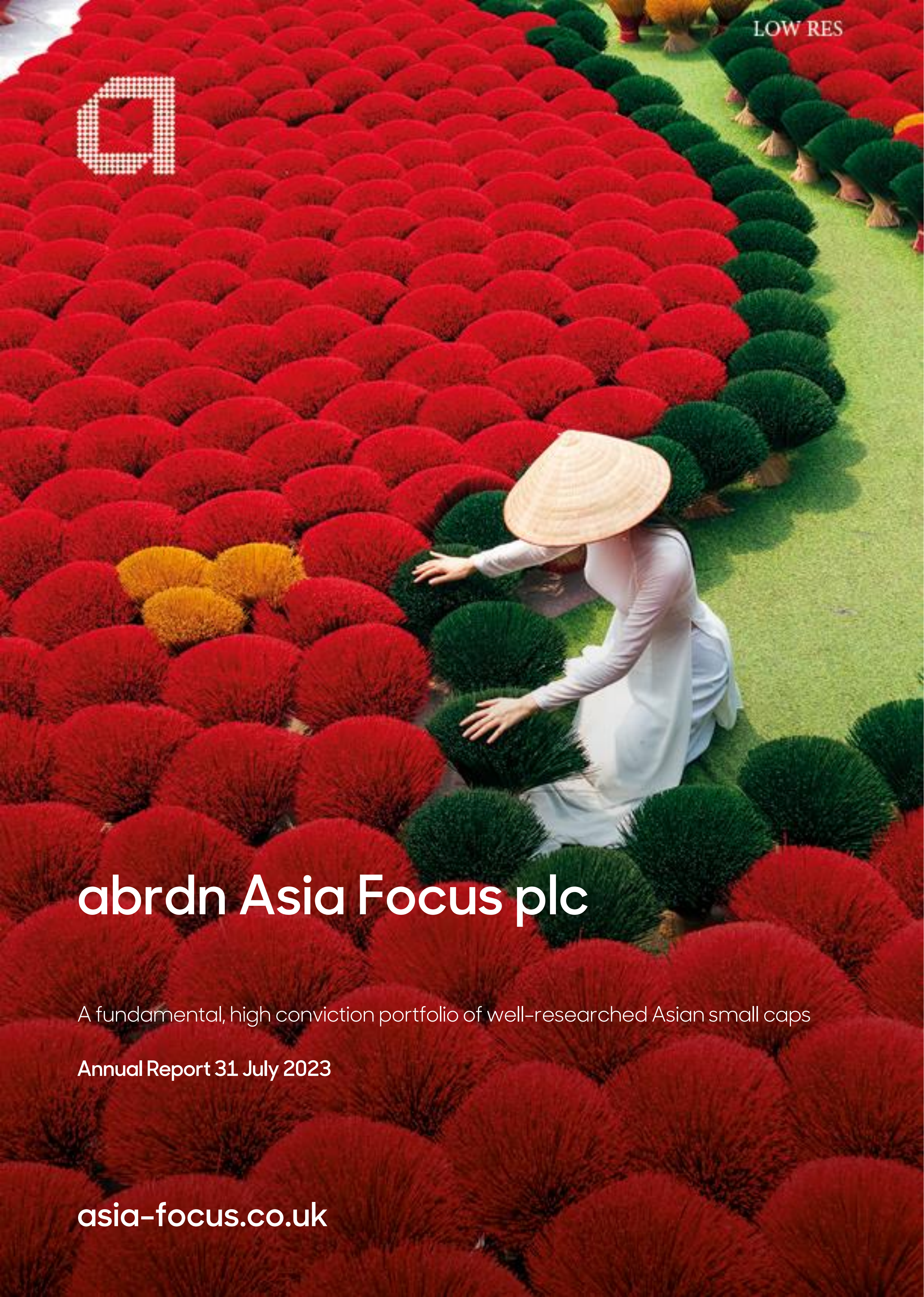


abrdn Asia Focus plc

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

Annual Report 31 July 2023

asia-focus.co.uk

"Over the long term, the value of investing in hand-picked smaller companies in Asia has proved their worth. £1,000 invested in 1995 is now worth £22,580 with dividends reinvested"

