdown in the initial months of 2020. Its economy had mostly bounced back to normal by mid-2020. But by then, Beijing had also decided to set a new policy course, one that would evoke growing consternation among investors. As I intimated in the Half-Yearly Report, Beijing was pivoting from its focus on industry upgrading to spurring consumption through fairer wealth distribution. In the past 12 months, policymakers strengthened their focus on this goal, introducing a raft of reforms across various sectors, from internet and e-commerce, to private

Chairman's Statement Continued

tutoring and healthcare. Whilst such measures caused a retreat in the broad stock market indices due to the sheer size of some of the companies involved, the situation proved fortuitous for your Manager, who identified bargains in downtrodden quality names and added to your Company's exposure. The spirit of private enterprise remains strong in China, which after all is the world's second-largest economy. Now boasting a highly developed infrastructure, a well-educated workforce and cutting edge technology, China still presents a great opportunity for the diligent stock picker and your Manager is keen to add more Chinese exposure to your Company's holdings as the opportunity presents itself.

In neighbouring India, the other Asian behemoth that makes up the largest part of the portfolio, stocks jumped nearly 80% in spite of very real challenges, including fresh waves of Covid-19 outbreaks. A fruitful monsoon in late 2020, which supported rural spending, along with a pro-growth Budget in early 2021 lifted stock prices. Even when the country slipped into the death-grip of the pandemic's second wave in April, markets stayed resilient, with investors looking past the immediate crisis on hopes of a quick rebound. Also underpinning share prices were surprisingly good corporate earnings growth, as well as New Delhi's preference to leave mobility restrictions to the discretion of states rather than a one-size-fits-all approach. Meanwhile, a rich seam of initial public offerings allowed your Manager to subscribe to a couple of high quality names that raised the Company's exposure to new-economy growth stocks. Overall, the portfolio has a broad exposure to key sectors, from new-economy software firms to more traditional ones, such as energy and real estate, all of which stand to benefit from the massive domestic market.

Elsewhere, the Company's exposure to Taiwan was a key contributor to the Company's outsized returns. Over the period, your Manager also put more money in the market, bolstering the portfolio's exposures to tech hardware and digital services. Conversely, the Company's gains were capped by poor performance in parts of Southeast Asia, which struggled to contain the coronavirus. As a result, your Manager divested a number of underlying holdings and reduced positions in Thailand and Malaysia, which now have dimmer growth outlooks. A more detailed report of the Company's performance and portfolio changes can be found in the Manager's review.

Dividend

As highlighted in last year's Annual Report the Board intends to smooth out the short-term impact of the pandemic on earnings by using revenue reserves where necessary, and is therefore recommending an increased final dividend of 15.0p per share (2020 14.5p) together with a special dividend of 1.0p (2020: 4.5p). The payments will necessitate a small distribution of £2.55m from the Company's brought forward revenue reserves to cover this shortfall in revenue, and following the payment there will be over 24p per share of reserves available for future years' dividends. If approved by shareholders at the Annual General Meeting of the Company on 27 January 2022, both dividends will be paid on 2 February 2022 to shareholders on the register as at 7 January 2022.

The proposed future dividend policy of the Company is outlined below and will apply to the current financial year ending 31 July 2022.

Gearing and Share Capital Management

The Company's year-end net gearing was 10.0%. The gearing is provided by the £36.68 million of Convertible Unsecured Loan Stock 2025 ("CULS 2025") together with the new £30 million 15 year Senior Unsecured Loan Note (the "Loan Note"). The new Loan Note was drawn down on 1 December 2020 and used to repay, and cancel in full, the Company's £20 million Revolving Credit Facility with the Royal Bank of Scotland. Under the terms of the Loan Note, an additional £35 million is available for drawdown by the Company for a five-year period. The Board's current intention would be to only draw this down to repay any of the Company's existing CULS 2025, either at their redemption in 2025, or before.

The level of gearing is managed actively by the Investment Manager and at the time of writing total debt amounted to £65.6 million representing net gearing of 10%.

During the year the Company purchased for treasury 1,055,000 Ordinary shares at a discount to the prevailing NAV (exclusive of income). Share buy backs can provide liquidity to the market and reduce the volatility of any discount as well as modestly enhancing the NAV for shareholders.

Annual General Meeting

The Board has been considering how best to deal with the continuing risks and impacts of the Covid-19 pandemic on arrangements for the Company's AGM. The Board has decided to hold a functional only AGM on Thursday 27 January 2022 in London at which the usual formal business will be proposed.

In advance of the AGM, in order to provide certainty, whilst encouraging and promoting interaction and engagement with our shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 11:00 a.m. on Wednesday 19 January 2022. At the presentation, shareholders will receive updates from the Chairman and

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Manager and there will be the opportunity for an interactive question and answer session. Following the online presentation, shareholders will still have time to submit their proxy votes prior to the AGM and I would encourage all shareholders to lodge their votes in advance in this manner. Full details on how to how to register for the Online Shareholder Presentation can be found at **https://www.workcast.com/register?cpak=5119566346944925.**

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A copy of the online presentation, including the detailed presentation from the Manager, along with the AGM results, will be made available to shareholders on the Company's website shortly after the AGM.

Shareholders are encouraged to raise any questions in advance of the AGM by registering for the Online Presentation or alternatively via email at Asia.Focus@abrdn.com. Any questions received will be replied to by either the Manager or Board via the Company Secretary.

We will keep shareholders updated of any changes through the Company's website (asia-focus.co.uk) and announcements to the London Stock Exchange. We trust that shareholders will be understanding of this approach.

The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance by completing the enclosed form of proxy, or letter of direction for those who hold shares through the abrdn savings plans. This should ensure that your votes are registered in the event that physical attendance at the AGM is not possible or restricted.

In addition to the usual ordinary business being proposed at the AGM, as special business the Board is seeking to renew the authority to issue new shares and sell treasury shares for cash at a premium without pre-emption rules applying and to renew the authority to buy back shares and either hold them in treasury for future resale (at a premium to the prevailing NAV per share) or cancel them.

Directorate

As previously advised, Martin Gilbert retired from the Board on 27 November 2020 and Philip Yea retired from the Board at the AGM on 1 December 2020. On behalf of the Board I would like to reiterate our thanks for their dedication and service to the Company. Following the AGM, Debby Guthrie became Audit Committee Chair.

As part of its on-going succession planning, the Board intends to undertake a search for two further independent non-executive Directors shortly. I do not intend to stand for election beyond this year and therefore the Company will be announcing my successor during the course of 2022.

The Future

In the last twelve months, the Board has conducted a comprehensive review of the Company's long-term strategy to ensure that the investment policy captures the immense opportunities that exist in the Asian small cap market. This applies to both South Asia but also North Asia with the emergence of China as the world's second largest economy and fast expanding stock markets to match.

As part of the review, the Board also addressed the issue of how to give shareholders and, in particular, retail investors a more meaningful participation in the Company's ongoing success. The Board believes that the measures proposed below will assist in the marketability of the Company's shares thus increasing the potential to narrow the discount to NAV, which has been a long standing ambition of the Company.

During the course of the review the Board has consulted with abrdn, external specialists in the Asian markets and the Company's major shareholders.

As a result of this, the Board intends to propose the following changes to the Company.

- *Amend the investment policy to allow more flexibility to invest in growing small companies across Asia;*
- *Strengthen the management team by adding Flavia Cheong, Head of Equities, Asia as joint lead manager with Hugh Young. The investment management team will be bolstered to reflect the increasing importance of North Asia including China;*
- *Increase the target dividend by 100% to 32.0p for the financial year ending 31 July 2022, payable quarterly and thereafter maintain the progressive dividend policy of the last 25 years*
- *Reduce the running costs of the Company. abrdn have agreed to an amended, tiered, management fee, still payable on market capitalisation. The tiers are 0.85% for the first £250m, 0.6% for the next £500m and 0.5% for market capitalisation of*

Chairman's Statement Continued

£750m and above. It was previously set at 0.96% of market capitalisation;

- *Increase marketability of the shares for small investors by introducing a five for one share split; and*
- *Introduce a performance-linked tender offer, which would be triggered in the event of underperformance of the NAV per share versus the MSCI AC Asia ex-Japan Small Cap Index over a five-year period commencing 1 August 2021.*

We have also made an announcement to the stock market contemporaneously with the announcement of these results. These changes are subject to regulatory and shareholder approvals.

It is currently envisaged that the circular and notice of General Meeting setting out further details of these proposed changes will be sent to shareholders in December 2021, to seek necessary shareholder approvals to implement these proposals. The webinar presentation for shareholders on 19 January 2022 will provide further details on this future strategy and shareholders will have an opportunity to put questions to the Board and Manager. The General Meeting to approve the proposals is expected to be convened on 27 January 2022, following the Annual General Meeting.

Changes to Investment Policy

The Company will continue to focus on offering investors exposure to attractive small, quoted companies in Asia that have excellent prospects for strong growth in shareholder value, good balance sheets and skilled, experienced management. As has been demonstrated over the last 26 years where £1,000 invested in 1995 is now worth approximately £22,500 (share price at close on 26 November 2021 with dividends reinvested) with the dividends (including special dividends) to shareholders going from 1.2p in 1996 to 16.0p in 2021. The Board and abrdn believe that this area of the market will continue to deliver strong growth over the medium to long term.

Over the same period, the stock markets of the region have developed from small emerging markets to some of the largest in the world. Therefore, the Board believes it is necessary to make changes to the Company's investment objective and policy to ensure abrdn can continue to invest in companies that can deliver the best returns for shareholders and despite the enormous difference in the relative size of the Asian markets. The definition of a small cap company varies from market to market with China and India at one end of the scale and very small markets such as Sri Lanka at the other end.

The Company's current investment objective limits investment into companies that have a market capitalisation of up to approximately US$1.5 billion. The Board strongly believes this is limiting the portfolio managers from investing in the high growth companies particularly in larger markets like China and India. As a result, the Board proposes to remove this market capitalisation limit from the investment policy while stressing that the investment managers will continue to identify small companies capable of delivering exceptional growth.

Historically, the Company has had limited investments in Australasia and the Board does not believe the outlook for this region will offer the same growth prospects as other parts of Asia. Therefore, the Board proposes to amend the investment policy to clarify that no new investments will be made in Australasia. The Company currently has three holdings in Australasia and the Manager does not intend to dispose of these should shareholders approve the change in investment policy.

Full details of the changes to the investment objective and investment policy are subject to FCA and shareholder approval.

The Board is delighted to announce that Flavia Cheong, abrdn's Head of Equities – Asia, will be joining the management team of the Company

abrdn Investment Team

The Board is delighted to announce that Flavia Cheong, abrdn's Head of Equities – Asia, will be joining the management team of the Company, as joint lead manager alongside Hugh Young and Gabriel Sacks. Neil Sun will also join the team, and will be directly responsible for managing the potential increased weighting in North Asia.

Flavia Cheong is the Head of Asia Pacific Equities at abrdn, where, as well as sharing responsibility for company research, she oversees regional portfolio construction. Before joining abrdn in 1996, she was an economist with the Investment Company of the People's Republic of China, and earlier with the Development Bank of Singapore. Flavia graduated with a BA in Economics and an MA (Hons) in Economics from the University of Auckland. She is a CFA charter holder.

Neil Sun is an Investment Manager within the Asian Equities Team at abrdn. Neil joined the company in 2018. Previously, Neil worked as a Research Analyst at Deutsche Bank covering lithium battery supply chain in Hong Kong. Prior to that, Neil worked for

JPMorgan Asset Management as a Research Analyst covering both China and Taiwan equities. Neil graduated with a BBA in Finance from National Taiwan University, and passed level II of the CFA Program.

abrdn continues to build out its presence in Shanghai and Hong Kong, with a team of eight investment professionals expected to grow to ten during 2022, focusing on researching Chinese equities. The Company and the investment team will be able to draw on the knowledge and expertise of these individuals, giving the Company access to Chinese small cap companies. Over time, it is envisaged that they will also take on greater individual responsibility for overseeing the Company's Chinese holdings.

Future Dividend Policy

The Company's policy remains to provide long-term capital growth, but the Board is aware that some investors are looking for a regular level of income alongside capital growth, particularly in the current low interest rate environment.

> The Board is therefore proposing to increase the level of target dividends paid by the Company through distribution of capital reserves as well as income

The Board is therefore proposing to increase the level of target dividends paid by the Company through distribution from capital reserves as well as income. Under this new policy, the Board aims to set a target dividend of 32.0p per Ordinary share for the financial year ending 31 July 2022 and progressively to grow it thereafter. This would represent a 100% increase in the dividend based on 16.0p recommended in the financial year ended 31 July 2021. This target dividend would be paid in equal quarterly instalments. Assuming that the changes are approved at the General Meeting on 27 January 2022, the Company intends to declare in February 2022 an initial target dividend of 16.0p per Ordinary share relating to the six month period from 1 August 2021 to 31 January 2022 and thereafter 8.0p per Ordinary share per quarter. In the current year, we estimate that this level of dividend would require a 5p per Ordinary share (£1.6m) distribution from capital reserves.

As previously stated, our dividend record is very strong with the Ordinary dividend having been maintained or increased in 24 out of 25 years. This one-time step change will mean that in future it is unlikely we will be paying special dividends but absent a market collapse, we will aim to maintain our progressive approach albeit off a higher base.

I would like to emphasise that the Board has no desire to change how the portfolio Manager selects stocks for the portfolio.

Management Fees

The Company currently pays a management fee at the rate of 0.96% per annum of the Company's market capitalisation. Following discussions with abrdn, the Board is pleased to announce a new, tiered management fee, still based on market capitalisation. The tiers are 0.85% of the first £250m, 0.6% of the next £500m and 0.5% of £750m and above. This represents a fee of 0.74% based on the Company's last closing share price of 1465.0p and is a reduction of 23% in the management fee. This change will be conditional on shareholder approval of the proposals outlined above and will be back dated as if it had been effective from 1 August 2021.

Share Split

The Board is proposing to implement a sub-division of the Company's share capital. This is intended to improve the liquidity of the Company's shares and enhance the ability of investors to make more efficient regular monthly investments.

The Directors are recommending a five for one share split which will increase the number of Ordinary shares in issue by a factor of five.

The Conversion Price of the 2.25 per cent. convertible unsecured loan stock 2025 (the "CULS") will be automatically and pro-rata adjusted should shareholders approve the share split.

Introduction of Tender Offer

The Board is proposing the introduction of a performance linked tender offer. If the Company's NAV total return is less than that of the MSCI AC Asia ex-Japan Small Cap Index over a five-year assessment period (commencing 1 August 2021), shareholders should be offered the opportunity to realise a proportion of their holding for cash at a level close to NAV less costs of the tender offer. The tender offer would be capped at a maximum of 25% of the issued share capital of the Company at that time.

Outlook

The excellent performance over both the long and short term, the reduction in the running costs of the Company, the structural increase in the dividend, a possible tender offer in five years in the event the performance of the Company were to falter (though we believe the strong economic prospects in Asia make this unlikely), succession planning and the increasing breadth of management expertise being brought to the abrdn management team all form the basis of optimism.

Chairman's Statement Continued

The maturing of the stock markets in China over the last ten years opens up another fertile field for managers to identify small growing companies capable of delivering exceptional returns particularly when combined with the rigorous abrdn investment process that has served the Company so well in the past. As Hugh Young has cited in today's announcement to the Stock Exchange, he remains as excited by the opportunities in Asia as he did when he first arrived in Singapore 30 years ago and believes that the changes announced today will strengthen both the investment proposition and underpin the future prospects of the Company.

The results since the year end bear this out. In this period since 31 July 2021, the NAV per share has advanced another 8.3% to 1683.3p - a far cry from the 97p per share achieved on listing in 1995. Against this background, your Board has every confidence in the future of your company.

Nigel Cayzer,
Chairman
29 November 2021

Overview of Strategy

Business Model

The business of the Company is that of an investment company which seeks to qualify as an investment trust for UK capital gains tax purposes.

Investment Objective*

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US$1.5 billion at the time of investment which was raised to this level on 23 May 2018 from the previous ceiling of US$1bn) in the economies of Asia and Australasia excluding Japan, by following the investment policy described below. When it is in shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling. The Directors envisage no change in this activity in the foreseeable future.

Investment Policy*

The Company's assets may be invested in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the investment region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, The Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other economies in Asia as the Directors may from time to time determine, (collectively, the "Investment Region"). Investments may also be made through collective investment schemes, in unquoted equities (up to 10% of the net assets of the Company, calculated at the time of investment) and in companies traded on stock markets outside the Investment Region provided that over 75% of their consolidated revenue, operating income or pre-tax profit is earned from trading in the Investment Region or they hold more than 75% of their consolidated net assets in the Investment Region.

Risk Diversification

The Company does not invest more than 15% of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company. The Manager is authorised to invest up to 15% of the Company's gross assets in any single stock.

Gearing

The Board is responsible for determining the gearing strategy for the Company. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Gearing is subject to a maximum gearing level of up to 25% of adjusted NAV at the time of draw down.

Delivering the Investment Policy

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, via the AIFM, to the Investment Manager, abrdn Asia. abrdn Asia invests in a diversified range of companies throughout the Investment Region in accordance with the investment policy. abrdn Asia follows a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value. No stock is bought without the fund managers having first met management. abrdn Asia estimates 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 calculated by reference to key financial ratios, the market, the peer group and business prospects. Top-down investment factors are secondary in the abrdn Asia's portfolio construction, with diversification rather than formal controls guiding stock and sector weights. Except for the maximum market capitalisation limit, little regard is paid to market capitalisation.

A detailed description of the investment process and risk controls employed by abrdn Asia is disclosed on page 96. A comprehensive analysis of the Company's portfolio is disclosed on pages 26 to 38 including a description of the ten largest investments, the portfolio investments by value, sector/geographical analysis and currency/market performance. At the year end the Company's portfolio consisted of 64 holdings.

** Shareholders' attention is drawn to the detailed proposed changes to the Objective and Policy in the Chairman's Statement*

Investment Manager and Alternate Investment Fund Manager

The Company's Alternative Investment Fund Manager, appointed as required by EU Directive 2011/61/EU, is Aberdeen Standard Fund Managers Limited ("ASFML") which is authorised and regulated by the Financial Conduct Authority. Day to day management of the portfolio is delegated to abrdn Asia Limited ("abrdn Asia", the "Manager" or the "Investment Manager"). ASFML and abrdn Asia are wholly owned subsidiaries of abrdn plc (previously known as Standard Life Aberdeen plc).

Overview of Strategy Continued

Comparative Indices

The Company does not have a benchmark. abrdn Asia utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted), as well as peer group comparisons for Board reporting. It is likely that performance will diverge, possibly quite dramatically in either direction, from these or any other indices. abrdn Asia seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

Promoting the Company's Success

In accordance with corporate governance best practice, the Board is now required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year following the guidelines set out under section 172 (1) of the Companies Act 2006 (the "s172 Statement"). This Statement, from 'Promoting the Success of the Company' to "Long Term Investment" on page 16, provides an explanation of how the Directors have promoted 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 all stakeholders and the impact of the Company's operations on the environment.

The purpose of the Company is to act as a vehicle to provide, over time, financial returns to its shareholders. The Company's Investment Objective is disclosed on page 13. The activities of the Company are overseen by the Board of Directors of the Company.

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager operates at its regular meetings and receives regular reporting and feedback from the other key service providers.

Investment trusts, such as the Company, are long-term investment vehicles, with a recommended holding period of five or more years. Typically, investment trusts are externally managed, have no employees, and are overseen by an independent non-executive board of directors. Your Company's Board of Directors sets the investment mandate, monitors the performance of all service providers (including the Manager) and is responsible for reviewing strategy on a regular basis. All this is done with the aim of preserving and, indeed, enhancing shareholder value over the longer term.

Stakeholders

The Company's main stakeholders have been identified as its shareholders, the Manager (and Investment Manager), service providers, investee companies and debt providers. More broadly, the environment and community at large are also stakeholders in the Company. The Board is responsible for managing the competing interests of these stakeholders. Ensuring that the Manager delivers out performance for Ordinary shareholders over the longer term without adversely affecting the risk profile of the Company which is known and understood by the loan note holders and CULS holders. This is achieved by ensuring that the Manager stays within the agreed investment policy.

Shareholders

The following table describes some of the ways we engage with our shareholders:

AGM	The AGM normally provides an opportunity for the Directors to engage with shareholders, answer their questions and meet them informally. The next AGM will take place on 27 January 2022 in London. We encourage shareholders to lodge their vote by proxy on all the resolutions put forward.
Annual Report	We publish a full annual report each year that contains a strategic report, governance section, financial statements and additional information. The report is available online and in paper format.
Company Announcements	We issue announcements for all substantive news relating to the Company. You can find these announcements on the website.
Results Announcements	We release a full set of financial results at the half year and full year stage. Updated net asset value figures are announced on a daily basis.
Monthly Factsheets	The Manager publishes monthly factsheets on the Company's website including commentary on portfolio and market performance.
Website	Our website contains a range of information on the Company and includes a full monthly portfolio listing of our investments as well as podcasts by the Investment Manager. Details of financial results, the investment process and Investment **asia-focus.co.uk**
Investor Relations	The Company subscribes to the Manager's Investor Relations programme (further details are on page 19).

The Manager
The key service provider for the Company is the Alternative Investment Fund Manager and the performance of the Manager is reviewed in detail at each Board meeting. The Manager's investment process is outlined on page 96 and further information about the Manager is given on page 98.
Shareholders are key stakeholders in the Company – they are looking to the Manager to achieve the investment objective over time and to deliver a regular growing income together with some capital growth. The Board is available to meet at least annually with shareholders at the Annual General Meeting and this includes informal meetings with them over lunch following the formal business of the AGM. This is seen as a very useful opportunity to understand the needs and views of the shareholders. In between AGMs, the Directors and Manager also conduct programmes of investor meetings with larger institutional, private wealth and other shareholders to ensure that the Company is meeting their needs. Such regular meetings may take the form of joint presentations with the Investment Manager or meetings directly with a Director where any matters of concern may be raised directly.

Other Service Providers
The other key stakeholder group is that of the Company's third party service providers. The Board is responsible for selecting the most appropriate outsourced service providers and monitoring the relationships with these suppliers regularly in order to ensure a constructive working relationship. Our service providers look to the Company to provide them with a clear understanding of the Company's needs in order that those requirements can be delivered efficiently and fairly. The Board, via the Management Engagement Committee, ensures that the arrangements with service providers are reviewed at least annually in detail. The aim is to ensure that contractual arrangements remain in line with best practice, services being offered meet the requirements and needs of the Company and performance is in line with the expectations of the Board, Manager, Investment Manager and other relevant stakeholders. Reviews include those of the Company's depositary and custodian, share registrar, broker and auditors.

Principal Decisions
Pursuant to the Board's aim of promoting the long term success of the Company, the following principal decisions have been taken during the year:

Portfolio The Investment Manager's Review on pages 21 to 22 details the key investment decisions taken during the year and subsequently. The Investment Manager has continued to monitor the investment portfolio throughout the year under the supervision of the Board. A list of the key portfolio changes can be found in the Investment Manager's Report.