Krishna Shanmuganathan,
Chair

"We continue to favour quality Asian small-cap companies with solid balance sheets and sustainable earnings prospects that can emerge stronger and position the portfolio well in tough times"

Gabriel Sacks and Flavia Cheong,
abrdn Asia Limited

Scan the QR code below to register for regular email updates on the Company

SCAN ME

Performance Highlights

Net asset value total return (diluted)[AB]

+7.6%

2022 –2.0%

Net asset value per share (diluted)

308.9p

2022 295.3p

Net asset value total return since inception (diluted)[AB]

+2283.6%

2022 +2115.6%

Annualised Net asset value total return since inception (diluted)[AB]

+12.1%

2022 +12.3%

Share price total return[A]

+7.3%

2022 –1.7%

Share price

264.0p

2022 254.0p

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

+8.0%

2022 –5.1%

Discount to net asset value[AB]

14.5%

2022 14.0%

Ongoing charges ratio[A]

0.92%

2022 0.88%

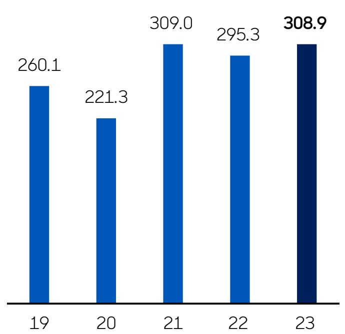
Dividends per share[D]

8.66p

2022 8.00p

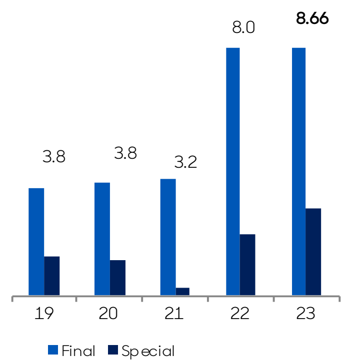
[A] Alternative Performance Measure (see pages 99 to 100).
[B] Presented on a diluted basis as the Convertible Unsecured Loan Stock ("CULS") is "in the money" (2022 – same).
[C] Currency adjusted, capital gains basis.
[D] Dividends include special dividends of 2.25p for 2023 (2022 – 1.6p).

Net asset value per share
At 31 July – pence

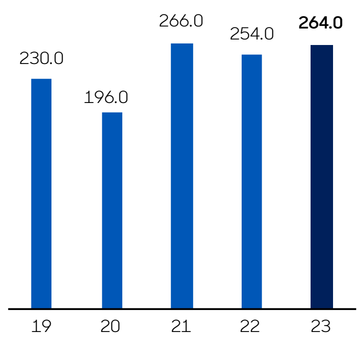


*Diluted values used for 2021 to 2023

Total dividends per share
At 31 July – pence



Mid-market price per share
At 31 July – pence



Contents

"I am confident that with extensive on-the-ground coverage and a highly experienced management team, your Manager is well positioned to keep finding quality companies among the hugely varied Asian small cap universe"

Krishna Shanmuganathan,
Chair

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in abrdn 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

Financial Calendar, Dividends and Highlights

Financial year end	**31 July**
Announcement of results for year ended 31 July 2023	**20 October 2023**
Online Shareholder Presentation (see page 11)	**21 November 2023**
Annual General Meeting	**5 December 2023**
CULS Conversion Date	**30 November 2023**
Payment date of first interim for 2023/2024 and special dividend for 2022/2023	**20 December 2023**
Payment date of second interim dividend for 2023/2024	**21 March 2024**
CULS Conversion Date	**31 May 2024**
Payment date of third interim dividend for 2023/2024	**21 June 2024**
Payment date of fourth interim dividend for 2023/2024	**20 September 2024**

Dividends

	Rate	xd date	Record date	Payment date
First interim 2023	**1.60p**	**24 November 2022**	**25 November 2022**	**20 December 2022**
Second interim 2023	**1.60p**	**23 February 2023**	**24 February 2023**	**21 March 2023**
Third interim 2023	**1.60p**	**25 May 2023**	**26 May 2023**	**23 June 2023**
Fourth interim 2023	**1.61p**	**24 August 2023**	**25 August 2023**	**20 September 2023**
Special 2023	**2.25p**	**23 November 2023**	**24 November 2023**	**20 December 2023**
	8.66p			
First interim 2022	3.20p	24 February 2022	25 February 2022	21 March 2022
Second interim 2022	1.60p	26 May 2022	27 May 2022	17 June 2022
Third interim 2022	1.60p	25 August 2022	26 August 2022	16 September 2022
Special 2022	1.60p	24 November 2022	25 November 2022	20 December 2022
	8.00p			

Financial Highlights

	31/07/2023	31/07/2022	% change
Total assets (see definition on page 121)	**£556,466,000**	£532,912,000	+4.4
Total equity shareholders' funds (net assets)	**£485,784,000**	£464,396,000	+4.6
Net asset value per share (basic)	**310.49p**	295.88p	+4.9
Net asset value per share (diluted)	**308.93p**	295.25p	
Share price (mid market)	**264.00p**	254.00p	+3.9
Market capitalisation	**£413,049,000**	£398,662,000	+3.6
Discount to net asset value (basic)[A]	**15.0%**	14.2%	
Discount to net asset value (diluted)[A]	**14.5%**	14.0%	
MSCI AC Asia ex Japan Small Cap Index (currency adjusted, capital gains basis)	**1,982.01**	1,888.43	+5.0
Net gearing[A]	**12.1%**	12.1%	

Dividends and earnings			
Total return per share (basic)[B]	**22.43p**	(7.02)p	
Revenue return per share (basic)	**10.29p**	9.34p	+10.5
Ordinary dividends per share[C]	**6.41p**	6.40p	+0.2
Special dividend per share[C]	**2.25p**	1.60p	+40.6
Dividend cover[A]	**1.19**	1.17	
Revenue reserves[D]	**£12,533,000**	£9,942,000	+26.1
Revenue reserves per share[D]	**8.01p**	6.33p	+26.5

Operating costs			
Ongoing charges ratio[A]	**0.92%**	0.88%	

[A] Considered to be an Alternative Performance Measure. See pages 99 and 100.
[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] After payment of the fourth interim dividend of 1.61p (2022 – third interim dividend of 1.60p) per share amounting to £2,516,000 (2022 – £2,511,000) and the special dividend of 2.25p (2022 – 1.60p) per share amounting to £3,507,000 (2022 – £2,511,000).

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.

Chair’s Statement

This marks my first annual statement for the Company as Chair, following Nigel Cayzer’s retirement as a Director of the Company at last year’s Annual General Meeting. Once again, the Board and I would like to reiterate our thanks to him for the enormous contribution he made in steering this investment trust forward since its launch.

Overview

The state of flux in global markets continues. Inflation in Asian economies was more moderate over the review period than elsewhere, and central banks not as aggressive in their rate hikes. Even so, the threat of a possible global recession spilling into the region weighed heavily on investors’ minds. As ever, markets have paid close attention to US Federal Reserve (Fed) policy, which has put up rates 11 times since March 2022 (with a combined rise of 525 basis points).

As I referenced in the Half Yearly Report, China easing Covid restrictions raised expectations that a reopening economy would lead to greater demand across several sectors. This recovery has proved to be patchier than anticipated. Struggles in the country’s property sector continue and political tensions exacerbated market volatility (once again rising US-China rhetoric was a notable feature).

By contrast, India has shown signs of recovery in urban consumer demand, and has a buoyant housing market. The Reserve Bank of India (RBI) forecasts GDP growth of 6.5% for the 23/24 fiscal year, putting India among the fastest-growing economies. Indonesia’s market has also been stronger, with domestic spending particularly resilient.