Overview of Strategy Continued

Gearing The Company utilises gearing in the form of CULS and Loan Notes with the aim of enhancing shareholder returns over the longer term. The Board has adopted a pro-active approach to gearing with the aim of locking in attractive interest rates over the longer term. On 1 December 2020, the Company issued a £30 million 15 year Senior Unsecured Loan Note (the "Loan Note") at an annualised interest rate of 3.05%. The Loan Note is be unsecured, unlisted and denominated in sterling. The Loan Note ranks pari passu with the Company's other unsecured and unsubordinated financial indebtedness. The Loan Note was used to repay the Company's revolving credit facility with the Royal Bank of Scotland.

Share Buybacks During the year, the Board has continued to buy back Ordinary shares opportunistically in order to manage the discount by providing liquidity to the market.

Board Investment Review During the year the Board has conducted a comprehensive investment review which has culminated in a number of proposals which are explained in detail in the Chairman's Statement.

Long Term Investment

The Investment Manager's investment process seeks to outperform over the longer term. The Board has in place the necessary procedures and processes to continue to promote the long term success of the Company. The Board will continue to monitor, evaluate and seek to improve these processes as the Company continues to grow over time, to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations.

Key Performance Indicators (KPIs)

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and to determine the progress of the Company in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company, which are considered at each Board meeting, are as follows:

KPI	Description
NAV Return (per share)	The Board considers the Company's NAV total return figures to be the best indicator of performance over time and is therefore the main indicator of performance used by the Board. The figures for this year and for the past 1, 3, 5, 10 years and since inception are set out on page 23.
Performance against comparative indices	The Board also measures performance against a combination of two regional indices – the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted). Graphs showing performance are shown on pages 24 and 25. At its regular Board meetings the Board also monitors share price performance relative to competitor investment trusts over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.
Share price (on a total return basis)	The Board also monitors the price at which the Company's shares trade relative to the MSCI Asia Pacific ex Japan Index (sterling adjusted) on a total return basis over time. A graph showing the total NAV return and the share price performance against the comparative index is shown on page 25.
Discount/Premium to NAV	The discount/premium relative to the NAV per share 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 premium/(discount) relative to the NAV is also shown on page 24.
Dividend	The Board's aim is to maintain or increase the Ordinary dividend so that shareholders can rely on a consistent stream of income. Dividends paid over the past 10 years are set out on page 23.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has undertaken a robust review of the principal risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks are disclosed in the table below together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's Shares are published monthly on the Company's factsheet or they can be found in the pre-investment disclosure document published by the Manager, both of which are available on the Company's website.

The Board also has a process to consider emerging risks and if any of these are deemed to be significant these risks are categorised, rated and added to the risk matrix. Although the uncertainty surrounding the timing of Brexit has now abated, economic risk for the Company remains, in particular currency volatility may adversely affect the translation rates of future earnings from the portfolio following the expiry of the transitional arrangements in January 2021.

The Board notes that there are a number of contingent risks stemming from the Covid-19 pandemic that may impact the operation of the Company. These include investment risks surrounding the companies in the portfolio such as employee absence, reduced demand, reduced turnover and supply chain breakdowns. The Investment Manager will continue to review carefully the composition of the Company's portfolio and to be pro-active in taking investment decisions where necessary. Operationally, Covid-19 is also affecting the suppliers of services to the Company including the Manager, Investment Manager and other key third parties. To date

Overview of Strategy Continued

these services have continued to be supplied seamlessly and the Board will continue to monitor arrangements in the form of periodic updates from the Manager and Investment Manager.

In addition to the risks listed below, the Board is also very conscious of the risks emanating from increased environmental, social and governance challenges. The recent scrutiny by western governments of human rights violations in Xinjiang is an example of the need for continued vigilance regarding the supply chain exposure of investee companies and the fair and humane treatment of workers. Likewise, as climate change pressures mount, the Board continues to monitor, through its Manager, the potential risk that investee companies may fail to keep pace with the appropriate rates of change and adaption.

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.

Description	Mitigating Action
Investment strategy and objectives – the setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for shares and a widening discount. *Risk Unchanged during Year*	The Board keeps the level of discount at which the Company's shares trade as well as the investment objective and policy under review and in particular holds an annual strategy meeting where the Board reviews updates from the Investment Manager, investor relations reports and the Broker on the market. In particular, the Board is updated at each Board meeting on the make-up of and any movements in the shareholder register.
Investment portfolio and investment management: investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and inability to meet the Company's objectives, as well as a weakening discount. *Risk Unchanged during Year*	The Board sets, and monitors, its investment restrictions and guidelines, and receives regular board reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines. The Investment Manager is in attendance at all Board meetings. The Board also monitors the Company's share price relative to the NAV.
Financial obligations (Gearing): the requirement for the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's shares. It could also result in the Company being unable to meet the interest repayments due on the CULS and Loan Note holders. *Risk Unchanged during Year*	The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting. In addition, Aberdeen Standard Fund Managers Limited, as alternative investment fund manager, has set an overall leverage limit of 2x on a commitment basis (2.5x on a gross notional basis) and includes updates in its reports to the Board.
Financial and regulatory: the financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including the Companies Act, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the listing rules, disclosure and prospectus rules) may have an impact on the Company. *Risk Unchanged during Year*	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated by the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 19 to the financial statements. The Board relies upon the abrdn Group to ensure the Company's compliance with applicable regulations and from time to time employs external advisors to advise on specific concerns.

Description	Mitigating Action
Operational: the Company is dependent on third parties for the provision of all systems and services (in particular, those of abrdn) and any control failures and gaps in these systems and services could result in a loss or damage to the Company. *Risk Unchanged during Year*	The Board receives reports from the Manager on internal controls and risk management at each board meeting. It receives assurances from all its significant service providers, as well as back to back assurances where activities are themselves sub-delegated to other third party providers with which the Company has no direct contractual relationship. Further details of the internal controls which are in place are set out in the Directors' Report on pages 49 and 50.
Investing in unlisted securities: the Company has the ability to invest in unlisted securities, although no such investments have been made to date. Unquoted investments are long-term in nature and they may take a considerable period to be realised. Unquoted investments are less readily realisable than quoted securities. Such investments may therefore carry a higher degree of risk than quoted securities. In valuing investments the Company may rely to a significant extent on the accuracy of financial and other information provided to the Manager as well as the performance of listed peer multiples which may impact unquoted valuations negatively. *Risk Unchanged during Year*	The Board recognises that investing in unlisted securities carries a higher risk/reward profile. Accordingly it seeks to mitigate this risk by limiting investment into such securities to 10% of the Company's net assets (calculated at the time of investment). For the year ended 31 July 2021 no unlisted investments were made.
Market and F/X: insufficient oversight or controls over financial risks, including market risk, foreign currency risk, liquidity risk and credit risk could result in a loss to the Company. *Risk Unchanged during Year*	The Manager's risk department reviews investment risk and a review of credit worthiness of counterparties is undertaken by its Counterparty Credit Risk team. The Company does not hedge foreign currency exposure but it may, from time to time, partially mitigate it by borrowing in foreign currencies.

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by the Manager on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Manager. The Manager reports quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make-up of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of your Company is key and therefore the Company also supports the Manager's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

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 the Board to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. However, the Board will continue to ensure that all appointments are made on

Overview of Strategy Continued

the basis of merit against the specification prepared for each appointment and, therefore, the Company does not consider it appropriate to set diversity targets. At 31 July 2021, there were three male Directors and two female Directors on the Board.

Environmental, Social and Governance ("ESG") Engagement

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Investment Manager embeds ESG into the research of each asset class as part of the investment process. ESG investment is about active engagement, with the goal of improving the performance of assets held around the world.

The Investment Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the environmental, social and governance risks and opportunities they present – and how these could affect longer-term performance. Environmental, social and governance considerations underpin all investment activities. With 1,000+ investment professionals, the Investment Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction – supported by more than 50 ESG specialists around the world. Please refer to pages 98 to 100 for further detail on the Investment Manager's ESG policies applicable to the Company.

The Company has no employees as the Board has delegated day to day management and administrative functions to Aberdeen Standard Fund Managers Limited. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined above.

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisors and service providers in the financial services industry, to be low risk in relation to this matter.

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Viability Statement

The Company does not have a formal fixed period strategic plan but the Board formally considers risks and strategy at least annually. The Board considers the Company, with no fixed life, to be a long term investment vehicle, but for the purposes of this viability statement has decided that a period of three years is an appropriate period over which to report. The Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than three years.

In assessing the viability of the Company over the review period the Directors have conducted a robust review of the principal risks, focusing upon the following factors:

- The principal risks detailed in the Strategic Report;
- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's Shares evidenced by the historical level of premium and or discount;
- The level of income generated by the Company;
- The level of gearing and flexibility of the Company's Loan Stock and Loan Notes; and
- The liquidity of the Company's portfolio including the results of stress test analysis performed by the Manager under a wide number of market scenarios.

Accordingly, taking into account the Company's current position, the fact that the Company's investments are mostly liquid and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report. In making this assessment, the Board has considered that matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

Future

The Board's view on the general outlook for the Company can be found in my Chairman's Statement on page 11 and 12 whilst the Investment Manager's views on the outlook for the portfolio are included on pages 21 and 22.

Nigel Cayzer,
Chairman
29 November 2021

Investment Manager's Review

Hugh Young,
abrdn Asia Limited

Overview

The share prices of Asian smaller companies rose sharply in sterling terms in the year under review, far outpacing their large-cap counterparts. Small caps continued to advance steadily despite the upheaval wrought by the Covid-19 health crisis. The rally was underpinned by the shift to work-from-home which escalated demand for digital solutions. Investors were also hopeful that the recovery led by China and massive US stimulus would boost the region's exports. All this more than mitigated disappointment over a slow vaccine rollout by several countries.

Leading the frontrunners was India. We were pleasantly surprised by good earnings growth across most sectors. An accommodative monetary policy, fiscal support for the rural economy, as well as the significant spending boost for infrastructure, provided a conducive environment. Also, flexible mobility restrictions during a deadly second wave of the coronavirus softened the blow on its economy.

Elsewhere in the region, South Korea and Taiwan's small caps were propelled by record exports. Technology trends and the resumption of economic activity worldwide, especially in China, boosted demand for their semiconductors, electronics goods, cars and petrochemicals.

Portfolio Review and Activity

The Company's NAV rose by 41.9% in sterling terms, comfortably outperforming the MSCI AC Asia Pacific ex-Japan Small Cap Index's gain of 37.2%.

Good stock choices in Taiwan and Hong Kong, as well as the off-benchmark positions in Vietnam, accounted for the upbeat performance. By sector, the exposure to retail and technology proved prudent. In particular, the Trust's sizeable positions in niche players with significant technology-related advantages were highly favourable.

The share price of the period's top contributor, **Momo.com,** more than tripled as changing consumer habits continued to support the move to online shopping. The leading Taiwanese business-to-consumer online retail platform also benefitted from its investments in logistics and an expansion in product categories. **Pacific Basin** further boosted the portfolio with absolute share price gains that exceeded Momo.com's. The bulk shipping company based in Hong Kong benefited greatly from rebounding economic activity, higher commodities prices and consequently higher freight prices.

In Vietnam, technology conglomerate **FPT** and real estate developer **Nam Long** supported the portfolio. We view FPT as one of the market's best listed companies, with its exposure to the rising global demand for technology services, particularly from Japan where digital transformation continues to accelerate. This is counterbalanced by its interests in domestic-oriented businesses, such as telecoms, education and retail, which also have good growth outlooks. Meanwhile, **Nam Long** is benefiting from a housing market recovery. We believe its foray into integrated townships, which include providing amenities such as schools and hospitals, will add value to its residential projects.

Another standout was South Korea's **Park Systems**, which manufactures microscopes integral in the production of increasingly minuscule computer chips that enhance computing speed. Park Systems, along with **Hana Microelectronics** are notable for their roles in the semiconductor supply chain with the advent of artificial intelligence, 5G communications networks, electric vehicles and the Internet of Things.

Meanwhile, the Trust's Indian holdings that contributed included technology services provider **Cyient**, consumer marketing technology company **Affle India** as well as oil & gas services company **Aegis Logistics. Cyient** was boosted by an improving demand outlook for engineering and technology services, with expectations that it is at the start of a multi-year upgrading cycle. In Affle's case, investors were excited by its ability to crunch vast amounts of data and reach targeted consumers on mobile devices. For **Aegis**, the company's storage and logistics segment benefited from the burgeoning flow of chemicals and fuels across the country. In addition, the government's push for the adoption of cleaner energy has also boosted its liquefied natural gas business.

Conversely, the Trust's positions in the financial sector were hampered by the resurgence of the virus in certain parts of the region, which in turn, clouded the outlook for these lenders' asset quality. We remain confident that our financial holdings are of the highest quality and that they will not be unduly affected. A military coup in Myanmar in early 2021 also came as a surprise and led to a sharp sell-off in the shares of Yoma Strategic. We remain invested and so far the company has announced relatively resilient results, but we will be monitoring

Investment Manager's Review Continued

developments closely and the exposure is contained at less than 1% of the portfolio.

Turning to changes within the portfolio, we participated in the initial public offerings (IPOs) of two companies in the materials sector. First was surface materials specialist **Nanofilm**, which performed well for your Company. Not only is its proprietary cutting-edge technology used by the latest smartphones, laptops and tablets, but it is also the sole supplier to nine of its top 10 customers, including Apple. We are confident about Nanofilm's long-term prospects, as it embarks on commercialising innovative products, such as corrosion-resistant coatings that enable the hydrogen economy. Next was India-listed niche specialty chemicals company **Tatva Chintan**. Its products are in high demand, helped by favourable policies, especially in the area of emissions control.

Other initiations tied to the accelerated demand for digital services were **Nazara Technologies, eCloudvalley, Taiwan Union Technology, Aspeed** and **Pentamaster**. An example is Nazara Technologies, which is dominant in diversified gaming in India. The company has a growing portfolio of successful titles in eSports, mobile gaming and recreational e-learning for children. The fast-paced competitive gaming industry in India is still in its infancy and we see great potential in the company's gaming and e-learning ecosystems.

In addition, we introduced a couple of new positions with greater environmental and social credentials, including **Medikaloka Hermina.** The company is a leading private hospital chain in Indonesia which meets growing demand for services under the country's new Mandatory Health Insurance Scheme (JKN). It has proven adept at managing the provision of JKN-related services, and has emerged as a leader in this area. We were also on the lookout for companies that would gain from governments' efforts to avert climate change. To this end, we established a position in **KMC.** We expect the global leader in bicycle chains to benefit from higher demand for cleaner modes of transport in developed markets, as well as the growing popularity of electric bicycles.

Elsewhere, we initiated **Credit Bureau Asia** and **Yantai Pet Foods.** Credit Bureau is Singapore's main credit bureau. In Cambodia and Myanmar, it enjoys first-mover advantage as their sole license holder. We believe it is well-positioned to benefit from steady demand for high-quality credit, risk and business data. Yantai Pet Foods is a pet food manufacturer with established credentials and a diversified customer base of global brands. In addition, it is developing its own local brand to tap into China's rising pet ownership and demand for premium products.

Against these, we exited Kansai Nerolac to recycle capital into more nascent opportunities, as the Indian paint company is relatively mature and commanded a demanding valuation. We also sold several companies as our conviction in their investment case waned. They include Kingmaker Footwear, Mustika Ratu, SBS Transit, Eastern Water Resources, AEON Co (Malaysia), Public Financial and CDL Investments.

Outlook

The resurgence of coronavirus infections has given rise to caution and is likely to delay economic recovery, particularly in tourism-dependent countries in the region. The Trust's largest exposure is to India, which is seeing the fruits of government reform that attempts to reboot its economy after several years of sluggish growth. Another sizeable allocation is in Taiwan, which remains very well-positioned in the technology supply chain, notwithstanding the spillover impact of the conflict between the US and China. We believe the mainland remains pro-innovation despite the recent tightening of regulatory oversight, and this should continue to support export growth throughout the Asia-Pacific region.

The portfolio provides exposure to high growth sectors that supply hardware, software and platforms for the latest consumer electronics, artificial intelligence and the Internet of Things. It is also positioned in traditional sectors that address the region's increasing urbanisation needs, as well as rising demand for better healthcare and aspirational consumer goods in tandem with Asia's growing affluence. Our focus remains on quality businesses that are well-placed to benefit from these long-term trends that will power the overall growth in the region.

Hugh Young and Gabriel Sacks
abrdn Asia Limited
Investment Manager
29 November 2021

Results

Performance (Total Return)

	1 year % return	3 year % return	5 year % return	10 year % return	Since inception
Share price[A]	+38.2	+33.6	+55.8	+131.9	+2040.5
Net asset value per Ordinary share – diluted[AB]	+41.9	+31.3	+58.6	+161.1	+2159.9
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+14.1	+23.0	+64.1	+116.1	+487.6
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	+37.2	+33.1	+62.2	+94.3	n/a

[A] Considered to be an Alternative Performance Measure (see page 92 for more information).
[B] 1 year return calculated on a diluted basis as CULS is "in the money". All other returns are calculated on a diluted basis.
Source: abrdn, Morningstar, Lipper & MSCI

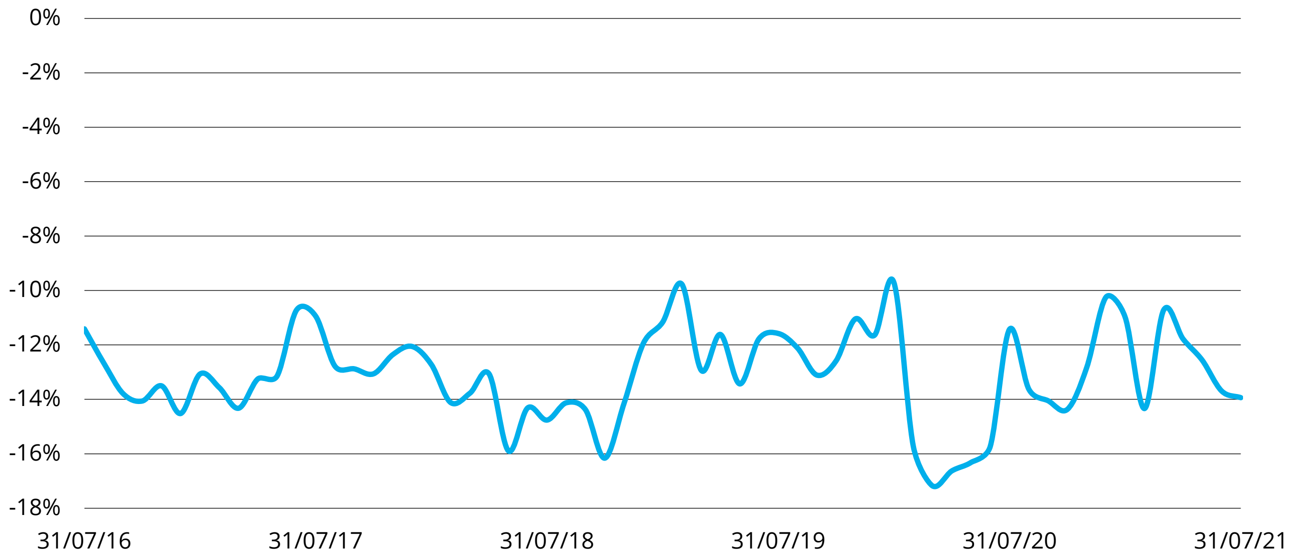
Ten Year Financial Record

Year to 31 July	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total revenue (£'000)	9,168	11,512	11,427	14,746	10,992	13,896	14,673	14,632	13,595	9,624
Per share (p)										
Net revenue return	13.18	13.84	11.43	18.21	9.22	19.31	19.27	21.64	21.45	7.52
Total return	68.56	275.43	(31.46)	(50.13)	165.38	172.29	36.78	78.18	(182.57)	461.70
Net ordinary dividends paid/proposed	9.50	10.00	10.00	10.50	10.50	12.00	13.00	14.00	14.50	15.00
Net special dividends paid/proposed	3.00	3.00	3.00	4.50	–	4.00	4.00	5.00	4.50	1.00
Net asset value per share (p)										
Basic	746.55	1,013.82	968.89	906.16	1,068.92	1,235.45	1,231.83	1,300.56	1,106.45	1,554.52
Diluted	n/a	992.81	952.52	896.31	1,042.99	1,192.49	n/a	n/a	n/a	1,545.11
Shareholders' funds (£'000)	260,994	382,932	369,118	343,967	383,735	430,105	433,706	441,010	358,956	487,958

Performance

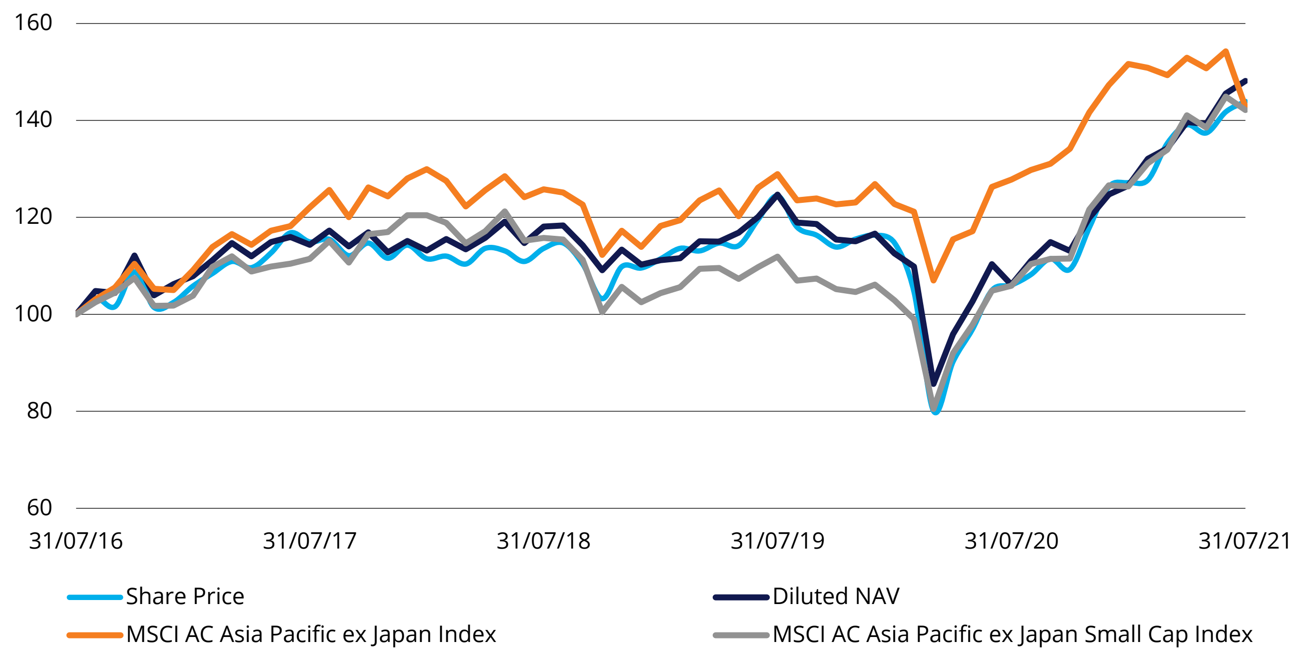
Share Price Discount to Diluted Net Asset Value

Five years to 31 July 2021



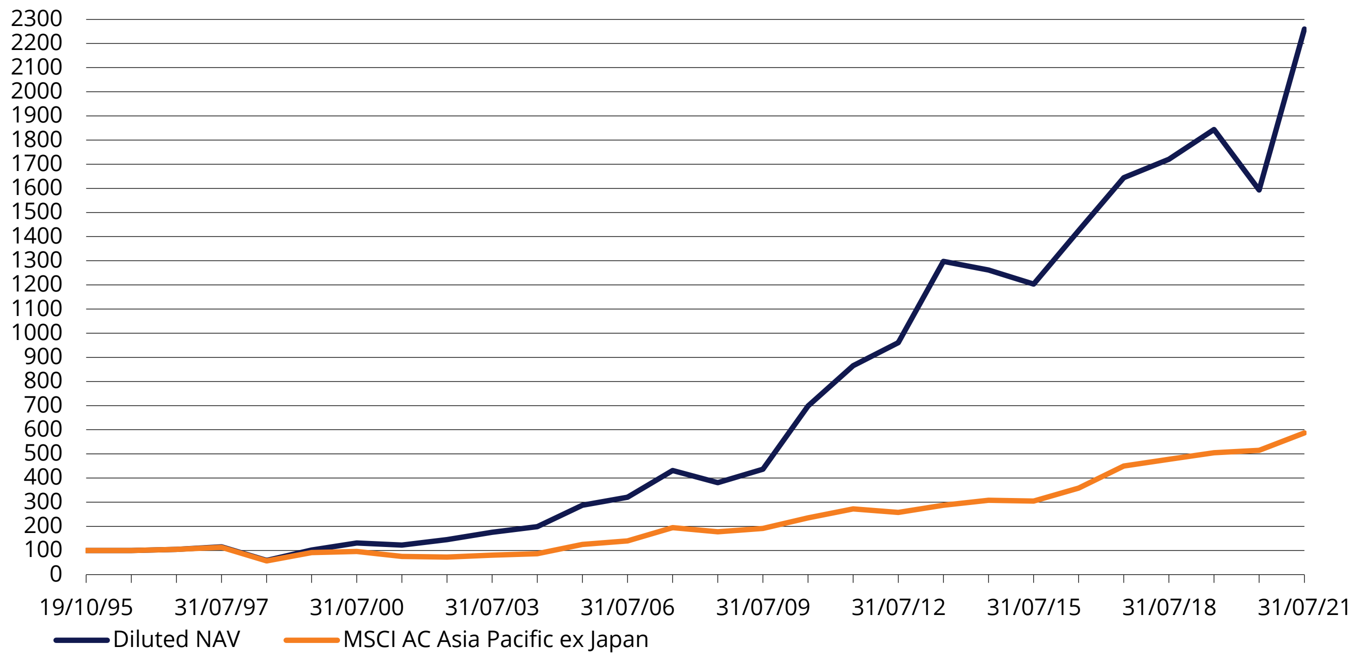
Capital Return of Diluted NAV and Share Price vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted) and MSCI AC Asia Pacific ex Japan Small Cap Index (sterling adjusted)

Five years to 31 July 2021 (rebased to 100 as at 31/07/16)



Diluted NAV Total Return Since Inception vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)

19 October 1995 to 31 July 2021 (rebased to 100 as at 19/10/95)



Portfolio

For the Managers comparative indices are used as tools for measurement and not for portfolio construction. abrdn are buy-and-hold investors, meaning in theory a good company is one they may hold forever. They invest in companies that they believe they understand and can value. Companies in the portfolio are held for the longer term; the average holding period for example is eight years.


ÆON

Ten Largest Investments

As at 31 July 2021

6.1%
Total assets

MOMO.com
Momo, the largest online retailer in Taiwan, serves as a nice proxy for consumer growth in the country, as it is benefiting from the shift to online from both consumers and vendors.

4.3%
Total assets

Pacific Basin Shipping
Pacific Basin is a Hong Kong-based dry bulk shipping group with a favourable demand outlook, supported by an improving global economy and reopening prospects.

3.9%
Total assets

Park Systems Corporation
The Korean company is the leading developer of atomic force microscopes, a nascent technology that could have broad industrial application in sectors such as chip-making and biotechnology. The company's financials are sound, despite significant upfront sales and distribution costs, which provides a solid base for earnings to grow when orders start to roll in.

3.1%
Total assets

Affle India
A consumer technology business operating a data platform that helps direct digital advertising. It is dominant in India where digitalisation has reached an inflection point. This should support growth for several years.

3.1%
Total assets

Cyient
The Indian company provides engineering and IT services to clients in developed markets, competing primarily on quality of service and cost of delivery.

2.7%
Total assets

Nam Long Invst Corporation
A reputable Vietnamese developer in Ho Chi Minh City that focuses on the affordable housing segment, with a decent land bank and promising project pipeline.

2.6%
Total assets

Hana Microelectronics (Foreign)
Thai company with diversified product lines in IC packaging and microelectronics, proven management ability to manage through cycles, debt-free balance sheet and strong cash flow.

2.6%
Total assets

AEM Holdings
A Singapore-based provider of advanced semiconductor chip testing services that has embedded itself in chipmaker Intel's global supply chain.

2.5%
Total assets

John Keells Holdings
A respected and reputable Sri Lanka conglomerate with a healthy balance sheet and good execution, John Keells has a hotels and leisure segment that includes properties in the Maldives. It has other interests in consumer (food and beverages, ice cream, retail and supermarket), transportation (bunkering and container port) and financial services (banking and life insurance).

2.5%
Total assets

Aegis Logistics
A strong and conservative player in India's gas and liquids logistics sector, with a first mover advantage in key ports and a fair amount of capacity expansion to come.

Investment Portfolio

As at 31 July 2021

Company	Industry	Country	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
MOMO.com	Retailers	Taiwan	33,767	6.1	16,146
Pacific Basin Shipping	Industrial Transportation	Hong Kong	24,170	4.3	4,476
Park Systems Corporation	Electronic and Electrical Equipment	South Korea	21,736	3.9	11,377
Affle India	Software and Computer Services	India	17,554	3.1	7,473
Cyient	Software and Computer Services	India	17,445	3.1	6,151
Nam Long Invst Corporation	Real Estate Investment and Services	Vietnam	15,279	2.7	8,370
Hana Microelectronics (Foreign)	Technology Hardware and Equipment	Thailand	14,304	2.6	12,078
AEM Holdings	Technology Hardware and Equipment	Singapore	14,267	2.6	14,611
John Keells Holdings	General Industrials	Sri Lanka	13,941	2.5	11,972
Aegis Logistics	Industrial Transportation	India	13,799	2.5	8,984
Top ten investments			**186,262**	**33.4**	
Bank OCBC NISP	Banks	Indonesia	13,593	2.5	13,769
Nanofilm Technologies International	Industrial Materials	Singapore	13,347	2.4	–
FPT Corporation	Telecommunications Service Providers	Vietnam	12,894	2.3	5,569
Precision Tsugami China Corporation	Industrial Engineering	China	12,403	2.2	8,647
Cebu Holdings	Real Estate Investment and Services	Philippines	12,069	2.2	12,271
Dah Sing Financial Holdings	Banks	Hong Kong	11,709	2.1	9,256
Medikaloka Hermina	Health Care Providers	Indonesia	11,704	2.1	–
Godrej Agrovet	Food Producers	India	11,676	2.1	8,101
M.P. Evans Group	Food Producers	United Kingdom	11,660	2.1	9,886
Taiwan Union	Technology Hardware and Equipment	Taiwan	10,693	1.9	–
Top twenty investments			**308,010**	**55.3**	
Millennium & Copthorne Hotels New Zealand[A]	Travel and Leisure	New Zealand	10,626	1.9	8,453
Mega Lifesciences (Foreign)	Pharmaceuticals and Biotechnology	Thailand	10,578	1.9	10,539
Sunonwealth Electric Machinery Industry	Technology Hardware and Equipment	Taiwan	10,423	1.9	7,425
United International Enterprises	Food Producers	Denmark	10,157	1.8	8,187
Asian Terminals	Industrial Transportation	Philippines	9,852	1.8	12,315
Sporton International	Technology Hardware and Equipment	Taiwan	9,619	1.7	10,030
AKR Corporindo	Oil Gas and Coal	Indonesia	9,589	1.7	4,939
Sanofi India	Pharmaceuticals and Biotechnology	India	9,243	1.7	9,047
Bukit Sembawang Estates	Real Estate Investment and Services	Singapore	9,186	1.6	6,598
Raffles Medical	Health Care Providers	Singapore	8,979	1.6	3,160
Top thirty investments			**406,262**	**72.9**	

Investment Portfolio Continued

As at 31 July 2021

Company	Industry	Country	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
Oriental Holdings	Retailers	Malaysia	8,792	1.6	9,762
Ultrajaya Milk Industry & Trading	Food Producers	Indonesia	8,525	1.5	9,894
Koh Young Technology	Electronic and Electrical Equipment	South Korea	8,347	1.5	4,798
AEON Credit Service (M)	Finance and Credit Services	Malaysia	7,553	1.4	6,099
Absolute Clean Energy (ACE)	Electricity	Thailand	7,313	1.3	5,784
NZX	Investment Banking and Brokerage Services	New Zealand	6,427	1.1	4,250
Shangri-La Hotels Malaysia	Travel and Leisure	Malaysia	5,740	1.0	7,094
Nazara Technologies	Leisure Goods	India	5,583	1.0	–
Aspeed Technology	Technology Hardware and Equipment	Taiwan	5,543	1.0	–
Prestige Estates Projects	Real Estate Investment and Services	India	5,521	1.0	2,468
Top forty investments			**475,606**	**85.3**	
Yoma Strategic Holdings	General Industrials	Myanmar	5,392	1.0	8,628
Tisco Financial Group (Foreign)	Banks	Thailand	5,154	0.9	4,263
Ecloudvalley Digital Technology	Software and Computer Services	Taiwan	5,142	0.9	–
United Plantations	Food Producers	Malaysia	5,097	0.9	6,737
Thai Stanley Electric (Foreign)	Automobiles and Parts	Thailand	4,680	0.8	7,034
Yantai China Pet Foods (A)	Food Producers	China	4,619	0.8	–
Pentamaster International	Technology Hardware and Equipment	Malaysia	4,271	0.8	–
Douzone Bizon	Software and Computer Services	South Korea	4,157	0.8	5,308
Syngene International	Pharmaceuticals and Biotechnology	India	3,976	0.7	3,205
Credit Bureau Asia	Industrial Support Services	Singapore	3,778	0.7	–
Top fifty investments			**521,872**	**93.6**	
Convenience Retail Asia	Personal Care Drug and Grocery Stores	Hong Kong	3,467	0.6	10,064
KMC Kuei Meng International	Automobiles and Parts	Taiwan	3,315	0.6	–
Ujjivan Financial Services	Finance and Credit Services	India	3,257	0.6	6,999
Tatva Chintan Pharma	Chemicals	India	2,132	0.4	–
Manulife Holdings	Non-life Insurance	Malaysia	1,561	0.3	1,502
AEON Credit Service (Asia)	Finance and Credit Services	Hong Kong	1,142	0.2	4,815
AEON Thana Sinsap Thailand (Foreign)	Finance and Credit Services	Thailand	1,081	0.2	4,550
Goodyear Thailand (Foreign)	Automobiles and Parts	Thailand	995	0.2	1,079
ORIX Leasing Pakistan	Finance and Credit Services	Pakistan	927	0.2	1,063
AEON Stores Hong Kong	Retailers	Hong Kong	473	0.1	738
Top sixty investments			**540,222**	**97.0**	

As at 31 July 2021

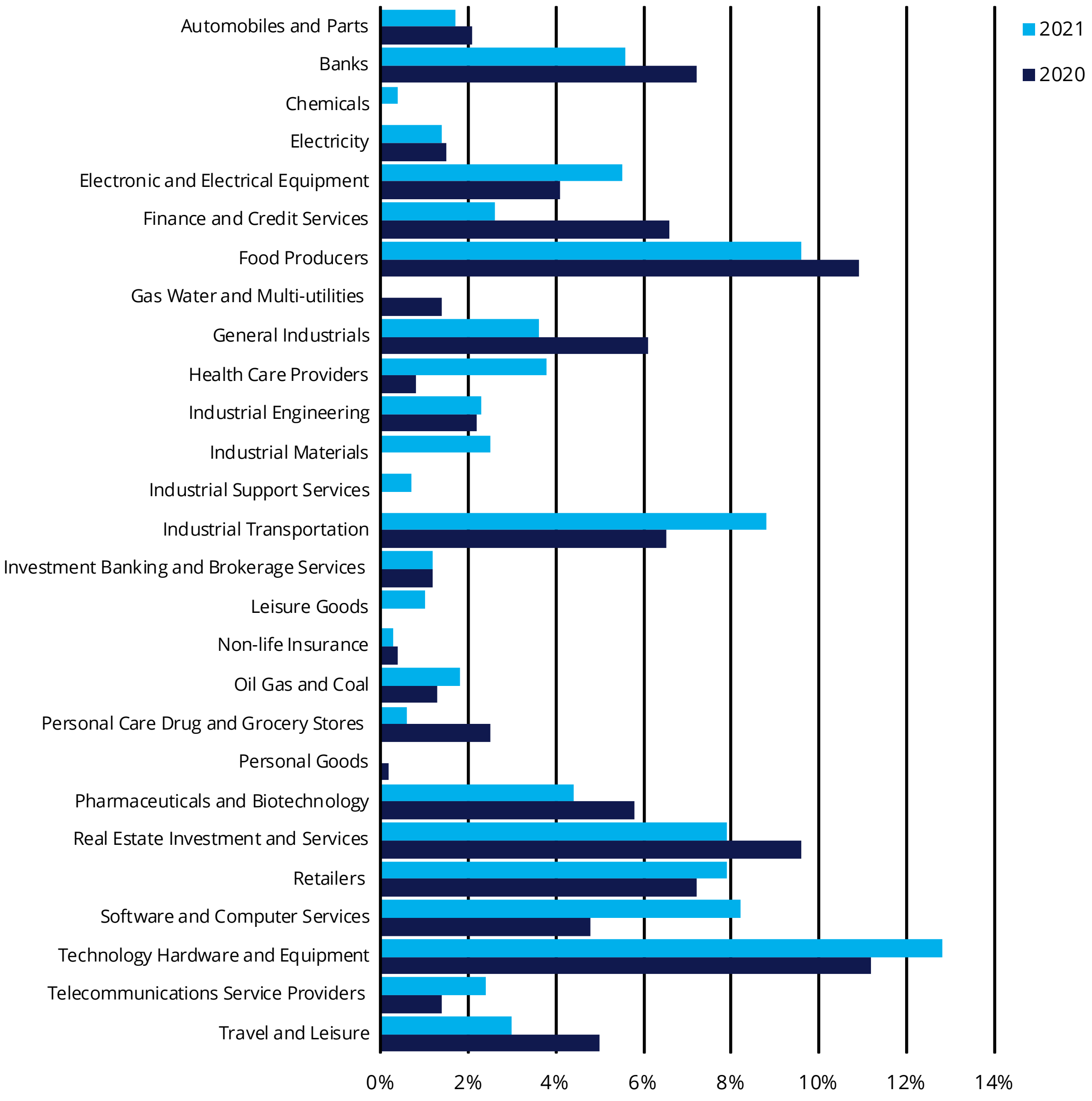
Company	Industry	Country	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
YNH Property	Real Estate Investment and Services	Malaysia	364	0.1	514
First Sponsor Group (Warrants 21/03/2029)	Real Estate Investment and Services	Singapore	303	0.0	–
First Sponsor Group (Warrants 30/05/2024)	Real Estate Investment and Services	Singapore	32	0.0	39
G3 Exploration	Oil Gas and Coal	China	–	–	123
Total investments			**540,921**	**97.1**	
Net current assets			**16,262**	**2.9**	
Total assets[B]			**557,183**	**100.0**	

[A] Holding includes investment in both common and preference lines.
[B] Total assets less current liabilities.