Meanwhile, the ASEAN region continues to look attractive. Your Manager sees the bloc emerging as a key beneficiary of the shifts in global supply chains amid the evolving geopolitical landscape, especially between China and the US. In particular, corporate initiatives to embark on a China plus 1 or China plus 2 strategy as part of a supply chain diversification move is fuelling investment across ASEAN, with notable beneficiaries such as Vietnam, given its niche in apparel and electronics; Thailand, which is drawing interest from the printed circuit board supply chain because of its developed infrastructure and industrial parks; and Malaysia, for its engineering talent in software design companies. The bloc’s supportive policies, cost competitiveness, industrial development, linkages to existing manufacturing hubs and rising middle-income consumers are structural drivers that are not only attracting foreign direct investment but also spurring intra-Asian trade, and in turn, boosting economic growth.

Investment Performance

Although the weaker global economic environment has continued to be challenging for investors, over the last 12 months, on a total return basis, the Company’s net asset value (“NAV”) rose +7.6% in sterling terms for the 12 months to the end of July 2023, while the share price return was +7.3% having been impacted by the widening of the NAV discount to 14.5%. By comparison, the MSCI AC Asia ex Japan Small Cap (total return) index returned +8.0% and the MSCI AC Asia ex Japan rose 0.8%. The outperformance of smaller companies in Asia against their large cap peers now stretches several years, with the small cap index outperforming large cap by more than 10% annually over the past 3 years, testament to the benefits of investing in this overlooked segment of the equity market. In addition I am pleased to note that in the two-year period from 1 August 2021 (the date that we set the Company’s new Benchmark against the new investment policy), the NAV total return has been 6.1%, the share price total return has been 5.5% and the Benchmark return was 2.5%.

It has been especially satisfying to see the high-quality, cash-generative small companies favoured by your Manager fare well. This was notably the case in countries like India and Indonesia, where structural growth, huge consumer markets and rising adoption of technology led to strong performance from businesses in a variety of sectors, including banking, industrials, IT, and branded consumer products. You can read more detail on company-level performance in the Investment Manager’s Report starting on page 13.

While China has proved to be one of the weaker countries in terms of its performance, your Manager has taken advantage of volatility and attractive valuations of certain high-quality smaller companies to add exposure, from a relatively low base. This was aided by the change of mandate approved by shareholders last year (which saw the removal of the limit on company size at initiation), allowing your Manager greater flexibility in picking companies in larger markets such as China.

Asia is more than just China and India, however, and your Company's portfolio is highly diversified across the region, focusing on businesses with healthy balance sheets and strong growth prospects. Stock selection was strong in Korea and Taiwan, where companies involved in cutting-edge technologies and digital services benefitted from a recovery in sentiment towards the IT sector globally, supported by a wave of interest in Artificial Intelligence. Frontier markets such as Vietnam and Sri Lanka also had a pretty volatile ride due to political and economic pressures although ended the period on a much stronger footing, with some of the companies there among the portfolio's strongest performers.

Over the long term, the value of investing in such hand-picked smaller companies in Asia has proved their worth. £1,000 invested in 1995 is now worth £22,580 with dividends reinvested; and your Company is one of the top five among the Association of Investment Companies (AIC)'s ISA millionaires: a company that would have made investors over £1,000,000 had they invested their full ISA allowance from 1999 to 2023.

Dividend and Reserves

The Board recognises the importance of your Company's dividend income for many shareholders. The Ordinary dividend has been maintained or raised every year since 1998, and your Board is firmly committed to the new enhanced and progressive dividend policy approved by shareholders in 2022.

Three interim dividends of 1.6p and a fourth interim of 1.61p have been paid in March, June, September and December 2023, totalling 6.41p (2022 – Ordinary dividend 6.4p). Furthermore, I am very pleased to report that the continuing strength of dividend generation from the portfolio has allowed the Company to declare a further special interim dividend in respect of the year ended 31 July 2023 of 2.25p per Ordinary share which will be paid on 20 December 2023 to shareholders on the register on the record date of 24 November 2023 (ex dividend 23 November 2023). The special dividend will bring the total distribution for the year to 8.66p (2022 – 8.0p).

The Board's strategy is to maintain the progressive dividend policy of the last 25 years (including with the flexibility to pay dividends out of capital reserves where merited in the future) in order to provide shareholders with a regular level of income alongside capital growth prospects. Following payment of the four interims and special dividend for the year to 31 July 2023, there remains well over a year's worth of reserves to cover the Ordinary dividend.