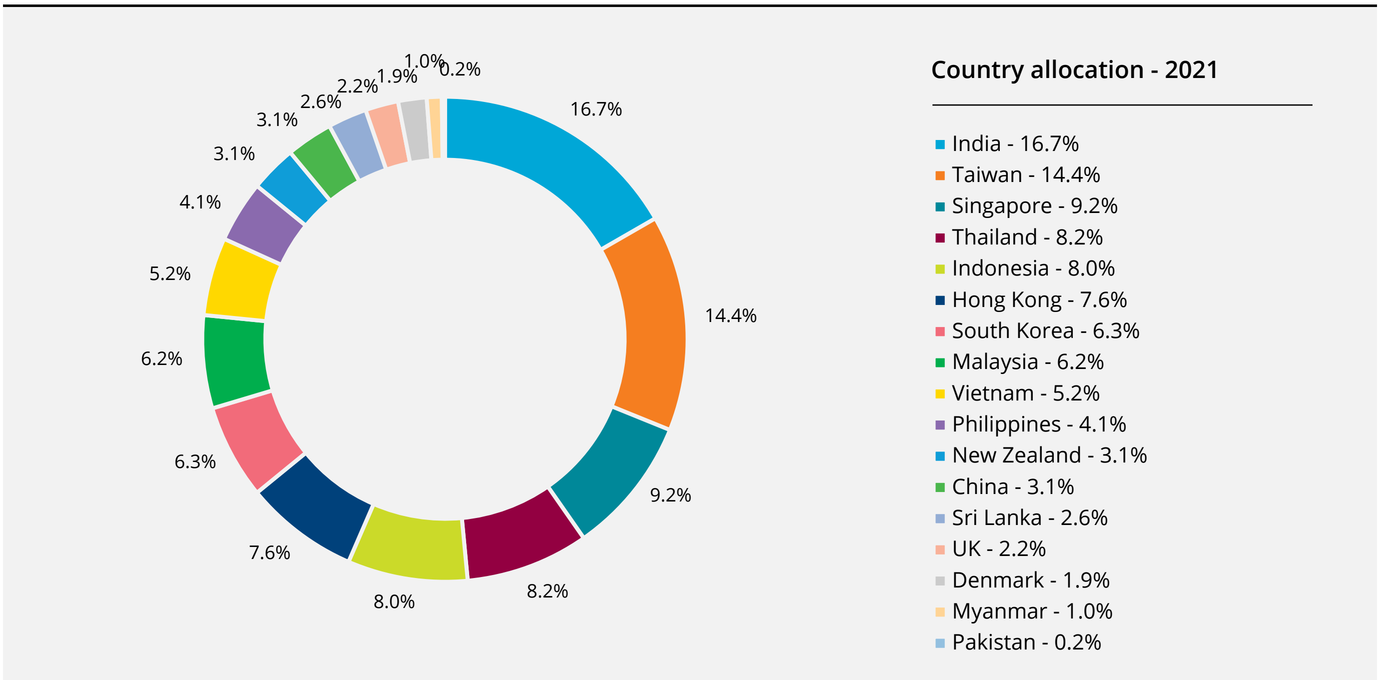
Sector/Geographical Analysis

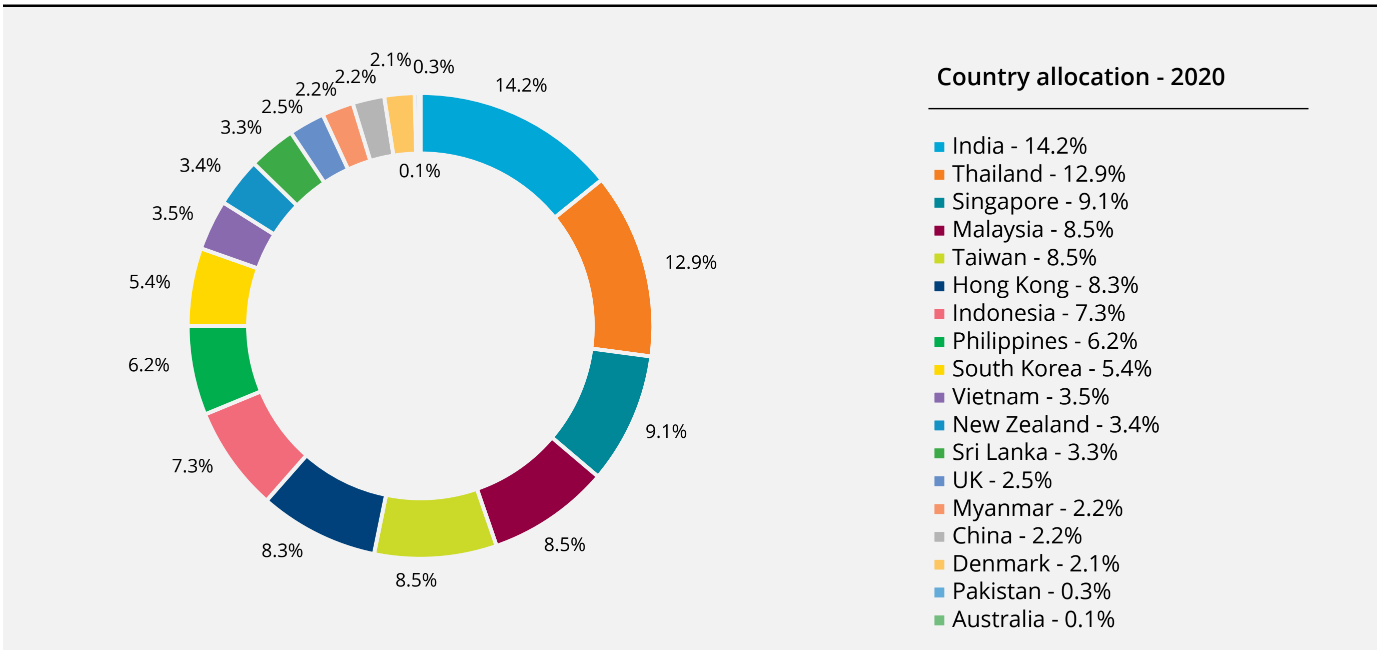
As at 31 July 2021

Sector Breakdown



Geographic Breakdown

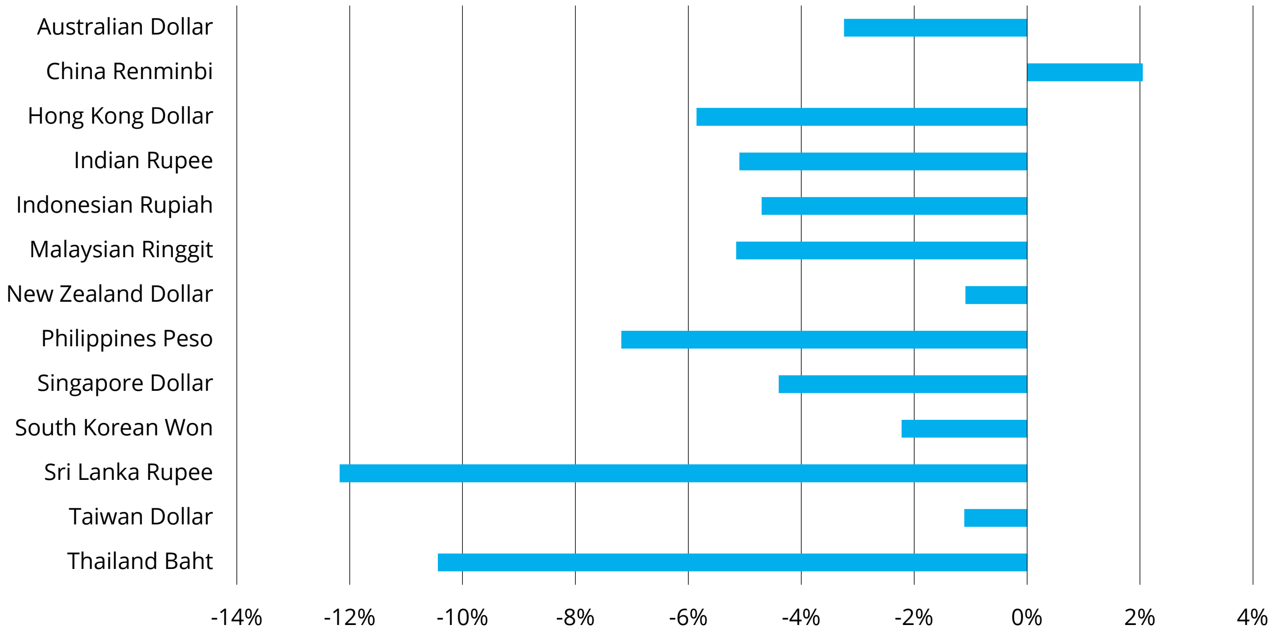




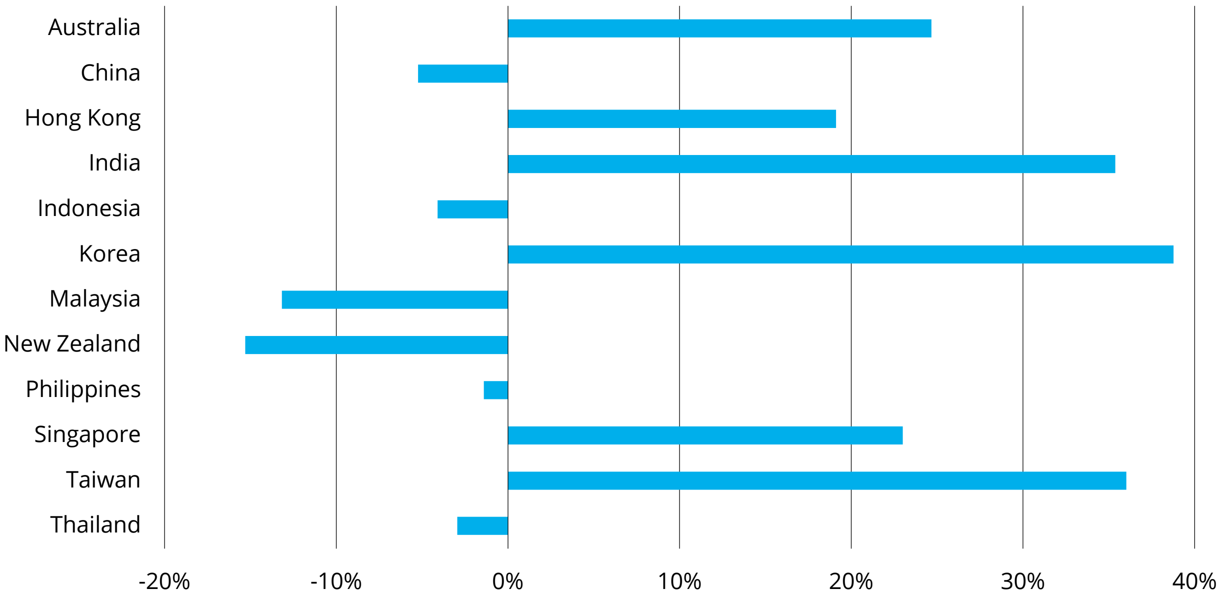
Currency/Market Performance

Year to 31 July 2021

Currency Returns (in Sterling Terms)



MSCI Country Index Total Returns (in Sterling terms)



Investment Case Studies

Photo: © Park Systems

Park Systems

In which year did we first invest? 2019

% Holding: 3.88%

Where is their head office? Suwon, South Korea

What is their web address? parksystems.com/

What does the company do?
Park Systems makes atomic force microscopes (AFMs), which are very different from normal optical microscopes. An AFM does not use lenses but instead has a tiny probe tip that scans the surface of a sample. It "feels" a sample the way a stylus of a record player feels the grooves of a vinyl record, but without touching the surface. In doing so, an AFM collects 3D data of the surface of the sample. It can also measure extremely small objects, down to the nanoscale and beyond. This is a nascent technology that is seeing growing demand from industrial applications in areas such as chip-making and biotechnology.

Why do we like the investment?
Park Systems has a strong competitive edge in its proprietary technology. It is the only company with non-contact AFM technology and one of only two companies operating in this field across the world. Its American rival, Bruker, bought the technology off its founder and CEO, Park Sang-il, when he sold out of his first company in the US as he wanted to return home to Korea at the age of 40.

Aside from the industry being an effective duopoly, AFM is also among the fastest growing segments of the global microscopy market. For Park Systems, demand for such technology had mostly come from academic research labs in the past. With broadening use across industries, the company is benefiting from increasing industrial sales which are improving its margins and profitability.

As electronic parts such as hard disk drives (HDD), which store digital data, and semiconductors become increasingly smaller, there is an increasing need for measurement at the nanometre level. Whilst Park Systems ranks second to Bruker globally, it has a leading share in niche industrial applications such as HDD defect review systems.

The company is also enhancing its partnership with technology companies, given the rising demand to inspect nanometre-scale semiconductor nodes. It has a roster of Tier 1 clients including Taiwan Semiconductor Manufacturing Co, Samsung Electronics and other semiconductor makers. The customer base is sticky given Park Systems' track record and the reliability of the technology.

While Park Systems now generates the bulk of its sales from the semiconductor industry, it is also looking to extend its reach to biotech companies in search of new customers.

Given the complex technical needs, innovation lies at the heart of Park Systems. More than 35% of its entire workforce is in research and development (R&D) and around 20% of its sales is spent on R&D each year.

Finally, this commitment to innovation also adds a sustainable development aspect. Park Systems' business is aligned to one of the United Nations' sustainable development goals of building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation. As for other material ESG aspects, product quality is underscored by the repeat business from its blue chip customers. In talent retention, the turnover of key R&D staff has been low.
The company also has a clean corporate structure. Founder and CEO Park owns a 34% stake and no families are involved in the operations of the business.

Overview
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General

Investment Case Studies Continued

Medikaloka Hermina

In which year did we first invest?	2021
% Holding:	2.09%
Where is their head office?	Jakarta, Indonesia
What is their web address?	herminahospitals.com/en

What does the company do?
The Indonesian hospital operator started out as a maternity clinic with seven inpatient beds in east Jakarta in 1985. Since then, it has grown into the country's largest private hospital group by number of operational beds, with 42 hospitals across 31 cities.

Photo: ©Medikaloka Hermina

Why do we like the investment?
Indonesia's health-care sector offers huge room for growth over the long term. Indonesia is underpenetrated in terms of hospital beds and doctors per capita, which are lower than that of other Southeast Asian countries with the exception of Cambodia. Health-care spending as a percentage of GDP is also low. We see opportunity in the country's growing middle-income population and rising health awareness following the Covid-19 pandemic.

From its end, Hermina is well placed to capitalise on the growth prospects of the healthcare sector. Being the lowest cost operator, it is also in a good position to make healthcare affordable to the masses in a country where a large proportion of the population is still relatively poor.

Hermina's core strength is in women's and children's health-care services, given its beginnings in maternity services. It has strong brand equity in obstetrics, gynaecology and paediatrics. More than 35,000 babies are born in Hermina hospitals every year.

The group also has a good track record of execution, backed by capable management. It has delivered healthy margin growth despite serving more patients under the country's universal insurance scheme (JKN), which is a lower-yield segment, than its local peers. JKN patients also contribute close to half of its overall revenues, which is the highest among its listed local counterparts.

In addition, the company's business model helps to retain and attract talent. Under a partnership set-up, doctors hold up to a 30% minority stake in each hospital, allowing them to receive dividends.

Aside from Hermina's solid fundamentals, we have also observed improvements on the sustainability front that enhance our investment thesis. The group recently announced a five-year sustainability strategic plan. All its hospitals have adopted the green hospital concept and Hermina has introduced the use of solar energy in two hospitals. This helps reduce its environmental footprint in terms of waste, energy and water usage as well as greenhouse gas emissions. On social and community development, Hermina's efforts are centred on assisting the underprivileged communities around its hospitals, for instance, through providing free medical services.

ESG Investment Case Studies

Momo.com

In which year did we first invest? 2018

% Holding: 6.04%

Where is their head office? Taipei, Taiwan

What is their web address? www.fmt.com.tw

Photo: ©momo.com

What is the attraction?
Momo.com is the largest online retailer in Taiwan, and often dubbed the Amazon equivalent of the country. We bought into the company in late 2018, and it is now the Trust's biggest stock holding, with the share price having risen tenfold in three years. The company is gaining market share by diversifying and improving its product mix, while expanding its logistics network, helping it cut cost and shorten delivery time. This has led to a widening gap between Momo and its rivals. We think Momo remains well positioned for the rising e-commerce penetration in Taiwan.

What have our engagement efforts been focused on?
On the ESG front, our engagement with Momo has been reassuring. Given the importance of human capital in this business, Momo.com strives to keep staff turnover low through an innovative, transparent and efficient workplace culture, while incentivising its employees through attractive remuneration. Momo also has a whistleblower policy, dealing with reported cases on a confidential basis and investigating them through independent sources.

Momo takes data security and customer privacy seriously. It has an information security committee that reports directly to the board, with oversight of information security management both in terms of internal incidents and external attacks. Given that Momo processes millions of credit card transactions every year, it has multi-layer authentication and audits vendors to reduce the risk of credit card fraud. Its privacy policy sets out how customer information is collected, protected and used. Momo does not share such information with or sell it to third parties.

As for product quality and customer welfare, the environmental impact is in the use of packaging disposables. Momo studies product and inventory placement and analyses shipping packages to streamline shipments from different warehouses and the use of cardboard boxes and packaging materials, thereby maximising the loading rate of delivery vehicles. It has also been increasing the number of sustainable products for sale and promoting green initiatives, enabling customers to support sustainable consumption. Other measures include cooperating with its suppliers to use recycled carton boxes and installing solar panels in its distribution centre in the north to reduce carbon emissions.

How do we rate Momo's ESG capabilities?
We think Momo has been managing its key ESG risks well and will continue to engage with the company, including better understanding not just the environment risk but also the social impact around product quality and customer welfare.

ESG Investment Case Studies Continued

Pacific Basin Shipping

In which year did we first invest? 2006

% Holding: 4.31%

Where is their head office? Hong Kong

What is their web address? www.pacificbasin.com

What is the attraction?
Pacific Basin Shipping is a Hong Kong-based bulk shipping group and one stock that the Trust has held since 2006. We expect Pacific Basin Shipping to benefit from a multi-year recovery in profitability. The demand outlook is robust for the transportation of Pacific Basin's core cargo; soft and hard commodities, and a strict regulatory oversight of greenhouse gas emission standards is pushing shipping companies to defer their investment cycle.

Photo: ©Pacific Basin Shipping

What have our engagement efforts been focused on?
With the tightening of emissions standards by the International Maritime Organisation, we have focused on engaging the company regarding the impact of the new regulations, which will kick in by January 2023, on its business and how it was adapting to such changes. The company has been pragmatic and continues to plan for stricter regulation.

The company has also been gone on the front foot as well, most recently signing the Call to Action for Shipping Decarbonisation, which seeks to push global leaders to align shipping with the Paris Agreement and calls for government action to facilitate the full decarbonisation of international shipping by 2050. The latest move by Pacific Basin underscores its commitment to sustainable shipping, further reinforced by a new CEO who has come on board this year. Among its decarbonisation efforts, Pacific Basin is targeting for its fleet to comprise only zero emission vessels by 2050. It will also invest in low or zero emission ships when they become commercially viable for minor bulk and the requisite global refuelling infrastructure is in place. All this also supports the industry's goals of improving global shipping's carbon efficiency by 40% by 2030 and reducing total greenhouse gas emissions by at least 50% by 2050.

Aside from fuel and carbon efficiency, the group is also focused on the health of its 4,300 seafarers, including safety and wellbeing. This is given that shipping is a high-risk sector in terms of safety incidents and employee injuries. Pacific Basin operates a group-wide safety system, backed by international safety certification. Its efforts are reflected in an improved safety record. In 2020, its crews registered 12 lost-time injuries in over 19.9 million man hours. This resulted in a lost time injuries frequency (LTIF) of 0.60 which marks a 15% improvement year on year and its lowest LTIF since 2005. Piracy against merchant vessels has been a common security threat in recent years. Since 2011, Pacific Basin has employed armed guards on its owned vessels when occasionally transiting the Indian Ocean, a high risk area. Key additional anti-piracy measures include conducting risk assessments, routing vessels along coastlines and crew training to follow best practice in the event of an attack. Pacific Basin also engages with industry and anti-piracy organisations to exchange information on security risks.

Marine pollution is also a major area of risk, with marine plastic and microplastic pollution harmful to marine biodiversity, human health and ship operations. Pacific Basin has adopted best practices to prevent marine plastic litter from entering the oceans. Notably, in 42,380 owned vessel days in 2020, the group's owned fleet committed no marine pollution violations, as was the case in 2019.More broadly, the group outlines its risk assessment process, including environmental and safety risks and how these are mitigated.

How do we rate Pacific Basin's ESG capabilities?
We view the transparency and disclosure as encouraging and will continue to encourage the group to continue to assess and integrate its risk mitigation for material ESG issues.


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Governance

The business of the Company is that of an investment trust investing in the economies of Asia and Australasia excluding Japan. The Directors do not envisage any change in this activity in the foreseeable future. The Company is registered as a public limited company in England and Wales and is an investment company as defined by Section 833 of the Companies Act 2006. The Company is also a member of the Association of Investment Companies.

Your Board of Directors

The current Directors, all of whom are non-executive and independent of the Manager and Investment Manager, are listed overleaf. The Directors supervise the management of the Company and represent the interests of shareholders.

Your Board of Directors Continued

Nigel Cayzer

Status:
Independent Non-Executive Chairman

Experience:
Chairman of Oryx International Growth Fund Limited and a director of a number of other companies.

Length of service:
26 years, appointed Chairman on 28 September 1995

Last re-elected to the Board:
1 December 2020

Committee membership:
Nomination Committee (Chairman) and Management Engagement Committee

Remuneration:
£35,500 per annum

All other public company directorships:
Oryx International Growth Fund Limited

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
Nil

Charlotte Black

Status:
Independent Non-Executive Director

Experience:
A Fellow of the Chartered Institute for Securities & Investment and an independent public affairs consultant. She was until 2015 director, corporate affairs at Brewin Dolphin Holdings PLC, having previously served within that company as marketing director and in investment management roles. She has served on the boards of a number of industry related entities including The Wealth Management Association, The Chartered Institute for Securities & Investment and Euroclear PLC.

Length of service:
Two years 10 Months, appointed a Director on 16 January 2019

Last re-elected to the Board:
1 December 2020

Committee membership:
Audit Committee, Management Engagement Committee and Nomination Committee

Remuneration:
£27,500 per annum

All other public company directorships:
None

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
958 Ordinary shares

Debby Guthrie

Status:
Independent Non-Executive Director

Experience:
An experienced Japanese equity research salesman at Pelham Smithers Associates, having formerly been director, Yen equity sales at Bank of America Merrill Lynch and prior to that director, Japan equity sales at Smith New Court. As a first career, Debby worked in the Finance and Environment branches of the Hong Kong Government, as an Administrative Officer.

Length of service:
Two years 10 months, appointed a Director on 16 January 2019

Last re-elected to the Board:
1 December 2020

Committee membership:
Audit Committee (Chairman), Management Engagement Committee and Nomination Committee

Remuneration:
£30,500 per annum

All other public company directorships:
JPMorgan Japan Smaller Companies Investment Trust PLC

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
4,690 Ordinary shares

Krishna Shanmuganathan

Status:
Independent Non-Executive Director

Experience:
Founded Scylax Partners in 2016 and prior to that was managing partner at Hakluyt & Company (Asia), a risk advisory company, having established and led the Asia Pacific offices of the firm, based in Singapore. Before that Krish held research and analyst roles at Fidelity International and Cambridge Associates after a successful and varied career in the Foreign & Commonwealth Office. He also holds a number of other non-executive appointments.

Length of service:
Appointed a Director on 3 June 2020

Last re-elected to the Board:
Elected on 1 December 2020

Committee membership:
Audit Committee, Management Engagement Committee and Nomination Committee

Remuneration:
£27,500 per annum

All other public company directorships:
None

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
1,054 Ordinary shares

Your Board of Directors Continued

Randal Alexander McDonnell, Viscount Dunluce

Status:
Independent Non-Executive Director

Experience:
A Partner of Sarasin & Partners LLP responsible for the management of private client and charity portfolios as well as self-invested personal pension schemes. He is chairman of Sarasin's London partnership. He is also a non–executive director of a number of other private companies.

Length of service:
8 years, appointed a Director on 1 July 2013

Last re-elected to the Board:
1 December 2020

Committee membership:
Management Engagement Committee, Nomination Committee and Audit Committee

Remuneration:
£27,500 per annum

All other public company directorships:
None

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
800 Ordinary shares

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 July 2021.

Results and Dividends

Details of the Company's results and proposed dividends are shown on page 23 of this Report.

Investment Trust Status

The Company (registered in England & Wales No. 03106339) has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 August 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 July 2021 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Capital Structure, Buybacks and Issuance

The Company's capital structure is summarised in note 14 to the financial statements. At 31 July 2021, there were 31,189,684 fully paid Ordinary shares of 25p each (2020 – 32,442,209 Ordinary shares) in issue with a further 10,348,918 Ordinary shares of 25p held in treasury (2020 – 9,293,918 treasury shares). During the year 1,055,000 Ordinary shares were purchased in the market for treasury (2020 – 1,484,256). During the period and up to the date of this report no new Ordinary shares were issued for cash at a premium to the prevailing NAV per share and no shares were sold from or purchased into treasury.

On 14 December 2020, 16,359 units of Convertible Unsecured Loan Stock 2025 were converted into 1,110 new Ordinary shares. On 14 June 2021 20,117 units of Convertible Unsecured Loan Stock 2025 were converted into 1,365 new Ordinary shares. In accordance with the terms of the CULS Issue, the conversion price of the CULS for both conversions was determined at 1465.0p nominal of CULS for one Ordinary share.

Voting Rights

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares carry a right to receive dividends. 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.

CULS holders have the right to attend but not vote at general meetings of the Company. A separate resolution of CULS holders would be required to be passed before any modification or compromise of the rights attaching to the CULS can be made.

Gearing

On 1 December 2020 the Company issued a £30 million 15 year Senior Unsecured Loan Note (the "Loan Note") at an annualised interest rate of 3.05%. The Loan Note is unsecured, unlisted and denominated in sterling. The Loan Note ranks pari passu with the Company's other unsecured and unsubordinated financial indebtedness. The Company used the proceeds of the Loan Note issue to repay, and cancel in full, the Company's loan facility with RBS and the remainder was invested in the portfolio by the Investment Manager.

Management Agreement

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly owned subsidiary of abrdn plc, as its alternative investment fund manager. ASFML has been appointed to provide investment management, risk management, administration and company secretarial services and promotional activities to the Company. The Company's portfolio is managed by abrdn Asia Limited (previously known as Aberdeen Standard Investments (Asia) Limited) ("abrdn Asia") by way of a group delegation agreement in place between ASFML and abrdn Asia. In addition, ASFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to Aberdeen Asset Managers Limited ("AAML").

Management Fee

With effect from 1 November 2018, the management fee has been payable monthly in arrears at the rate of 0.08% of the Market Cap (as defined below) per calendar month, exclusive of Value Added Tax where applicable. "Market Cap" for the above is defined as the market capitalisation of the Company, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the Ordinary shares in issue (less the number of any Ordinary shares held in Treasury), as determined on the last business day of the applicable calendar month to which the remuneration relates.

With effect from 1 January 2022 the management agreement may be terminated by either the Company or the Manager on the expiry of three months' written notice (reduced from 12

Directors' Report Continued

months). On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

The Management Engagement Committee reviews the terms of the management agreement on a regular basis and have confirmed that, due to the long-term relative performance, investment skills, experience and commitment of the investment management team, in their opinion the continuing appointment of ASFML and abrdn Asia is in the interests of shareholders as a whole.

Political and Charitable Donations

The Company does not make political donations (2020 - nil) and has not made any charitable donations during the year (2020 – nil).

Risk Management

Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 19 to the financial statements.

The Board

The current Directors, N K Cayzer, Randal Dunluce (Viscount Dunluce), C Black, D Guthrie and K Shanmuganathan, together with M J Gilbert (and his alternate H Young) who retired on 27 November 2020 and P Yea who retired on 1 December 2020, were the only Directors who served during the year. Pursuant to Principle 23 of the AIC's Code of Corporate Governance which recommends that all directors should be subject to annual re-election by shareholders, all the members of the Board will retire at the AGM scheduled for 27 January 2022 and will offer themselves for re-election. Details of each Director's contribution to the long term success of the Company are provided on page 48.

The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively.

In common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

The Role of the Chairman

The Chairman is responsible for providing effective leadership to the Board, by setting the tone of the Company, demonstrating objective judgement and promoting a culture of openness and debate. The Chairman facilitates the effective contribution, and encourages active engagement, by each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman leads the evaluation of the Board and individual Directors, and acts upon the results of the evaluation process by recognising strengths and addressing any weaknesses. The Chairman also engages with major shareholders and ensures that all Directors understand shareholder views.

The Company has not appointed a senior independent director. Accordingly the Audit Committee Chairman in combination with the other independent Directors fulfils the duties of the senior independent director, acting as a sounding board for the Chairman and acting as an intermediary for other directors as applicable. The Audit Committee Chairman is also available to shareholders to discuss any concerns they may have.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: **frc.org.uk.**

The Board has also considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: **theaic.co.uk**.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC provides more relevant information to shareholders.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

1. interaction with the workforce (provisions 2, 5 and 6);
2. the role and responsibility of the chief executive (provisions 9 and 14);
3. previous experience of the chairman of a remuneration committee (provision 32);
4. executive directors' remuneration (provisions 33 and 36 to 40);

5. senior independent director (provision 12); and

6. tenure of the Chairman (provision 19).

For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, the Board considers that provisions 1 to 4 above are not relevant to the position of the Company, being an externally-managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of provisions 1 to 4 above. The tenure of the Chairman is discussed further under 'Policy on Tenure', below. The full text of the Company's Corporate Governance Statement can be found on the Company's website: **asia-focus.co.uk**.

During the year ended 31 July 2021, the Board had five scheduled meetings. In addition, the Audit Committee met twice and the Management Engagement Committee met once and there has been a number of ad hoc Board meetings to discuss investment strategy. Between meetings the Board maintains regular contact with the Manager. Directors have attended the following scheduled Board meetings and Committee meetings during the year ended 31 July 2021 (with their eligibility to attend the relevant meeting in brackets):

Director	Board	Audit Com.	Nomi-nation Com.	Management Engagement Com.
N Cayzer [A]	5 (5)	n/a	3 (3)	1 (1)
C Black	5 (5)	2 (2)	3 (3)	1 (1)
Viscount Dunluce	5 (5)	2 (2)	3 (3)	1 (1)
D Guthrie	5 (5)	2 (2)	3 (3)	1 (1)
K Shanmuganathan	5 (5)	2 (2)	3 (3)	1 (1)
M Gilbert [B]	1 (1)	n/a	n/a	n/a
P Yea [C]	1 (1)	1 (1)	1 (2)	1 (1)

[A] Mr Cayzer is not a member of the Audit Committee
[B] Prior to his retirement on 27 November 2020 Mr Gilbert was not a member of the Audit, Nomination or Management Engagement Committees and his Board meeting attendance includes attendance by Mr Young as Alternate Director to Mr Gilbert
[C] Mr Yea retired from the Board on 1 December 2020

Policy on Tenure - Chairman

The Company's policy, which is kept under very regular review, is in line with the Listing Rules, the Chairman must remain independent of the Manager and the Company. The independent Directors believe that the independence of the Chairman should be judged by the degree to which the interests of the shareholders and stakeholders as a whole are being served. The Directors note that the Chairman has successfully overseen the affairs of the Company through a number of significant and tumultuous Asian investment cycles and this experience and in-depth knowledge of the Company is extremely beneficial to the Directors, shareholders and all stakeholders alike. The independent Directors, excluding the Chairman, have reviewed the Company's policy on the tenure of the Chairman in the light of the recent changes to the UK Corporate Governance Code. The review focused on the independence of the Chairman from the Manager as well as the Company itself and concluded that, notwithstanding the tenure of the Chairman he remains completely independent. In forming this conclusion the independent Directors were able to draw upon the Chairman's demonstrable track record which includes:

- Overseeing the refreshment of the Board;
- Overseeing the introduction of a revised investment policy in 2018;
- Encouraging the Manager to proactively expand its focus on the smaller company investment universe;
- Successfully negotiating a significant reduction in the level of management fee.

Policy on Tenure - Directors

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis. In accordance with corporate governance best practice, all Directors, including those who have served for more than nine years or who are non-independent, voluntarily offer themselves for re-election on an annual basis.

Board Committees

Audit Committee

The Audit Committee Report is on pages 57 to 59 of this Annual Report.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises all of the Directors. The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board also recognises the benefits of diversity and its policy on diversity is referred to in the Strategic Report on page 19.

Directors' Report Continued

The Board undertakes an annual evaluation of the Board, Directors, the Chairman and the Audit Committee which is conducted by questionnaires. The 2021 evaluation highlighted certain areas of further focus such as continuing professional development which will be addressed with input where necessary from the Company's advisors. Overall, the Committee has concluded that the Board has an excellent balance of experience, knowledge of investment markets, legal regulation and financial accounting and continues to work in a collegiate and effective manner.

The Nomination Committee has reviewed the contributions of each Director ahead of their proposed election and re-elections at the AGM on 27 January 2022. Notwithstanding that Mr Cayzer has served on the Board for 26 years, the Committee is of the view that Mr Cayzer remains very independent of the Manager. He has continued to Chair meetings in an orderly, open and independent manner allowing sufficient time for key areas of focus whilst allowing all significant matters to be fully debated and has lead the Board's investment review during the year. Ms Black has brought significant financial promotion and marketing expertise to the Board; Ms Guthrie has brought significant investment insight, investment trust expertise and attention to detail to the Board during the year; Viscount Dunluce has brought detailed wealth management investment experience and insight to the Board; and Mr Shanmuganathan has brought deep experience of Asia as well as significant strategic and financial vision to the Board. For the foregoing reasons, the independent members of the Nomination Committee have no hesitation in recommending the election/re-election of each Director who will be submitting themselves for re-election at the AGM on 27 January 2022.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and with effect from Mr Yea's retirement on 1 December 2020 has been chaired by Ms Guthrie. The Committee reviews the performance of the Investment Manager and its compliance with the terms of the management and secretarial agreement. The terms and conditions of the Investment Manager's appointment, including an evaluation of fees, are reviewed by the Committee on an annual basis. The Committee believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Remuneration Committee

Under the UK Listing Authority rules, where an investment trust has only non-executive directors, the Code principles relating to directors' remuneration do not apply. Accordingly, matters relating to remuneration are dealt with by the full Board, which acts as the Remuneration Committee, and is chaired by Mr Cayzer.

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. Further information on remuneration is disclosed in the Directors' Remuneration Report on pages 53 to 55.

Terms of Reference

The terms of reference of all the Board Committees may be found on the Company's website **asia-focus.co.uk** and copies are available from the Company Secretary upon request. The terms of reference are reviewed and re-assessed by the Board for their adequacy on an annual basis.

Going Concern

In accordance with the Financial Reporting Council's guidance the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of equity shares in companies listed on recognised stock exchanges and are considered by the Board to be realisable within a relatively short timescale under normal market conditions. The Board has set overall limits for borrowing and reviews regularly the Company's level of gearing, cash flow projections and compliance with banking covenants. The Board has also reviewed stress testing and liquidity analysis covering the impact of significant historical market events such as the 1997 Asian Crisis and 2008 Global Financial Crisis on the liquidity of the portfolio to ensure that even in significant negative markets the Company would still be able to raise sufficient capital to repay its liabilities.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 18 to 19 and they believe that the Company has adequate financial resources to continue its operational existence for a period of not less than 12 months from the date of approval of this Annual 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, including in current market conditions caused by the Covid-19 pandemic. The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although Directors are issued with letters of appointment upon appointment. The Directors' interests in contractual arrangements with the Company are as shown in note 18 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

The Board has adopted appropriate procedures designed to prevent bribery. The Company receives periodic reports from its service providers on the anti-bribery policies of these third parties. It also receives regular compliance reports from the Manager.

The Criminal Finances Act 2017 introduced a new corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that 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.

Accountability and Audit

The respective responsibilities of the Directors and the auditors in connection with the financial statements are set out on pages 56 and 67 respectively.

Each Director confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware; and,
- each Director has taken all the steps that they could reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Additionally there have been no important events since the year end that impact this Annual Report.

The Directors have reviewed the independent auditors' procedures in connection with the provision of of non-audit services. No non audit services were provided by the independent auditors during the year and the Directors remain satisfied that the auditors' objectivity and independence has been safeguarded.

Independent Auditors

At the 2020 AGM shareholders approved the appointment of PricewaterhouseCoopers LLP ("PwC") as independent auditors to the Company with effect from 1 December 2020. PwC has expressed its willingness to continue to be the Company's auditors and a Resolution to re-appoint PwC as the Company's auditors and to authorise the Directors to fix the auditors' remuneration will be put to the forthcoming Annual General Meeting.

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness and confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. 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 FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the abrdn Group within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the abrdn Group's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Directors' Report Continued

Risks are identified and documented through a risk management framework by each function within the abrdn Group's activities. Risk includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. 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.

The significant risks faced by the Company have been identified as being financial; operational; and compliance-related.

The key components of the process designed by the Directors 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 Board and 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 and Investment Manager as appropriate;
- as a matter of course the Manager's compliance department continually reviews abrdn's operations and reports to the Board on a six monthly basis;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers and, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations, or their equivalents are reviewed;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within abrdn, has decided to place reliance on the Manager's systems and internal audit procedures; and
- at its September 2021 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 July 2021 by considering documentation from the Manager, Investment Manager and the Depositary, including the internal audit and compliance functions and taking account of events since 31 July 2021. The results of the assessment, that internal controls are satisfactory, were then reported to the Board at the next Board meeting.

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 mis-statement and loss.

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 July 2021:

Shareholder	No. of Ordinary shares held	% held
City of London Investment Management Company	6,532,586	20.8
Wells Capital Management	3,089,631	9.8
abrdn Savings Scheme (non-beneficial)	2,573,091	8.2
Interactive Investor	2,504,659	8.0
Hargreaves Lansdown	2,233,499	7.1
Funds managed by abrdn	1,400,258	4.5
Charles Stanley	1,140,042	3.6

On 1 November 2021 the Company received notice that Wells Capital Management had divested its stake in the Company which represented 10.2% of the issued capital. On 2 November 2021 the Company was notified that Allspring Global Investments Holdings LLC had acquired an interest in 3,253,231 Ordinary shares, representing 10.4% of the issued capital. There have been no other significant changes notified in respect of the above holdings between 31 July 2021 and 29 November 2021.

The UK Stewardship Code and Proxy Voting

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Manager.

The Manager 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.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager's freephone information service and the Company's website **asia-focus.co.uk**. The Company responds to letters from shareholders on a wide range of issues.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the abrdn Group (either the Company Secretary or the Manager) in situations where direct communication is required and usually a representative from the Board meets with major shareholders on an annual basis in order to gauge their views.

The Notice of the Annual General Meeting, included within the Annual Report and Accounts, is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or the Manager, either formally at the Company's Annual General Meeting or, where possible, at the subsequent buffet luncheon for shareholders. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

Special Business at the Annual General Meeting

Directors' Authority to Allot Relevant Securities

Approval is sought in Resolution 11, an ordinary resolution, to renew the Directors' existing general power to allot securities but will also, provide a further authority (subject to certain limits), to allot shares under a fully pre-emptive rights issue. The effect of Resolution 11 is to authorise the Directors to allot up to a maximum of 20,926,456 shares in total (representing approximately 2/3 of the existing issued capital of the Company, of which a maximum of 10,463,228 shares (approximately 1/3 of the existing issued share capital) may only be applied to fully pre-emptive rights issues. This authority is renewable annually and will expire at the conclusion of the next Annual General Meeting. The Board has no present intention to utilise this authority.

Disapplication of Pre-emption Rights

Resolution 12 is a special resolution that seeks to renew the Directors' existing authority until the conclusion of the next Annual General Meeting to make limited allotments of shares for cash of up to 10% of the issued share capital other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders. This authority includes the ability to sell shares that have been held in treasury (if any), having previously been bought back by the Company. The Board has established guidelines for treasury shares and will only consider buying in shares for treasury at a discount to their prevailing NAV and selling them from treasury at or above the then prevailing NAV.

New shares issued in accordance with Resolution 12 and subject to the authority to be conferred by Resolution 11 will always be issued at a premium to the NAV per Ordinary share at the time of issue. The Board will issue new Ordinary shares or sell Ordinary shares from treasury for cash when it is appropriate to do so, in accordance with its current policy. It is therefore possible that the issued share capital of the Company may change between the date of this document and the Annual General Meeting and therefore the authority sought will be in respect of 10% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

Purchase of the Company's Shares

Resolution 13 is a special resolution proposing to renew the Directors' authority to make market purchases of the Company's shares in accordance with the provisions contained in the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority. The minimum price to be paid per Ordinary share by the Company will not be less than 25p per share (being the nominal value) and the maximum price should not be more than the higher of (i) 5% above the average of the middle market quotations for the shares for the preceding five business days; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out.

The Directors do not intend to use this authority to purchase the Company's Ordinary shares unless to do so would result in an increase in NAV per share and would be in the interests of shareholders generally. The authority sought will be in respect of 14.99% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

The authority being sought in Resolution 13 will expire at the conclusion of the next Annual General Meeting unless it is renewed before that date. Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly or under the authority granted in Resolution 12 above, may be held in treasury. During the year the Company has bought back 1,055,000 Ordinary shares for Treasury.

If Resolutions 11 to 13 are passed then an announcement will be made on the date of the Annual General Meeting which will detail the exact number of Ordinary shares to which each of these authorities relate.

These powers will give the Directors additional flexibility going forward and the Board considers that it will be in the interests of the Company that such powers be available. Such powers will

Directors' Report Continued

only be implemented when, in the view of the Directors, to do so will be to the benefit of shareholders as a whole.

Notice of Meetings

Resolution 14 is a special resolution seeking to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on 14 days' notice. This approval will be effective until the Company's next Annual General Meeting in 2022. In order to utilise this shorter notice period, the Company is required to ensure that shareholders are able to vote electronically at the general meeting called on such short notice. The Directors confirm that, in the event that a general meeting is called, they will give as much notice as practicable and will only utilise the authority granted by Resolution 16 in limited and time sensitive circumstances.

Recommendation

Your Board considers Resolutions 11 to 14 to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of Resolutions 11 to 14 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 9,565 Ordinary shares.

By order of the Board
Aberdeen Asset Management PLC -Secretaries
Bow Bells House, 1 Bread Street
London EC4M 9HH
29 November 2021

Directors' Remuneration Report

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

1. Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the AGM on 1 December 2020;
2. Implementation Report which provides information on how the Remuneration Policy has been applied during the year and which is subject to an advisory vote on the level of remuneration paid during the year; and
3. Annual Statement.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the report on page 66.

Remuneration Policy

The Directors' Remuneration Policy takes into consideration the principles of UK Corporate Governance and there have been no changes to the policy during the period of this Report nor are there any proposals for the foreseeable future.

As the Company has no employees and the Board is comprised wholly of non-executive Directors and, given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

The Directors are non-executive and the Company's Articles of Association limit the annual aggregate fees payable to the Board of Directors to £225,000 per annum. This cap may be increased by shareholder resolution from time to time and was last increased at the Annual General Meeting held in December 2013.

	31 July 2021 £	31 July 2020 £
Chairman	35,500	35,000
Chairman of Audit Committee	30,500	30,000
Director	27,500	27,000

Subject to this overall limit, 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.

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £27,500 per annum).
- 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.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

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 has an interest in any contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed upon three months' notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.

Directors' Remuneration Report Continued

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. Under the Articles, the Company indemnifies each of the Directors out of the assets of the Company against any liability incurred by them as a Director in defending proceedings or in connection with any application to the Court in which relief is granted and separate deeds of indemnity exist in this regard between the Company and each Director.

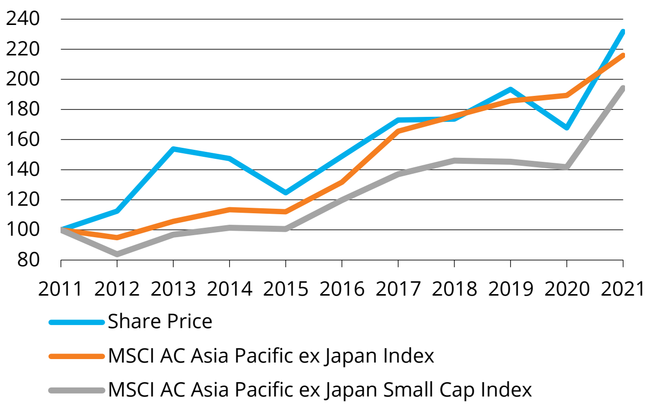
Implementation Report

Directors' Fees

During the year the Board carried out its annual review of the level of fees payable to Directors including a review of comparable peer group directors' fees. Following the review it was concluded that the fees should be increased by £500 per Director from 1 January 2021, broadly to reflect the impact of inflation in 2020. The current levels are therefore £35,500, £30,500 and £27,500 for the Chairman, Audit Committee Chairman and other Directors, respectively. The Directors' fees were previously last increased in October 2017. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

Company Performance

The following chart illustrates the total shareholder return (including reinvested dividends) for a holding in the Company's shares as compared to the MSCI AC Asia Pacific ex Japan Index (in Sterling terms) for the ten year period to 31 July 2021 (rebased to 100 at 31 July 2011). Given the absence of any meaningful index with which to compare performance, this index is deemed to be the most appropriate one against which to measure the Company's performance.



Statement of Voting at General Meeting

At the Company's last Annual General Meeting, held on 4 December 2019, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 July 2019 and the following proxy votes were received on the resolutions:

Resolution	For [A]	Against	Withheld
(2) Receive and Adopt Directors' Remuneration Report	17.4m (99.85%)	25,912 (0.15%)	42,981
(3) To approve the Directors' Remuneration Policy [B]	17.4m (99.78%)	37,646 (0.22%)	44,790

[A] Including discretionary votes
[B] Approved at the AGM held on 1 December 2020

Spend on Pay

As the Company has no employees, the Board does not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. Fees are pro-rated where a change takes place during a financial year.

The total fees paid to Directors are shown below.

Audited Information

Fees Payable

The Directors who served in the year received the following fixed fees which exclude employers' NI and any VAT payable:

Director	2021 £	2020 £
N K Cayzer (Chairman and highest paid Director)	35,292	35,000
Viscount Dunluce	27,292	27,000
K Shanmuganathan [A]	27,292	4,350
C Black	27,292	27,000
D Guthrie	29,292	27,000
M J Gilbert [B]	-	-
P Yea [C]	10,081	30,000
H Fukuda [D]	-	18,000
Total	**156,541**	**168,350**

[A] Mr Shanmuganathan was appointed to the Board on 3 June 2020
[B] Prior to his retirement on 27 November 2020 Mr Gilbert had waived his fees
[C] Mr Yea retired from the Board on 1 December 2020
[D] Ms Fukuda retired from the Board on 31 March 2020

No taxable benefits were paid to Directors during the year.

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' fees for the past two years.

Director	31 July 2021 %	31 July 2020 %
N K Cayzer (Chairman and highest paid Director)	0.8%	0%
Viscount Dunluce	1.1%	0%
K Shanmuganathan [A]	84.1%	n/a
C Black [B]	1.1%	+45.7%
D Guthrie [B]	1.1%	+45.7%

[A] Mr Shanmuganathan was appointed to the Board on 3 June 2020
[B] Ms Black and Ms Guthrie were appointed to the Board on 16 January 2019

Sums Paid to Third Parties

None of the fees disclosed above were payable to third parties in respect of making available the services of Directors. Up until his retirement on 27 November 2020, Mr Gilbert had waived his entitlement to receive non executive Director's fees. The amounts paid by the Company to the Directors were for services as non-executive Directors.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors' interests in contractual arrangements with the Company are as shown in note 18 to the financial statements. The Directors (including connected persons) at 31 July 2021, and 31 July 2020, had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the following table.

	31 July 2021 [A] Ordinary shares	31 July 2020 Ordinary shares
N K Cayzer	-	-
Viscount Dunluce	800	800
K Shanmuganathan	1,054	1,054
C Black	958	958
D Guthrie	4,690	4,690
M J Gilbert [A]	106,250	106,250
P Yea [A]	2,063	2,063
H Young (alternate) [A]	149,535	149,535

[A] or date of retirement, if earlier

The above interests are unchanged at 29 November 2021, being the nearest practicable date prior to the signing 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 ended 31 July 2021:

- 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.

Nigel Cayzer,
Chairman
29 November 2021

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and which 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 also responsible 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 Directors' Report including Strategic Report, Business Review, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The financial statements are published on **asia-focus.co.uk** which is a website maintained by the Company's Manager. 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.

The Directors listed on pages 42 to 44, being the persons responsible, hereby confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy. In reaching this conclusion the Board has assumed that the reader of the Annual Report and financial statements would have a reasonable level of general investment knowledge, and in particular, of investment trusts; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Aberdeen Standard Asia Focus PLC

Nigel Cayzer,
Chairman
29 November 2021

Report of the Audit Committee

I am pleased to present the report of the Audit Committee for the year ended 31 July 2021 which has been prepared in compliance with applicable legislation.

Committee Composition

The Audit Committee comprises four independent Directors at the year end; Viscount Dunluce, Charlotte Black, Krishna Shanmuganathan and myself (Deborah Guthrie), as Chairman. The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience and I confirm that the Audit Committee as a whole has competence relevant to the investment trust sector.

The Audit Committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day to day operations to third parties from whom it receives internal controls reports.

Functions of the Committee

The principal function of the Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are published on the Company's website.

The Committee's main audit review functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of 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;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, announcements and related formal statements;
- to review the content of the Annual Report and Financial Statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to meet with the auditors to review their proposed audit programme of work and the findings of the auditors. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditors to supply non-audit services. No non-audit fees were paid to the independent auditors during the year ended 31 July 2021 (2020 - £6,000+VAT paid to the former auditor Ernst & Young LLP relating to an informal review of the Half Yearly Report). All figures are quoted exclusive of applicable VAT. Since 2016 the extent of non audit services that can be provided by auditors has become very limited. The Audit Committee is required to review and approve the provision of all non-audit fees in the light of the potential for such services to impair the auditors' independence and on the basis that all non-audit services require the pre-approval of the Audit Committee. For the current year tax compliance and advisory services have been supplied to the Company by Deloitte;
- to review a statement from the Manager detailing the arrangements in place within the Manager whereby the Manager's staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the auditors and to approve the remuneration and terms of engagement of the auditors;
- to monitor and review annually the auditors' independence, objectivity, effectiveness, resources and qualification; and
- to investigate, when an auditor resigns, the reasons giving rise to such resignation and consider whether any action is required.

Activities During the Year

The Audit Committee met twice during the year when it considered the Annual Report and the Half Yearly Report in detail. Representatives of the abrdn internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment.

The Committee also considered the implications for the Company as a result of the Covid-19 pandemic, including the resilience of the reporting and control systems in place for both the Manager and other service providers.

Report of Audit Committee Continued

Review of Internal Control Systems and Risk

The Committee considers the internal control systems and a matrix of risks at each of its meetings. There is more detail on the process of these reviews in the Directors' Report.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 July 2021, the Audit Committee considered the following significant issues, including, in particular, those communicated by the auditors as key areas of audit emphasis during their planning and reporting of the year end audit.

Valuation and Existence of Investments

How the issue was addressed - The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 2(b) to the financial statements on page 73. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 102 fair value hierarchy and can be verified against daily market prices. The portfolio holdings and their pricing are reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the auditors and all prices are checked to independent sources by the auditors. The Company used the services of an independent Depositary (BNP Paribas Securities Services) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager to the depositary/custodian records and further corroboration is received from the audit which includes independent confirmation of the existence of all investments at the year end.

Recognition of Investment Income

How the issue was addressed – The recognition of investment income is undertaken in accordance with accounting policy note 2(d) to the financial statements on page 73. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors review monthly revenue forecasts and dividend comparisons and the Manager provides monthly internal control reports to the Board.

Correct Calculation of Management Fees

How the issue was addressed - The management fees are calculated by the Manager and reviewed periodically by the Board. Further corroboration is received from the work undertaken by the auditors who review the calculations as part of their audit.