Share Capital and Gearing

One of the disappointing aspects of your Company's performance is the continuing discount to NAV. During the period the shares have traded at an average discount of -12.5%, which is higher than its long-term average. This is in line with the Company's immediate peers, at a time when investment trust discounts have moved to historically wide levels.

Your Board is very mindful of the negative impact of large discounts to NAV to shareholders. As a result, we have started to buy back Ordinary shares in the market for treasury. In total 500,000 shares have been purchased in the Company's financial year (2022: nil), 0.3% of the Company's issued shares (excluding Treasury shares). A further 595,000 shares have been purchased since the end of the reporting to date.

We will continue to oversee the judicious use of share buy backs. The shares bought back in this reporting period were at a weighted average discount to NAV of -13.5%, supporting the twin aims of reducing the volatility of any discount whilst modestly enhancing the NAV for shareholders.

The Company's net gearing at 31 July 2023 was 12.1% with the debt provided by the £30m Loan Notes and the £36.6 million Convertible Unsecured Loan Stock redeemable in 2025. As at 18 October 2023, the latest practicable date, the net gearing stood at 10.2%.

Your Investment Manager

When we announced the amended investment policy in November 2021 (and approved by Shareholders in January 2022) we also introduced a number of other changes; one of which was to deepen the Company's management team, in particular the addition of Flavia Cheong, abrdn's Head of Equities, Asia Pacific, as joint lead manager alongside Hugh Young and Gabriel Sacks and now Xin-Yao Ng, both of whom have worked alongside Hugh for 15 and 5 years respectively. This was partially in recognition of the fact that the long-term success of your Company can be attributed to the strong teamwork at abrdn and that Hugh Young was nearing retirement.

I can now confirm that Hugh will be retiring on 31 December 2023, the same point at which he retires from the Manager. Hugh has worked tirelessly on behalf of the Company since its launch and, both personally and on behalf of the Board, I would like to thank him and wish him the very best for his well-earned retirement. The cumulative long term performance disclosed on page 27 is testament to Hugh's skill, dedication and methodology that he has handed down to the management team over the years. While Hugh leaves us in good hands with a high-quality team across Asia (over 40 investment personnel across six countries) continuing the vital on-the-ground research as part of your Company's investment process, he will be much missed.

I know Hugh still views Asia's rapidly developing economies as providing a fertile ground for smaller companies. Your Manager continues to explore opportunities across the region to produce a genuinely diversified portfolio not reliant on any one market, looking for businesses with strong balance sheets, exceptional business models and demonstrating resilience to macro concerns.

Responsible Investment

Your Manager has long been at the forefront of including environmental, social and governance assessment in their investment research. Whilst your Company is not a 'sustainable fund', we have long acknowledged that the best companies are sustainable companies, and that is very much your Company's investment philosophy. Although the portfolio's MSCI ESG rating of 'BB' is in line with that of the benchmark it is pleasing to note that the Company's portfolio Economic Emission Intensity is only 13.6% of the benchmark. Further detailed information can be found in the ESG report on page 106.

Active engagement with your investee companies is also a hallmark of your Manager's long experience of investing in smaller companies in Asia. You can read more detail on company-level engagement and responsible investing in the Annual Report starting on page 37.

The task force on climate-related financial disclosures (referred to as "TCFD") is now a global standard for reporting climate risks and opportunities. As a listed investment company, the Company is not subject to the FCA Listing Rule requirement to comply with TCFD reporting. However, the Board is a keen supporter of the ambitions of TCFD, as it believes it will improve disclosure of climate related risks. This in turn will help the Investment Manager and other stakeholders better assess the risks which will support sound investment decisions. Your Manager is subject to mandatory requirements to report on the Company as one of its products and the first abrdn Asia Focus plc TCFD Report, for the year ended 31 December 2022, is available under the 'Literature' section at **asia-focus.co.uk**.

Board Succession

As I indicated at the half-year stage, as part of the Board's succession plan, Randal McDonnell, the Earl of Antrim, will be stepping down at this year's AGM having completed his service. I'd like to thank Randal for his service to the Company. It has been a pleasure to have him on the Board and his wise contributions will be much missed.