Review of Financial Statements

The Committee is responsible for the preparation of the Company's Annual Report. The process is extensive, requiring input from a number of different third party service providers. The Committee reports to the Board on whether, taken as a whole, the Annual Report and financial statements are fair, balanced and understandable. In so doing, the Committee has considered the following matters:

- the existence of a comprehensive control framework surrounding the production of the Annual Report and financial statements which includes a number of different checking processes;
- the existence of extensive levels of reviews as part of the production process involving the depositary, the Manager, the Company Secretary and the auditors together as well as the Committee's own expertise;
- the controls in place within the various third party service providers to ensure the completeness and accuracy of the financial records and the security of the Company's assets; and
- the externally audited internal control reports of the Manager, Depositary and related service providers.

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and financial statements is fair balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 56.

Review of Auditors

The Audit Committee has reviewed the effectiveness of the auditors including:

- Independence: the auditors discuss with the Audit Committee, at least annually, the steps taken to ensure their independence and objectivity and make the Committee aware of any potential issues, explaining all relevant safeguards;
- Quality of audit work in terms of: (i) the ability to resolve issues in a timely manner – although 2021 represents the first year for PwC, the Audit Committee is confident that identified issues have been satisfactorily and promptly resolved; (ii) its communications/ presentation of outputs – the Audit

Committee is satisfied that the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible; and (iii) the working relationship with management: the Audit Committee is satisfied that the auditors have already developed a very constructive working relationship with the Manager; and,

- Quality of people and service including continuity and succession plans: the Audit Committee is satisfied that the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the partner.

In 2020 the Audit Committee undertook a tender for the Company's external audit services. EY was not invited to participate in the tender as a result of the EU Audit Regulations. Having reviewed a list of potential audit firms drawn from across the range of UK based largest and mid-sized audit firms, a short list of two firms was interviewed. The Audit Committee recommended to the Board the appointment of PricewaterhouseCoopers LLP ("PwC") and PwC subsequently accepted an invitation to become the Company's independent auditors, with the appointment having been approved by shareholders at the AGM held on 1 December 2020.

In accordance with present professional guidelines the Senior Statutory Auditor is rotated after no more than five years and the year ended 31 July 2021 will be the first year for which the present Senior Statutory Auditor, Ms Gillian Alexander, has served. The Committee considers PwC, the Company's auditors, to be independent of the Company.

Deborah Guthrie,
Audit Committee Chairman
29 November 2021

Financial Statements

Asian small cap companies, as measured by the MSCI Asia Pacific ex-Japan Small Cap Index, outpaced their large-cap counterparts, rebounding 37.2% over the year under review. With such a strong performance it is pleasing, therefore, to report that your Company's net asset value ("NAV") outperformed that Index during the year, rising by 41.9% on a total return basis.

Independent auditors' report to the members of Aberdeen Standard Asia Focus PLC

Report on the audit of the financial statements

Opinion

In our opinion, Aberdeen Standard Asia Focus PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its net return 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: the Statement of Financial Position as at 31 July 2021; 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 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

Overview

Audit scope

- The Company is a standalone Investment Trust Company and engages Aberdeen Standard Fund Managers Limited (the "AIFM") to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM 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, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the 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: £4,879,000 based on 1% of Net Assets.
- Performance materiality: £3,659,000.

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. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

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.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 58 (Report of the Audit Committee), page 73 (Accounting Policies) and page 75 (Notes to the Financial Statements). 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). As the Company has an Income objective, there may be an incentive to overstate income. As such, we focussed this risk on the occurrence of revenue from investments, and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	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. We understood and assessed the design and implementation of key controls surrounding income recognition. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Based on the audit procedures performed and evidence obtained, we concluded that income from investments was not materially misstated.

Independent auditors' report to the members of Aberdeen Standard Asia Focus PLC Continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of listed investments Refer to page 58 (Report of the Audit Committee), page 73 (Accounting Policies) and page 79 (Notes to the Financial Statements). The investment portfolio at 31 July 2021 comprised listed equity investments of £541 million. 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.	We tested the valuation of all listed investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of all listed investments by agreeing the holdings of all investments to an independent confirmation from the Depository, BNP Paribas Securities Services as at 31 July 2021. No material misstatements were identified from this testing.

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	£4,879,000.
How we determined it	1% of Net Assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this 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% of overall materiality, amounting to £3,659,000 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 Committee that we would report to them misstatements identified during our audit above £243,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 those presented by COVID-19;
- 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 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 July 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of Aberdeen Standard Asia Focus PLC Continued

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 group 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 Committee.

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 (dividends from investments and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the Audit 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 Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries posted throughout the year and in particular manual year end journal entries posted during the preparation of the financial statements; 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.

Independent auditors' report to the members of Aberdeen Standard Asia Focus PLC Continued

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 Committee, we were appointed by the members on 1 December 2020 to audit the financial statements for the year ended 31 July 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Gillian Alexander (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

29 November 2021

Statement of Comprehensive Income

		Year ended 31 July 2021			Year ended 31 July 2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	148,078	148,078	–	(67,561)	(67,561)
Income	3	9,624	–	9,624	13,595	–	13,595
Exchange losses		–	(425)	(425)	–	(76)	(76)
Investment management fees	4	(3,570)	–	(3,570)	(3,121)	–	(3,121)
Administrative expenses	5	(1,386)	–	(1,386)	(1,040)	–	(1,040)
Net return before finance costs and taxation		4,668	147,653	152,321	9,434	(67,637)	(58,203)
Finance costs	6	(1,732)	–	(1,732)	(1,539)	–	(1,539)
Net return before taxation		2,936	147,653	150,589	7,895	(67,637)	(59,742)
Taxation	7	(550)	(3,556)	(4,106)	(802)	158	(644)
Net return after taxation		**2,386**	**144,097**	**146,483**	**7,093**	**(67,479)**	**(60,386)**
Return per share (pence):	9						
Basic		**7.52**	**454.18**	**461.70**	**21.45**	**(204.02)**	**(182.57)**
Diluted		**n/a**	**420.95**	**429.73**	**n/a**	**n/a**	**n/a**

For the year ended 31 July 2021 the conversion option for potential Ordinary shares within the Convertible Unsecured Loan Stock was non-dilutive to the revenue return per Ordinary share but dilutive to the capital return per Ordinary share.

The total column of this statement represents the profit and loss account of the Company. There is no other comprehensive income and therefore the net return after taxation is also the total comprehensive income for the year.

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

The accompanying notes are an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 July 2021 £'000	As at 31 July 2020 £'000
Fixed assets			
Investments at fair value through profit or loss	10	540,921	394,467
Current assets			
Debtors and prepayments	11	5,107	1,541
Cash and short term deposits		14,577	10,919
		19,684	12,460
Creditors: amounts falling due within one year			
Bank loans		–	(11,200)
Other creditors		(3,422)	(1,274)
	12	(3,422)	(12,474)
Net current assets/(liabilities)		16,262	(14)
Total assets less current liabilities		557,183	394,453
Non-current liabilities			
2.25% Convertible Unsecured Loan Stock 2025	13	(35,708)	(35,497)
3.05% Senior Unsecured Loan Note 2035	13	(29,886)	–
Deferred tax liability on Indian capital gains	13	(3,631)	–
		(69,225)	(35,497)
Net assets		**487,958**	**358,956**
Capital and reserves			
Called-up share capital	14	10,435	10,434
Capital redemption reserve		2,062	2,062
Share premium account		60,412	60,377
Equity component of 2.25% Convertible Unsecured Loan Stock 2025	13	1,057	1,057
Capital reserve	15	401,374	268,750
Revenue reserve		12,618	16,276
Equity shareholders' funds		**487,958**	**358,956**
Net asset value per share (pence):			
Basic	16	**1,554.52**	**1,106.45**
Diluted	16	**1,545.11**	**n/a**

The financial statements were approved by the Board of Directors and authorised for issue on 29 November 2021 and were signed on behalf of the Board by:

Nigel Cayzer
Chairman

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 July 2021

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity Component CULS 2025 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 August 2020		10,434	2,062	60,377	1,057	268,750	16,276	358,956
Conversion of 2.25% CULS 2025	13	1	–	35	–	–	–	36
Purchase of own shares to treasury	14	–	–	–	–	(11,473)	–	(11,473)
Return after taxation		–	–	–	–	144,097	2,386	146,483
Dividends paid	8	–	–	–	–	–	(6,044)	(6,044)
Balance at 31 July 2021		**10,435**	**2,062**	**60,412**	**1,057**	**401,374**	**12,618**	**487,958**

For the year ended 31 July 2020

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity Component CULS 2025 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 August 2019		10,430	2,062	60,130	1,057	351,781	15,550	441,010
Conversion of 2.25% CULS 2025	13	4	–	247	–	–	–	251
Purchase of own shares to treasury	14	–	–	–	–	(15,552)	–	(15,552)
Return after taxation		–	–	–	–	(67,479)	7,093	(60,386)
Dividends paid	8	–	–	–	–	–	(6,367)	(6,367)
Balance at 31 July 2020		**10,434**	**2,062**	**60,377**	**1,057**	**268,750**	**16,276**	**358,956**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flows from operating activities			
Return before finance costs and tax		152,321	(58,203)
Adjustments for:			
Dividend income	3	(9,620)	(13,572)
Interest income	3	–	(22)
Dividends received		9,880	13,677
Interest received		–	22
Interest paid		(1,346)	(1,276)
(Gains)/losses on investments	10	(148,078)	67,561
Foreign exchange movements		425	76
Increase in prepayments		(20)	(3)
Decrease/(increase) in other debtors		5	(18)
Increase in other creditors		113	80
Stock dividends included in investment income		(233)	(261)
Overseas withholding tax suffered	7	(690)	(974)
Net cash inflow from operating activities		2,757	7,087
Cash flows from investing activities			
Purchase of investments		(81,406)	(67,809)
Sales of investments		81,562	92,454
Capital gains tax rebate on sales		101	102
Net cash inflow from investing activities		257	24,747
Cash flows from financing activities			
Purchase of own shares to treasury		(11,570)	(15,529)
Drawdown of loan		–	18,200
Repayment of loan	12	(11,200)	(26,852)
Drawdown of 3.05% Senior Unsecured Loan Note 2035	13	29,882	–
Loan arrangement fees		–	(30)
2.25% Convertible Unsecured Loan Stock 2025 issue expenses rebate		–	65
Equity dividends paid	8	(6,043)	(6,367)
Net cash inflow/(outflow) from financing activities		1,069	(30,513)
Increase in cash and cash equivalents		**4,083**	**1,321**
Analysis of changes in cash and cash equivalents			
Opening balance		10,919	10,239
Increase in cash and cash equivalents		4,083	1,321
Foreign exchange movements		(425)	(641)
Closing balance		**14,577**	**10,919**

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 July 2021

1. **Principal activity.** The Company is a closed-end investment company, registered in England & Wales No 03106339, with its Ordinary shares being listed on the London Stock Exchange.

2. **Accounting policies**

(a) **Basis of preparation and going concern**. The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the AIC's 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 a going concern basis and on the assumption that approval as an investment trust will continue to be granted by HMRC.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances, including in the current market environment, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews cash flow projections and compliance with banking covenants, including the headroom available. The Company has an unsecured loan note which expires in December 2035. Having taken these factors into account as well as the impact of Covid-19 and having assessed the principal risks and other matters set out in the Viability Statement on page 20, the Directors believe that, after making enquiries, 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. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 48.

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies and are continually evaluated. Special dividends are assessed and credited to capital or revenue according to their circumstances and are considered to require significant judgement. The Directors do not consider there to be any significant estimates within the financial statements.

(b) **Valuation of investments**. The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de–recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are measured at fair value. For listed investments, this is deemed to be bid market prices. Gains and losses arising from changes in fair value and disposals are included as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

(c) **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 100% to revenue.

(d) **Income**. 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. Fixed returns on non-equity shares are recognised on a time apportioned basis so as to reflect the effective yield on shares. Other returns on non-equity shares are recognised when the right to return is established. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.

(e) **Expenses**. All expenses are accounted for on an accruals basis. Expenses, including management fees and finance costs, are charged 100% through the revenue column of the Statement of Comprehensive Income with the exception of transaction costs incurred on the purchase and disposal of investments which are charged to the capital column of the Statement of Comprehensive Income and are separately identified and disclosed in note 10 within gains/(losses) on investments.

Notes to the Financial Statements Continued

(f) **Taxation**. The tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit 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 were applicable at the Statement of Financial Position date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed 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 underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

(g) **Foreign currency**. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Statement of Financial Position date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on dividends receivable are recognised in the Statement of Comprehensive Income and are reflected in the revenue reserve. Gains and losses on the realisation of investments in foreign currencies and unrealised gains and losses on investments in foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve.

(h) **Convertible Unsecured Loan Stock**. Convertible Unsecured Loan Stock ("CULS") issued by the Company is regarded as a compound instrument, comprising of a liability component and an equity component. At the date of issue, the fair value of the liability component of the 2.25% CULS 2025 was estimated by assuming that an equivalent non-convertible obligation of the Company would have an effective interest rate of 3.063%. The fair value of the equity component, representing the option to convert liability into equity, is derived from the difference between the issue proceeds of the CULS and the fair value assigned to the liability. The liability component is subsequently measured at amortised cost using the effective interest rate and the equity component remains unchanged.

Direct expenses associated with the CULS issue are allocated to the liability and equity components in proportion to the split of the proceeds of the issue. Expenses allocated to the liability component are amortised over the life of the instrument using the effective interest rate.

(i) **Cash and cash equivalents**. Cash comprises cash in hand and demand deposits. Cash equivalents includes bank overdrafts repayable on demand and short term, highly liquid investments, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

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

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

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 25p. This is not a distributable reserve.

Capital reserve. This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences arising on monetary assets and liabilities except for dividend income receivable. Share buybacks to be held in treasury, which is considered to be a distribution to shareholders, is also deducted from this reserve.

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.

(k) **Treasury shares.** When the Company purchases the Company's equity share capital as treasury shares, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. When these shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.

(l) **Dividends payable.** Final dividends are recognised in the financial statements in the period in which Shareholders approve them.

(m) **Segmental reporting.** The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided however an analysis of the geographic exposure of the Company's investments is provided on page 33.

3. Income

	2021 £'000	2020 £'000
Income from investments		
Overseas dividends	9,015	12,996
UK dividend income	372	300
Stock dividends	233	261
Fixed interest income	–	15
	9,620	13,572
Other income		
Deposit interest	–	22
Other income	4	1
	4	23
Total income	**9,624**	**13,595**

Notes to the Financial Statements Continued

4. Investment management fees

	2021 £'000	2020 £'000
Investment management fees	**3,570**	**3,121**

The Company has an agreement with Aberdeen Standard Fund Managers Limited ("ASFML") for the provision of management services, under which investment management services have been delegated to abrdn Asia Limited ("abrdn Asia").

The management fee is payable monthly in arrears at the rate of 0.08% of the Company's market capitalisation (as defined below) per calendar month, exclusive of VAT where applicable. Market capitalisation is defined as the Company's closing Ordinary share price quoted on the London Stock Exchange multiplied by the number of Ordinary shares in issue (excluding those held in Treasury), as determined on the last business day of the calendar month to which the remuneration relates. The balance due to the Manager at the year end was £663,000 (2020 – £741,000) which represents two months' fees (2020 – three months).

The management agreement may be terminated by either the Company or the Manager on the expiry of twelve months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

5. Administrative expenses

	2021 £'000	2020 £'000
Administration fees[A]	99	97
Directors' fees[B]	157	168
Promotional activities[C]	219	219
Auditors' remuneration:		
– fees payable to the auditors for the audit of the annual accounts	44	35
– fees payable to the auditors and its associates for other services		
– interim review[D]	–	6
Custodian charges	276	258
Depositary fees	47	49
Registrar fees	44	40
Legal and professional fees	331	47
Other expenses	169	121
	1,386	**1,040**

[A] The Company has an agreement with ASFML for the provision of administration services. The administration fee is payable quarterly in advance and is adjusted annually to reflect the movement in the Retail Prices Index. The balance due to ASFML at the year end was £25,000 (2020 – £24,000). The agreement is terminable on six months' notice.

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

[C] Under the management agreement, the Company has also appointed ASFML to provide promotional activities to the Company by way of its participation in the abrdn Investment Trust Share Plan and ISA. ASFML has delegated this role to abrdn plc. The total fee paid and payable under the agreement in relation to promotional activities was £219,000 (2020 – £219,000). There was a £73,000 (2020 – £73,000) balance due to abrdn at the year end.

[D] In 2020 the Company's previous auditor Ernst & Young LLP charged £6,000 plus VAT relating to review work undertaken for the Half-Yearly Report.

6. Finance costs

	2021 £'000	2020 £'000
Loans repayable in less than one year	50	460
Interest on 3.05% Senior Unsecured Loan Note 2035	611	–
Interest on 2.25% CULS 2025	824	831
Notional interest on 2.25% CULS 2025	153	154
Amortisation of 2.25% CULS 2025 issue expenses	94	94
	1,732	**1,539**

7. Tax expense

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
(a) Analysis of charge for the year						
Indian capital gains tax charge on sales	–	–	–	–	302	302
Indian capital gains tax charge rebate on sales	–	(101)	(101)	–	(403)	(403)
Overseas taxation	550	26	576	802	–	802
Total current tax charge for the year	550	(75)	475	802	(101)	701
Deferred tax charge on Indian capital gains	–	3,631	3,631	–	(57)	(57)
Total tax charge/(rebate) for the year	**550**	**3,556**	**4,106**	**802**	**(158)**	**644**

The Company has recognised a deferred tax liability of £3,631,000 (2020 – £nil) on capital gains which may arise if Indian investments are sold.

At 31 July 2021 the Company had surplus management expenses and loan relationship deficits with a tax value of £16,051,000 (2020 – £10,954,000) in respect of which a deferred tax asset has not been recognised. This is due to the Company having sufficient excess management expenses available to cover the potential liability and the Company is not expected to generate taxable income in the future in excess of deductible expenses.

Notes to the Financial Statements Continued

(b) **Factors affecting the tax charge for the year.** The tax assessed for the year is lower (2020 – lower) than the current standard rate of corporation tax in the UK for a large company of 19% (2020 – 19%). The differences are explained below:

			2021			2020
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	2,936	147,653	150,589	7,895	(67,637)	(59,742)
Return multiplied by the standard tax rate of corporation tax of 19%	558	28,054	28,612	1,500	(12,851)	(11,351)
Effects of:						
(Gains)/losses on investments not taxable	–	(28,135)	(28,135)	–	12,837	12,837
Exchange losses	–	81	81	–	14	14
Overseas tax	550	26	576	802	–	802
Indian capital gains tax charge on sales	–	(101)	(101)	–	(101)	(101)
Movement in deferred tax liability on Indian capital gains	–	3,631	3,631	–	(57)	(57)
UK dividend income	(71)	–	(71)	(57)	–	(57)
Non-taxable dividend income	(1,757)	–	(1,757)	(2,519)	–	(2,519)
Expenses not deductible for tax purposes	25	–	25	(2)	–	(2)
Tax effect of expensed double taxation relief	–	–	–	(1)	–	(1)
Movement in unutilised management expenses	916	–	916	793	–	793
Movement in unutilised loan relationship deficits	329	–	329	286	–	286
Total tax charge/(rebate) for the year	**550**	**3,556**	**4,106**	**802**	**(158)**	**644**

8. Dividends

	2021 £'000	2020 £'000
Final dividend for 2020 – 14.5p (2019 – 14.0p)	4,612	4,691
Special dividend for 2020 – 4.5p (2019 – 5.0p)	1,431	1,676
Write off 2018 dividend debtor	1	–
	6,044	**6,367**

Proposed final and special dividends are subject to approval by shareholders at the Annual General Meeting and are not included as a liability in the financial statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 – 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the current year is £2,386,000 (2020 – £7,093,000).

	2021 £'000	2020 £'000
Proposed final dividend for 2021 – 15.0p (2020 – 14.5p)	4,708	4,612
Proposed special dividend for 2021 – 1.0p (2020 – 4.5p)	314	1,431
	5,022	**6,043**

The amount reflected above for the cost of the proposed final and special dividend for 2021 is based on 31,389,684 Ordinary shares, being the number of Ordinary shares in issue excluding shares held in treasury at the date of this Report.

9. Return per Ordinary share

			2021			2020
	Revenue	Capital	Total	Revenue	Capital	Total
Basic						
Return after taxation (£'000)	2,386	144,097	146,483	7,093	(67,479)	(60,386)
Weighted average number of shares in issue[A]			31,727,143			33,075,236
Return per Ordinary share (p)	7.52	454.18	461.70	21.45	(204.02)	(182.57)

			2021			2020
Diluted	Revenue	Capital	Total	Revenue	Capital	Total
Return after taxation (£'000)	3,003	144,097	147,100	7,623	(67,479)	(59,856)
Weighted average number of shares in issue[AB]			34,230,984			35,586,690
Return per Ordinary share (p)	n/a	420.95	429.73	n/a	n/a	n/a

[A] Calculated excluding shares held in treasury.
[B] The calculation of the diluted total, revenue and capital returns per Ordinary share is carried out in accordance with IAS 33, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 2.25% Convertible Unsecured Loan Stock 2025 ("CULS"). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 2,503,841 (2020 – 2,511,454) to 34,230,984 (2020 – 35,586,690) Ordinary shares.

For the year ended 31 July 2021 the assumed conversion for potential Ordinary shares was non–dilutive to the revenue return per Ordinary share but dilutive to the capital return per Ordinary share. Where dilution occurs, the net returns are adjusted for interest charges and issue expenses relating to the CULS (2021 – £617,000; 2020 – £530,000). Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted.

10. Investments at fair value through profit or loss

	2021 £'000	2020 £'000
Opening book cost	314,306	314,799
Opening investment holding gains	80,161	169,910
Opening fair value	394,467	484,709
Analysis of transactions made during the year		
Purchases at cost	83,636	67,688
Sales proceeds received	(85,260)	(90,378)
Effective yield adjustment	–	9
Gains/(losses) on investments	148,078	(67,561)
Closing fair value	**540,921**	**394,467**
Closing book cost	346,431	314,306
Closing investment gains	194,490	80,161
Closing fair value	**540,921**	**394,467**

Notes to the Financial Statements Continued

	2021 £'000	2020 £'000
Investments listed on an overseas investment exchange	529,261	384,458
Investments listed on the UK investment exchange	11,660	10,009
	540,921	**394,467**

The Company received £85,260,000 (2020 – £90,378,000) from investments sold in the period. The book cost of these investments when they were purchased was £51,511,000 (2020 – £68,190,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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/(losses) on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2021 £'000	2020 £'000
Purchases	173	172
Sales	152	142
	325	**314**

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: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due from brokers	4,060	362
Other debtors	418	271
Prepayments and accrued income	629	908
	5,107	**1,541**

None of the above amounts is past their due date or impaired (2020 – same).

12. Creditors

Amounts falling due within one year	2021 £'000	2020 £'000
Bank loans	–	11,200
Amounts due to brokers	1,997	–
Amount due for the purchase of own shares to treasury	–	97
Other creditors	1,425	1,177
	3,422	**12,474**

The Company's £20,000,000 multicurrency revolving loan facility with The Royal Bank of Scotland International Limited ("RBSI") matured on 1 December 2020 and the £11,200,000 that had been drawn down was repaid in full (31 July 2020 – £11,200,000 drawn down at an all in interest rate of 0.976%).

All financial liabilities are measured at amortised cost.

13. Non-current liabilities

(a) CULS	2021 Number of units £'000	2021 Liability component £'000	2021 Equity component £'000	2020 Number of units £'000	2020 Liability component £'000	2020 Equity component £'000
2.25% Convertible Unsecured Loan Stock 2025						
Balance at beginning of year	36,694	35,497	1,057	36,945	35,499	1,057
Conversion of 2.25% CULS 2025	(36)	(36)	–	(251)	(251)	–
Notional interest on CULS transferred to revenue reserve	–	153	–	–	154	–
Amortisation and issue expenses	–	94	–	–	95	–
Balance at end of year	**36,658**	**35,708**	**1,057**	**36,694**	**35,497**	**1,057**

The 2.25% Convertible Unsecured Loan Stock 2025 ("2025 CULS") can be converted at the election of holders into Ordinary shares during the months of May and November each year throughout their life, commencing 30 November 2018 to 31 May 2025 at a rate of 1 Ordinary share for every 1465.0p nominal of CULS. Interest is payable on the 2025 CULS on 31 May and 30 November each year, commencing on 30 November 2018. 100% of the interest will be charged to revenue in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

The 2025 CULS has been constituted as an unsecured subordinated obligation of the Company by the Trust Deed between the Company and the Trustee, the Law Debenture Trust Corporation p.l.c., dated 23 May 2018. The Trust Deed details the 2025 CULS holders' rights and the Company's obligations to the CULS holders and the Trustee oversees the operation of the Trust Deed. In the event of a winding-up of the Company the rights and claims of the Trustee and 2025 CULS holders would be subordinate to the claims of all creditors in respect of the Company's secured and unsecured borrowings, under the terms of the Trust Deed.

In 2021 the Company received elections from 2025 CULS holders to convert 36,476 (2020 – 251,001) nominal amount of CULS into 2,475 (2020 – 17,116) Ordinary shares.

The fair value of the 2025 CULS at 31 July 2021 was £37,941,000 (2020 – £34,988,000).

(b) Loan Note	2021 £'000	2020 £'000
3.05% Senior Unsecured Loan Note 2035	30,000	–
Unamortised Loan Note issue expenses	(114)	–
	29,886	**–**

On 1 December 2020 the Company issued £30,000,000 of a 15 year loan note at a fixed rate of 3.05%. Interest is payable in half yearly instalments in June and December and the Loan Note is due to be redeemed at par on 1 December 2035. The issue costs of £118,000 will be amortised over the life of the loan note. The Company has complied with the Note Purchase Agreement that the ratio of total borrowings to adjusted net assets will not exceed 0.20 to 1.00, that the ratio of total borrowings to adjusted net liquid assets will not exceed 0.60 to 1.00, that net tangible assets will not be less than £225,000,000 and that the minimum number of listed assets will not be less than 40.

Notes to the Financial Statements Continued

The fair value of the Senior Unsecured Loan Note as at 31 July 2021 was £30,713,000, the value being based on a comparable quoted debt security.

	2021 £'000	2020 £'000
(c) Deferred tax liability on Indian capital gains	**3,631**	–

14. Called up share capital

	2021 £'000	2020 £'000
Allotted, called-up and fully paid		
Ordinary shares of 25p	7,848	8,111
Treasury shares	2,587	2,323
	10,435	**10,434**

	Ordinary shares Number	Treasury shares Number	Total shares Number
At 31 July 2020	32,442,209	9,293,918	41,736,127
Conversion of CULS	2,475	–	2,475
Buyback of own shares	(1,055,000)	1,055,000	–
At 31 July 2021	**31,389,684**	**10,348,918**	**41,738,602**

During the year 1,055,000 Ordinary shares of 25p were purchased (2020 – 1,484,256 Ordinary shares purchased) by the Company at a total cost of £11,473,000 (2020 – total cost of £15,552,000), all of which were held in treasury (2020 – same). At the year end 10,348,918 (2020 – 9,293,918) shares were held in treasury, which represents 24.79% (2020 – 22.27%) of the Company's total issued share capital at 31 July 2021. During the year there were a further 2,475 (2020 – 17,116) Ordinary shares issued as a result of CULS conversions.

Since the year end no further Ordinary shares of 25p have been purchased by the Company.

15. Reserves

	2021 £'000	2020 £'000
Capital reserve		
At 31 July 2020	268,750	351,781
Movement in investment holdings fair value	114,329	(89,749)
Gains on realisation of investments at fair value	33,749	22,188
Purchase of own shares to treasury	(11,473)	(15,552)
Indian capital gains tax charge on sales	101	101
Movement in deferred liability on Indian capital gains	(3,631)	57
Withholding tax charged on capital dividends	(26)	–
Foreign exchange movement	(425)	(76)
At 31 July 2021	**401,374**	**268,750**

The capital reserve includes investment holding gains amounting to £194,490,000 (2020 – £80,161,000) as disclosed in note 10. The above split in capital reserve is shown in accordance with provisions of the Statement of Recommended Practice 'Financial Statements Of Investment Trust Companies and Venture Capital Trusts'.

16. Net asset value per Ordinary share

	2021	2020
Basic		
Net assets attributable	£487,958,000	£358,956,000
Number of Ordinary shares in issue[A]	31,389,684	32,442,209
Net asset value per Ordinary share	1,554.52p	1,106.45p

	2021	2020
Diluted		
Net assets attributable	£523,666,000	£394,453,000
Number of Ordinary shares in issue[A]	33,891,920	34,946,935
Net asset value per Ordinary share[B]	1,545.11p	n/a

[A] Calculated excluding shares held in treasury.
[B] The diluted net asset value per Ordinary share has been calculated on the assumption that £36,657,755 (2020 – £36,694,231) 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") is converted at 1,465.0p per share, giving a total of 33,891,920 (2020 – 34,946,935) Ordinary shares. Where dilution occurs, the net assets are adjusted for items relating to the CULS.

Net asset value per share – debt converted. In accordance with the Company's understanding of the current methodology adopted by the AIC, convertible financial instruments are deemed to be "in the money" if the cum income net asset value ("NAV") exceeds the conversion price of 1,465.0p per share. In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 July 2021 the cum income NAV was 1,554.52p (2020 – 1,106.45p) and thus the CULS were 'in the money' (2020 – not "in the money").

17. Analysis of changes in net debt

	At 31 July 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 July 2021 £'000
Cash and short term deposits	10,919	(425)	4,083	–	14,577
Debt due within one year	(11,200)	–	11,200	–	–
Debt due after more than one year	(35,497)	–	(29,882)	(3,846)	(69,225)
	(35,778)	**(425)**	**(14,599)**	**(3,846)**	**(54,648)**

	At 31 July 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 July 2020 £'000
Cash and short term deposits	10,239	(641)	1,321	–	10,919
Debt due within one year	(20,407)	565	8,652	(10)	(11,200)
Debt due after more than one year	(35,499)	–	–	2	(35,497)
	(45,667)	**(76)**	**9,973**	**(8)**	**(35,778)**

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.

Notes to the Financial Statements Continued

18. 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 considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 53 to 55. The balance of fees due to Directors at the year end was £nil (2020 – £nil).

The Company's Investment Manager, abrdn Asia, is a wholly-owned subsidiary of abrdn plc, which has been delegated, under an agreement with Aberdeen Standard Fund Managers Limited, to provide management services to the Company, the terms of which are outlined in notes 4 and 5 along with details of transactions during the year and balances outstanding at the year end. Up until 27 November 2020 Mr Young, a director of abrdn Asia, was the Alternate Director for Mr Martin Gilbert. Up until 1 December 2020 Mr Yea was a Director of the Company as well as being a director of the Company's registrar, Equiniti Limited.

19. 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 equities and other investments, cash balances, 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 ASFML under the terms of its management agreement with ASFML (further details of which are included under note 4 and in the Directors' Report) however, it remains responsible for the risk and control framework and operation of third parties. 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 ASFML collectively assume responsibility for ASFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

ASFML is a fully integrated member of the abrdn Group ("the Group"), which provides a variety of services and support to ASFML 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 abrdn Asia, 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 Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

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 Head of Risk, who reports to the CEO of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's corporate governance structure is supported by several committees to assist the board of directors, 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 in the committees' terms of reference.

Risk management. The main risks the Company faces from these financial instruments are (i) market risk (comprising interest rate, foreign currency and other 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.

Interest rate risk. Interest rate movements may affect:

– the level of income receivable on cash deposits;

– valuation of debt securities in the portfolio.

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. When drawn down, interest rates are fixed on borrowings.

Interest rate risk profile. The interest rate risk profile 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 July 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	–	–	–	13,712
Indian Rupee	–	–	–	476
Pakistan Rupee	–	–	–	14
Thailand Baht	–	–	–	141
Vietnam Dong	–	–	–	2
Malaysian Ringgit	–	–	–	2
Taiwan Dollar	–	–	–	230
	–	**–**	**–**	**14,577**
Liabilities				
2.25% Convertible Unsecured Loan Stock 2025	3.83	3.1	35,708	–
3.05% Senior Unsecured Loan Note 2035	14.35	3.1	29,886	–
	–	**–**	**65,594**	**–**

Notes to the Financial Statements Continued

At 31 July 2020	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	–	–	–	10,091
Indian Rupee	–	–	–	394
Pakistan Rupee	–	–	–	14
Thailand Baht	–	–	–	331
Vietnam Dong	–	–	–	7
Malaysian Ringgit	–	–	–	81
New Zealand Dollar	–	–	–	1
	–	**–**	**–**	**10,919**
Liabilities				
Short-term loan	0.02	1.0	11,200	–
2.25% Convertible Unsecured Loan Stock 2025	4.83	3.1	35,497	–
	–	**–**	**46,697**	**–**

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on interest payable, weighted by the value of the loan. Details of the Company's loan are shown in note 12 to the financial statements.

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 (excluding bank loans) 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 return.

Foreign currency risk. Most 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 investment with foreign currency borrowings.

The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. It is not the Company's policy to hedge this currency risk but the Board keeps under review the currency returns in both capital and income.

Foreign currency risk exposure by currency of denomination:

			31 July 2021			31 July 2020
	Overseas investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000	Overseas Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000
Australian Dollar	–	–	–	260	–	260
Chinese Renminbi	4,619	–	4,619	–	–	–
Danish Krona	10,157	–	10,157	8,187	–	8,187
Hong Kong Dollar	57,636	–	57,636	41,200	–	41,200
Indian Rupee	90,186	476	90,662	56,026	394	56,420
Indonesian Rupiah	43,412	–	43,412	28,732	–	28,732
Korean Won	34,240	–	34,240	21,482	–	21,482
Malaysian Ringgit	29,106	2	29,108	33,425	81	33,506
Taiwan Dollar	78,501	230	78,731	33,601	–	33,601
New Zealand Dollar	17,054	–	17,054	13,359	1	13,360
Pakistan Rupee	927	14	941	1,063	14	1,077
Philippine Peso	21,921	–	21,921	24,586	–	24,586
Singapore Dollar	55,283	–	55,283	44,480	–	44,480
Sri Lankan Rupee	13,942	–	13,942	13,216	–	13,216
Thailand Baht	44,104	141	44,245	50,902	331	51,233
Vietnamese Dong	28,173	2	28,175	13,939	7	13,946
	529,261	865	530,126	384,458	828	385,286
Sterling	11,660	(51,882)	(40,222)	10,009	(36,606)	(26,597)
Total	**540,921**	**(51,017)**	**489,904**	**394,467**	**(35,778)**	**358,689**

Foreign currency sensitivity. The Company's foreign currency financial instruments are in the form of equity investments, fixed interest investments, cash and bank loans. The sensitivity of the former has been included within other price risk sensitivity analysis so as to show the overall level of exposure. Due consideration is paid to foreign currency risk throughout the investment process.

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

Investment in Far East equities or those of companies that derive significant revenue or profit from the Far East involves a greater degree of risk than that usually associated with investment in the securities in major securities markets. The securities that the Company owns may be considered speculative because of this higher degree of 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 pages 96 and 97, 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 20% (2020 – 20%) higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 July 2021 would have increased/(decreased) by £108,184,000 (2020 – increased/(decreased) by £78,894,000) and equity reserves would have increased/(decreased) by the same amount.

Notes to the Financial Statements Continued

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

Management of the risk. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Gearing comprises both senior unsecured loan notes and convertible unsecured loan stock. The Board has imposed a maximum gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of 25%. Details of borrowings at the 31 July 2021 are shown in note 13.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Details of the Board's policy on gearing are shown in the investment policy section on page 13.

Liquidity risk exposure. At 31 July 2021 the Company had borrowings in the form of the £36,658,000 (2020 – £36,694,000) nominal of 2.25% Convertible Unsecured Loan Stock 2025 and £29,886,000 (2020 – £nil) in the form of the 3.05% Senior Unsecured Loan Note 2035.

At 31 July 2021 the amortised cost of the Company's 3.05% Senior Unsecured Loan Note 2035 was £29,886,000. At 31 July 2021 the Company's rolling bank loan was fully repaid (2020 – £11,200,000; repayment date 6 August 2020). The maximum exposure during the year was £30,000,000 (2020 – £18,466,000) and the minimum exposure during the year was £11,200,000 (2020 – £11,200,000).

The maturity profile of the Company's existing borrowings is set out below.

31 July 2021	Expected cashflows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
2.25% Convertible Unsecured Loan Stock 2025	39,692	–	826	38,866
3.05% Senior Unsecured Loan Note 2035	43,268	–	915	42,353
	82,960	**–**	**1,741**	**81,219**

31 July 2020	Expected cashflows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
2.25% Convertible Unsecured Loan Stock 2025	40,306	–	826	39,480
Short-term loan	11,200	11,200	–	–
	51,506	**11,200**	**826**	**39,480**

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

Management of the risk. Investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker. Settlement of investment transactions are also done on a delivery versus payment basis;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the third party administrator carries out a stock reconciliation to Custodian records on a monthly basis to ensure discrepancies are picked up on a timely basis. The Manager's compliance department carries out periodic reviews of the Custodian'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; and
– cash is held only with reputable banks with high quality external credit ratings.

It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

None of the Company's financial assets is 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 July was as follows:

		2021		2020
Current assets	**Statement of Financial Position £'000**	**Maximum exposure £'000**	**Statement of Financial Position £'000**	**Maximum exposure £'000**
Debtors	5,107	5,107	1,541	1,541
Cash and short term deposits	14,577	14,577	10,919	10,919
	19,684	**19,684**	**12,460**	**12,460**

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

Fair values of financial assets and financial liabilities. The fair value of the loan note has been calculated at £30,713,000 as at 31 July 2021 (2020 – £nil) compared to an accounts value in the financial statements of £29,886,000 (2020 – £nil) (note 13). The fair value of the loan note 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. Investments held at fair value through profit or loss are valued at their quoted bid prices which equate to their fair values. The Directors are of the opinion that the other financial assets and liabilities, excluding CULS which are held at amortised cost, are stated at fair value in the Statement of Financial Position and considered that this approximates to the carrying amount.

20. 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.

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 (ie developed using market data) for the asset or liability, either directly or indirectly.

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

Notes to the Financial Statements Continued

The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at 31 July 2021 as follows:

As at 31 July 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets and liabilities at fair value through profit or loss					
Quoted equities		536,934	–	–	536,934
Quoted preference shares	b)	–	3,652	–	3,652
Quoted warrants	b)	–	335	–	335
Net fair value		**536,934**	**3,987**	**–**	**540,921**

As at 31 July 2020	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets and liabilities at fair value through profit or loss					
Quoted equities	a)	390,102	–	–	390,102
Quoted preference shares	b)	4,326	–	–	4,326
Quoted warrants	b)	39	–	–	39
Net fair value		**394,467**	**–**	**–**	**394,467**

a) Quoted equities. The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) Quoted preference shares and quoted warrants. The fair value of the Company's investments in quoted preference shares and quoted warrants has been determined by reference to their quoted bid prices at the reporting date. Investments categorised as Level 2 are not considered to trade as actively as Level 1 assets.

During the period, investments valued at £3,684,000 were transferred from Level 1 to Level 2 following a review of their trading activity.

21. **Capital management policies and procedures.** The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt (comprising CULS and Loan Note) and equity balance.

The Company's capital comprises the following:

	2021 £'000	2020 £'000
Equity		
Equity share capital	10,435	10,434
Reserves	477,523	348,522
Liabilities		
Bank loans	–	11,200
3.05% Senior Unsecured Loan Note 2035	29,886	–
2.25% Convertible Unsecured Loan Stock 2025	35,708	35,497
	553,552	**405,653**

The Board's policy is to utilise gearing when the Manager believes it appropriate to do so, up to a maximum of 25% geared at the time of drawdown. Gearing for this purpose is defined as the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative, this is shown as a 'net cash' position.

	2021 £'000	2020 £'000
Investments at fair value through profit or loss	540,921	394,467
Current assets excluding cash and cash equivalents	1,047	1,179
Current liabilities excluding bank loans	(1,425)	(1,274)
Deferred tax liability on Indian capital gains	(3,631)	–
	536,912	**394,372**
Net assets	**487,958**	**358,956**
Gearing (%)	**10.0**	**9.9**

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The review includes:

– the planned level of gearing which takes account of the Manager's views on the market;
– the level of equity shares in issue;
– the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company does not have any externally imposed capital requirements.

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.

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. NAV total return involves a calculation that invests 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 a calculation that invests the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 July 2021 and 31 July 2020 and total return for the year.

2021	Dividend rate	NAV	Share price
31 July 2020	N/A	1,106.45p	980.00p
12 November 2020	19.00p	1,188.97p	1,022.50p
31 July 2021	N/A	1,545.11p	1,330.00p
Total return		**+41.9%**	**+38.2%**

2020	Dividend rate	NAV	Share price
31 July 2019	N/A	1,300.56p	1,150.00p
14 November 2019	19.00p	1,206.37p	1,050.00p
31 July 2020	N/A	1,106.45p	980.00p
Total return		**–13.6%**	**–13.2%**

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. 2021 has been presented on a diluted basis as the Convertible Unsecured Loan Stock ("CULS") is "in the money" (2020 not "in the money" so basic net asset value used).

		As at 31 July 2021	As at 31 July 2020
NAV per Ordinary share (p)	a	1,545.11	1,106.45
Share price (p)	b	1,330.00	980.00
Discount	(a-b)/a	13.9%	11.4%

Dividend cover. Revenue return per Ordinary share divided by dividends declared for the year per Ordinary share expressed as a ratio.

		Year ended 31 July 2021	Year ended 31 July 2020
Revenue return per Ordinary share (p)	a	7.52	21.45
Dividends declared (p)	b	16.00	19.00
Dividend cover	a/b	0.47	1.13

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 from and to brokers at the year end as well as cash and short term deposits.

		Year ended 31 July 2021	Year ended 31 July 2020
Borrowings (£'000)	a	65,594	46,697
Cash (£'000)	b	14,577	10,919
Amounts due to brokers (£'000)	c	1,997	–
Amounts due from brokers (£'000)	d	4,060	362
Shareholders' funds (£'000)	e	487,958	358,956
Net gearing	(a-b+c-d)/e	**10.0%**	**9.9%**

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 net asset values with debt at fair value throughout the year.

	2021	2020
Investment management fees (£'000)	3,570	3,121
Administrative expenses (£'000)	1,386	1,040
Less: non-recurring charges[A] (£'000)	(297)	(1)
Ongoing charges (£'000)	**4,659**	**4,160**
Average net assets (£'000)	**422,440**	**380,361**
Ongoing charges ratio	**1.10%**	**1.09%**

[A] Professional services comprising corporate and legal fees considered unlikely to recur.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations, which includes finance costs and transaction charges.

Corporate Information

The Company's Investment Manager is abrdn Asia Limited, a wholly owned subsidiary of abrdn plc with assets under management and administration of £532 billion as at 30 June 2021.

Information about the Manager

abrdn Asia Limited

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

abrdn

Worldwide, the Manager has a combined £532 billion (as at 30 June 2021) in assets under management and administration for a range of clients, including individuals and institutions, through mutual and segregated funds.

abrdn has its headquarters in Edinburgh with principal offices in Aberdeen, London, Singapore, Philadelphia, Bangkok, Edinburgh, Hong Kong, Luxembourg, Jersey, Sao Paulo, Stockholm, Sydney, Taipei, and Tokyo.

The Investment Team Senior Managers

Hugh Young
Chairman, Asia Pacific Region

BA in Politics from Exeter University. Started investment career in 1980. In charge of abrdn Asia's Far East funds since 1985.

Flavia Cheong
Head of Equities – Asia Pacific, Asian Equities

Masters in Economics from University of Auckland. Previously with Investment Company of the People's Republic of China and Development Bank of Singapore. Started investment career in 1987. Joined abrdn Asia in August 1996.

Gabriel Sacks
Investment Director, Equities Asia

Chartered Financial Analyst, MA in Land Economy from Cambridge University. Joined abrdn in 2008 as part of the London-based Global Emerging Markets Equities team and transferred to Equities Asia in 2018.

Neil Sun
Investment Manager, Equities Asia

Joined abrdn's Asian Equities team in 2018 having previously worked as a Research Analyst at Deutsche Bank and prior to that JPMorgan Asset Management. Neil has passed level II of the CFA Program.

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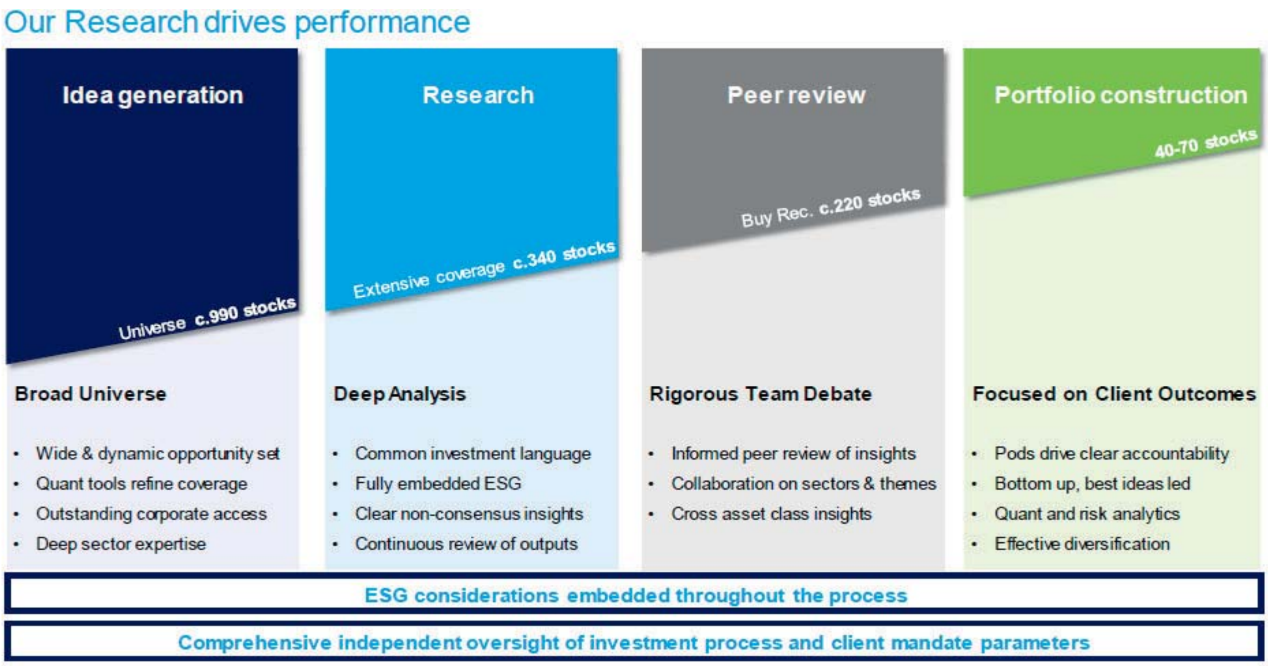
The Investment Process

As active equity investors, the Investment Manager believes that deep fundamental research, responsible stewardship with ESG, and a disciplined investment process is the best approach to meet our client's investment needs – now and in the future. Its approach to equity investing is underpinned by three core investment beliefs.

Fundamental research delivers insights that can be used to exploit market inefficiencies. In the Investment Manager's view, company fundamentals ultimately drive share prices but are often valued inefficiently in the shorter term. The Investment Manager believes that fundamental research is the key to delivering insights that allow us to exploit these inefficiencies and identify the best investment opportunities for client portfolios.

ESG assessment and corporate engagement enhance returns. The Investment Manager places constructive engagement and environmental, social and governance (ESG) considerations at the heart of company research, ensuring it is a responsible steward of its clients' assets. The Investment Manager believes that this approach can mitigate risks and enhance returns for its clients, as companies with robust ESG practices tend to enjoy long-term financial benefits.

Disciplined, active investment can deliver superior outcomes for our clients. The Investment Manager aims to build high conviction portfolios where its stock-specific insights drive performance, giving its clients access to the best investment ideas.



Research

The Investment Manager has developed a proprietary research platform used by all its equity, credit and ESG teams, giving instant access to research globally. The research is focused on four key areas:

- **Foundations** – the Investment Manager analyses how the company makes money, the attractiveness and characteristics of its industry, and the strength and sustainability of the economic 'moat'. This includes a thorough evaluation of the environmental, social and governance (ESG) risks and opportunities of the company. Face-to-face meetings anchor how the Investment Manager understands and challenges the key elements of a company's fundamentals: the evolution and growth of the business; the sustainable competitive advantage; management's track record of execution and managing risk; past treatment of minority shareholders; the balance sheet and financials; and ESG risks and opportunities of the company in question.
- **Dynamics** – the shorter- and longer-term dynamics of the business that will be the key determinants of its corporate value over time. Specifically the Investment Manager looks for changes in the factors driving the market price of a stock, identifying the drivers that the wider market may not be pricing in. Understanding the dynamics behind these drivers

allows the Investment Manager to focus on the factors that will drive shareholder returns from a particular stock.

- **Financials and Valuation** – the Investment Manager examines the strengths and weaknesses of the company's financials including a thorough analysis of the balance sheet, cash flow and accounting, the market's perception of the company's future prospects and value, and its own forecasts of future financials and how the stock should be priced. This includes significant focus on the dividend paying capability of each business, the potential for dividend growth and the sustainability of the payout.
- **Investment insight and risk** – the Investment Manager articulates its investment thesis, explaining how it views a stock differently from the market consensus and how the Investment Manager expects to crystallise value from the holding over time.

Integrated ESG Analysis
The detailed analysis of the Investment Manager's embedded ESG process is contained on pages 98 to 100.

Idea Generation
Research coverage is organised on a sector basis, with analysts developing deep expertise which enables them to identify investment opportunities through fundamental knowledge at both the sector and stock level. The Investment Manager also uses quantitative screening tools and risk tools to help us identify interesting stock opportunities and the most appropriate coverage universe.

Peer Review
Having a common investment language facilitates effective communication and comparison of investment ideas through peer review which is a critical part of the process. All investment ideas are subject to rigorous peer review, both at regular meetings and on an ad hoc basis – and all team members debate stocks, meet companies from all industries, and given their dual fund manager / analyst role are incentivised to fully participate in the entire process.

Portfolio Construction/Risk Controls
Portfolios are built from the bottom up, prioritising high conviction stock ideas in a risk aware framework, giving clients access to the best investment ideas. Portfolio risk budgets are derived from clients' investment objectives and required outcomes. Peer review is an essential component of the construction process with dedicated portfolio construction pods (smaller dedicated groups of senior team members that have clear accountability for the strategy) debating stock holdings, portfolio structure and risk profiles.

As an active equity investor the Investment Manager has adopted a principled portfolio construction process which actively takes appropriate and intentional risk to drive return. The largest component of the active risk will be stock-specific risk, along with appropriate levels of diversification. Risk systems monitor and analyse risk exposures across multiple perspectives breaking down the risk within the portfolio by industry and country factors, by currency and macro factors, and by other fundamental factors (quality, momentum, etc.). Consideration of risk starts at the stock level with the rigorous company research helping the Investment Manager to avoid stock specific errors. The Investment Manager ensures that any sector or country risk is appropriately sized and managed relative to the overall objectives of the Company.

Operational Risk and Independent Governance Oversight
Risk management is an integral part of the Investment Manager's management process and portfolios are formally reviewed on a regular basis with the Investment Manager's Global Head of Equities, the Portfolio Managers, the Investment Manager's Investment Governance & Oversight Team (IGO) and members of the Manager's Investment Risk Team. This third party oversight both monitors portfolio risk and also oversees operational risk to ensure client objectives are met.

ESG Engagement

Environmental, Social and Governance ("ESG") Engagement

The Board is very conscious of the risks emanating from increased ESG challenges. The recent scrutiny by western governments of human rights violations in Xinjiang is an example of the need for continued vigilance regarding the supply chain exposure of investee companies and the fair and humane treatment of workers. Likewise, as climate change pressures mount, the Board continues to monitor, through its Investment Manager, the potential risk that investee companies may fail to keep pace with the appropriate rates of change and adaption.

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Investment Manager embeds ESG into the research of each asset class as part of the investment process. ESG investment is about active engagement, in the belief that the performance of assets held around the world can be improved over the longer term.

What is ESG, and why do we do it?

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

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

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

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

Can we measure it?

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

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

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

The questions asked differ from company to company; the type of questions poised to a bank would be quite different from those of a semiconductor manufacturing firm. Having considered the regional universe and peer group in which the company operates, an ESG score is assigned ranging from 1 to 5. This proprietary ESG score is applied to every stock within the Investment Manager's investment universe. Refer to the ESG Investment Case Studies on pages 37 and 38 for further details and examples of how portfolio companies address their ESG requirements.

The ESG Scoring System

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

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

Climate Change

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

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

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

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 as explained below.

ESG Engagement Continued

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

Alignment with PRI Investor Agenda

Importance of Engagement

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

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

ESG engagements are conducted with consideration of the 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.

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

Investor Information

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website (**asia-focus.co.uk**) and the TrustNet website (**trustnet.co.uk**). Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for investment company information.

Twitter:

https://twitter.com/AberdeenTrusts

LinkedIn:

https://www.linkedin.com/company/aberdeen-standard-investment-trusts

AIFMD

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and BNP Paribas Securities Services as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD which can be found on the website **asia-focus.co.uk**. The KID relating to the Company and published by the Manager can be found in the 'Literature Library' section of the Company's website. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 104.

Website

Further information on Aberdeen Standard Asia Focus PLC can be found on its own dedicated website: **asia-focus.co.uk**. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

Investor Warning

abrdn has been made aware that some investors may have received telephone calls from people purporting to work for abrdn, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for abrdn and any third party making such offers has no link with abrdn. abrdn 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 using the details below.

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

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Trust's website: **asia-focus.co.uk** and the TrustNet website: **trustnet.co.uk**. Alternatively direct private investors can call 0808 500 00 40 (free when dialling from a UK landline) for trust information. Alternatively, internet users may email abrdn at inv.trusts@aberdeen-asset.com or write to abrdn Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing West Sussex BN99 6DA Tel: 0371 384 2416 Lines open 8:30am to 5:30pm (UK time), Monday to Friday, (excluding public holidays in England and Wales). Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the registrars in writing.

Any general enquiries about the Company should be directed to the Company Secretary, Aberdeen Standard Asia Focus PLC, 1 George Street, Edinburgh EH2 2LL or by email **CEF.CoSec@abrdn.com.**

If you have any questions about an investment held through the abrdn Investment Trust Share Plan, Stocks and Shares ISA or Investment Plan for Children, please telephone the Manager's Customer Services Department on 0808 500 0040. Alternatively, email inv.trusts@abrdn.com or write to abrdn Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Direct

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through the abrdn Investment Plan for Children, abrdn Share Plan and abrdn Investment Trusts ISA.

abrdn Investment Plan for Children

abrdn runs 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, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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 entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and

Investor Information Continued

regular savers can stop or suspend participation by instructing abrdn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

abrdn Share Plan

abrdn runs a 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 entry. 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. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

abrdn Investment Trusts ISA

abrdn operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2021/2022.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, 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 applied on 31 March (or the last business day in March) and collected soon thereafter 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. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

abrdn Investment Trusts ISA Transfer

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

Literature Request Service

For literature and information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer including application forms for the Company and the Manager's investment trust products, please contact:

abrdn Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB

Telephone: 0808 500 00 40
(free when dialling from a UK landline)

Terms and conditions for the abrdn managed savings products can also be found under the literature section of **invtrusts.co.uk**

Online Dealing details

There are a number of other ways in which you can buy and hold shares in this investment company.

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. 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. Some well-known online providers, which can be found through internet search engines, include: AJ Bell Youinvest; Barclays Smart Investor; Charles Stanley Direct; Fidelity; Halifax Share Dealing; Hargreaves Lansdown; Interactive Investor; Novia; Transact; Standard Life.

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 and Financial Advice Association at: **pimfa.co.uk**.

Independent Financial Advisors

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:

Tel: 0800 111 6768 or visit **https://register.fca.org.uk**
Email: **register@fca.org.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 are seeking exposure to smaller companies in Asia, and 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, and intends to continue to do so for the foreseeable future, in order that the shares issued by Aberdeen Standard Asia Focus PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs).

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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 trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, 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 103 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

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

abrdn 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 asia-focus.co.uk. There have been no material changes to the disclosures contained within the PIDD since December 2020.

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

- Information on the investment strategy, geographic 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 19 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 ASFML.
- 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 Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 101) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 31 December 2020 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 July 2021	1.14:1	1.17:1

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 is no right of re-use of collateral or any 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 ASFML 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 above information above 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 Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority

General

The Board has decided to hold a functional only AGM on Thursday 27 January 2022 in London at which the usual formal business will be proposed. In advance of the AGM, in order to provide certainty, whilst encouraging and promoting interaction and engagement with our shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 11:00 a.m. on Wednesday 19 January 2022

Notice of Annual General Meeting

Notice is hereby given that the twenty-sixth Annual General Meeting of Aberdeen Standard Asia Focus PLC will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 10:00 a.m. on 27 January 2022 for the following purposes:

To consider and if thought fit, pass the following Resolutions of which Resolutions 1 to 11 will be proposed as Ordinary Resolutions and Resolutions 12 to 14 as Special Resolutions:

Ordinary Business

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2021, together with the auditors' report thereon.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 July 2021 (other than the Directors' Remuneration Policy).
3. To approve the payment of a final dividend of 15.0p per Ordinary share.
4. To approve the payment of a special dividend of 1.0p per Ordinary share.
5. To re-elect Mr N.K. Cayzer as a Director.
6. To re-elect Viscount Dunluce as a Director.
7. To re-elect Ms C. Black as a Director.
8. To re-elect Ms D. Guthrie as a Director.
9. To re-elect Mr K. Shanmuganathan as a Director.
10. To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the Directors to determine their remuneration.

Special Business

11. THAT in substitution for all existing powers the Directors of the Company be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act"), to allot shares in the Company, and to grant rights ("Relevant Rights") to subscribe for, or to convert any security into, shares in the Company:

    (a) up to an aggregate nominal amount of £2,615,807; and

    (b) up to a further aggregate nominal amount of £2,615,807 in connection with an offer made by means of a negotiable document to (a) all holders of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") in proportion (as nearly as may be) to the respective numbers of such Ordinary shares held by them and (b) to holders of other equity securities required by the rights of those securities (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); such authorisation to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

12. THAT subject to the passing of Resolution numbered 11 above and in substitution for all existing powers the Directors be empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 (1), (2) and (3) of the Act) either pursuant to the authorisation under Section 551 of the Act as conferred by Resolution 11 above or by way of a sale of treasury shares, in each case for cash as if Section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

    (i) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £784,421 which are, or are to be, wholly paid up in cash, at a price representing a premium to the net asset value per share at allotment, as determined by the Directors, and do not exceed up to 10% of the issued share capital (as at the date of the Annual General Meeting convened by this notice); and

(ii) the allotment of equity securities in connection with an offer to (a) all holders of Ordinary shares of 25p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price representing a premium to the net asset value per share at allotment, as determined by the Directors; and

such power shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may do so as if such expiry had not occurred.

13. THAT, the Company be generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares"), and to cancel or hold in treasury such shares provided that:

(i) the maximum number of Ordinary shares hereby authorised to be purchased is 14.99% of the Ordinary shares in issue as at the date of the passing of this Resolution 13;

(ii) the minimum price which may be paid for an Ordinary share is 25p;

(iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the higher of (i) an amount equal to 5% above the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;

(iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);

(v) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 unless such authority is renewed, revoked or varied prior to such time by the Company in general meeting; and

(vi) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

14. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 days' notice.

Bow Bells House
1 Bread Street
London EC4M 9HH
29 November 2021

By order of the Board
Aberdeen Asset Management PLC
Secretary

NOTES:

(i) In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website **asia-focus.co.uk**.

(ii) As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.

(iii) To be valid, any form of proxy or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's registrars so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed form of proxy or other instrument of proxy will not prevent you attending the Meeting and voting in person if you wish to do so.

Notice of Annual General Meeting Continued

(iv) The right to vote at the meeting is determined by reference to the Company's Register of Members as at 6.30 p.m. on 25 January 2022 or, if this meeting is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that Register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.

(v) As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.

(vi) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. 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.

(vii) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at euroclear.com. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of 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 Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

(viii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(ix) You may also submit your proxy votes via the internet. You can do so by visiting **www.sharevote.co.uk**. You will require your voting ID, task ID and Shareholder Reference Number. This information can be found under your name on your form of proxy. Alternatively, shareholders who have already registered with Equiniti Registrars' online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at **www.shareview.co.uk** using their user ID and password. Once logged in, click "view" on the "My Investments" page. Click on the link to vote and follow the on screen instructions.

(x) 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.

(xi) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(xii) The statement of the rights of members in relation to the appointment of proxies in paragraphs (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

(xiii) As at close of business on 29 November 2021 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 31,389,684 Ordinary shares of 25 pence each and there were a further 10,348,918 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 29 November 2021 is 31,389,684. Treasury shares represent 33% of the total issued Ordinary share capital (inclusive of treasury shares).

(xiv) No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.

(xv) Under Section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting. Under Section 338A of that Act, members may request the Company to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business.

(xvi) Members should note that it is possible that, pursuant to requests made by the members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on the website.

(xvii) Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

(xviii) You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

(xix) There are special arrangements for holders of shares through the abrdn Investment Plan for Children, abrdn Share Plan and abrdn Investment Trusts ISA ('Plan Participants'). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Reports.

(xx) Given the risks posed by the spread of the Coronavirus and in accordance with the provisions of the Articles of Association and any prevailing Government guidance, physical attendance at the Annual General Meeting may not be possible. Shareholders are strongly encouraged to consider engaging with the Board and Manager via the Online Shareholder Presentation on Wednesday 19 January 2022 at 11:00 a.m. Shareholders should note that entry to the AGM may be refused if the law and/or any prevailing Government guidance so requires. At the time of the meeting, the Chairman may limit, in his sole discretion, the number of individuals in attendance at the meeting in order to ensure the safety of those attending the meeting. If social distancing or local lock-down measures were to be in force at the time of the meeting, such attendance will be limited to two persons. If necessary, the Company will update shareholders on any changes in advance, via the Company's website asia-focus.co.uk.

Glossary of Terms and Definitions

abrdn Asia or the Investment Manager
abrdn Asia Limited (previously known as Aberdeen Standard Investments (Asia) Limited) is a wholly owned subsidiary of abrdn plc (previously known as Standard Life Aberdeen plc) and acts as the Company's investment manager

abrdn plc
abrdn 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

abrdn Group
the abrdn group of companies

ASFML or Manager
Aberdeen Standard Fund Managers Limited

AIC
Association of Investment Companies

AIFM
the alternative investment fund manager, being ASFML

AIFMD
The Alternative Investment Fund Managers Directive

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

CULS 2025
The £36.66 million nominal of 2.25% Convertible Unsecured Loan Stock 2025 issued on 29 May 2018

CULS Conversion Date
The CULS is convertible at any time during the periods of 28 days ending on 30 November and 31 May in each year from November 2018 to May 2025 (each such period and any other period during which Conversion Rights may be exercised being a "Conversion Period") conversions requests are to be received by 5.00 p.m. on the last day of the relevant Conversion Period (each such last day being a "Conversion Date" and the Conversion Date falling on 31 May 2025 or Final Repayment Date being the "Final Conversion Date")

CULS Conversion Price
The CULS is convertible semi-annually on the Conversion Date on the basis of 1465p nominal of CULS for one Ordinary share. This equated to a 20% premium to the unaudited NAV per Ordinary share (including income) on 18 May 2018, rounded down to the nearest 5.0p

Dilution
Dilution is the potential impact of the conversion of CULS to Ordinary shares on the net asset value and share price of the Company

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 NAV 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

FRC
Financial Reporting Council

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

Net Asset Value or NAV
The value of total assets less liabilities. Liabilities for this purpose include 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

Ongoing Charges
Ratio of expenses as percentage of average daily shareholders' funds calculated as per the industry standard

PIDD
The pre-investment disclosure document made available by the AIFM in relation to the Company

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

Prior Charges
The name given to all borrowings including CULS, long 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 (including diluted) involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned

Your Company's Share Capital History

Issued Share Capital at 31 July 2021

31,389,684
Ordinary shares of 25p (excluding treasury shares)

10,348,918
Ordinary shares held in treasury

Capital History

19 October 1995
35,000,000 Ordinary shares of 25p each placed at 100p with 7,000,000 Warrants attaching, each conferring the right to subscribe for one Ordinary share of 25p at 100p

Year ended 31 July 2010
502,069 Ordinary shares purchased for treasury at prices ranging from 296.7p to 455.0p and 442,698 Ordinary shares issued following the exercise of Warrants

Year ended 31 July 2011
3,823,595 Ordinary shares issued following the final exercise of Warrants

18 May 2012
£35 million nominal of Convertible Unsecured Loan Stock 2019 ("CULS") issued at 100p per unit

Year ended 31 July 2013
23,372 new Ordinary shares issued following the conversion of 194,182 units of CULS in December 2012 and 182,787 new Ordinary shares issued following the conversion of 1,517,404 units of CULS in May 2013

Year ended 31 July 2013
2,605,000 Ordinary shares issued for cash and sold from treasury at a premium to NAV

Year ended 31 July 2014
300,000 Ordinary shares issued for cash at a premium to NAV; 23,228 new Ordinary shares issued following the conversion of 192,896 units of CULS in December 2013; and, 2,210 new Ordinary shares issued following the conversion of 18,397 units of CULS in May 2014

Year ended 31 July 2015
142,000 Ordinary shares purchased for treasury at a discount to NAV; 3,510 new Ordinary shares issued following conversion of 29,188 units of CULS in December 2014; 573 new Ordinary shares issued following conversion of 4,790 units of CULS in June 2015

Year ended 31 July 2016
2,059,834 Ordinary shares purchased for treasury at a discount to NAV; 137 new Ordinary shares issued following conversion of 1,137 units of CULS in December 2015; 141 new Ordinary shares issued following conversion of 1,176 units of CULS in June 2016

Year ended 31 July 2017
1,091,750 Ordinary shares purchased for treasury at a discount to NAV; 2,595 new Ordinary shares issued following conversion of 21,594 units of CULS in December 2016; 3,546 new Ordinary shares issued following conversion of 29,473 units of CULS in June 2017

Year ended 31 July 2018
2,137,138 Ordinary shares purchased for treasury at a discount to NAV; 323,835 new Ordinary shares issued following conversion of 2,687,937 units of CULS in December 2017

29 May 2018
£37 million nominal of 2.25% Convertible Unsecured Loan Stock 2025 issued at 100p per unit. 2019 CULS redeemed and/or converted into Ordinary shares.

Year ended 31 July 2019
1,302,650 Ordinary shares purchased for treasury at a discount to NAV; 2,348 new Ordinary shares issued following conversion of 34,482 units of CULS in December 2018; 1,379 new Ordinary shares issued following conversion of 20,286 units of CULS in June 2019.

Year ended 31 July 2020
1,484,256 Ordinary shares purchased for treasury at a discount to NAV; 16,302 new Ordinary shares issued following conversion of 238,951 units of CULS in December 2019; 814 new Ordinary shares issued following conversion of 12,050 units of CULS in June 2020.

Year ended 31 July 2021
1,055,000 Ordinary shares purchased for treasury at a discount to NAV; 1,110 new Ordinary shares issued following conversion of 16,359 units of CULS in December 2020; 1,365 new Ordinary shares issued following conversion of 20,117 units of CULS in June 2021.

Corporate Information

Directors
Nigel Cayzer, Chairman
Deborah Guthrie, Audit Committee Chairman
Charlotte Black
Randal Dunluce (Viscount Dunluce)
Krishna Shanmuganathan

Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Investment Manager
abrdn Asia Limited
21 Church Street
#01-01 Capital Square Two
Singapore 049480

Secretaries and Registered Office
Aberdeen Asset Management PLC
Bow Bells House
1 Bread Street
London EC4M 9HH

Registration Number
03106339

Legal Entity Identifier (LEI):
5493000FBZP1J92OQY70

Website
asia-focus.co.uk

Depositary
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London NW1 6AA

Stockbrokers
Panmure Gordon & Co
1 New Change
London EC4M 9AF

Independent Auditors
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Atria One
144 Morrison Street
Edinburgh EH3 8EX

Solicitors
Dentons UK and Middle East LLP
Quartermile One
15 Lauriston Place
Edinburgh EH3 9EP

CULS Trustee
The Law Debenture Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

Registrars
Equiniti Limited
Aspect House
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West Sussex BN99 6DA

Tel: 0371 384 2416
Tel: +44 (0) 121 415 7047 (International)
Lines open 8:30am to 5:30pm (UK time), Monday to Friday, (excluding public holidays in England and Wales)
shareview.co.uk

Foreign Account Tax Compliance Act ("FATCA")
IRS Registration Number ("GIIN"): 5ITCFT.99999.SL.826

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