Following a review of the Board's skills, background and experience, and with the support of Fletcher Jones, an independent specialist investment trust recruitment consultant, I am pleased to announce the appointment of Lucy Macdonald as his replacement who will be joining the Board immediately following the close of business of the AGM on 5 December 2023. Lucy has enjoyed a successful career in asset management and was, until 2020, managing director, CIO global equities at Allianz Global Investors. Lucy will bring significant investment experience to the Board. She is an experienced board director and is currently a member of the investment committee of the RNLI, a non-executive council member of the Duchy of Lancaster and senior independent director of JPMorgan Global Emerging Markets Income Trust Plc.

To further diversify the Board's composition and deepen the bench strength on the Board with future Board succession in mind, I am also pleased to announce the appointment of Davina Curling with effect from 1 March 2024. Davina has also enjoyed a successful career in asset management and was formerly managing director, head of European equities at Russell Investments. More recently Davina has consulted on projects for small companies and start-ups in the financial, manufacturing and retail sectors. Davina is a non-executive director of Henderson Opportunities Trust plc and INVESCO Select Trust plc and is a member of the investment committee of St James's Place Wealth management. Davina will become Senior Independent Director upon appointment.

Your Board is cognisant of the FCA's diversity and inclusion Policy Statement PS22/3 and remains committed to corporate governance best practice as recommended in the Hampton-Alexander and Davies reviews. I am pleased to confirm that from 1 March 2024, the Board will be compliant with the new diversity and inclusion targets set out in Chapter 15 of the FCA's Listing Rules.

Value for Money

We strive to keep the cost of investing low for shareholders to retain as much of the return on their investment as possible. Ongoing charges for the year were 0.92% (2022: 0.88%), primarily made up of the management fee. As you know, the fee was reduced in 2021 to 0.85% for the first £250m, 0.6% for the next £500m and 0.5% for market capitalisation over £750m, to provide even better value for money for shareholders. Importantly, the management fee is tied to the share price of the Company, and not the NAV. This aligns your Manager's fees with shareholder returns, and sets your Company apart from many of its peers.

In addition, in 2022 the Company introduced a performance-linked conditional tender offer for up to 25% of the issued capital. Shareholders will be offered the opportunity to realise a proportion of their holding for cash at a level close to NAV less costs in the event of underperformance against the benchmark in the five year period ending 1 August 2026.

Your Board continues to keep all costs under review but believes that, given the breadth and depth of on-the-ground research by your Manager, the very selective stock picking (your Company's portfolio has an active share of 97.8 at year end) and the long-term outperformance, the current fees constitute good value for money.

Migration of abrdn Savings Plans to interactive investor ("ii")

The Company's Manager, abrdn, has been reviewing its current service provider for its investment trust share plans (abrdn Savings Plan, Children's Plan and ISA). In May 2022, abrdn completed the acquisition of ii, the UK's second largest, award-winning investment platform for self-directing private investors. Having considered the various options, abrdn has concluded its review and has decided to migrate its share plan customers to ii in December 2023, given the strength of the ii offering, its understanding of and enthusiasm for investment trusts and the strong representation of investment trusts in its customer portfolios. Following completion of the migration, plan participants should contact the Company's registrars, Equiniti (further details on page 111) if they would like to continue to receive hard copies of shareholder reports and communications and they will be added to the Company's mailing list. Plan participants who have queries in respect of the migration should raise them directly with abrdn's investor services team by email at inv.trusts@abrdn.com or by telephone on 0808 500 4000 or 00 44 1268 448 222 (Monday to Friday 9am to 5pm – call charges will vary).

Shareholder Engagement and Annual General Meeting

The Company's Annual General Meeting is scheduled for 11:00 a.m. on 5 December 2023. The AGM will be preceded by a short presentation from the management team and following the formal business there will be a light shareholder buffet lunch and the opportunity to meet the Directors. 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. I would encourage all shareholders to support the Company and lodge proxy voting forms in advance of the meeting, regardless of whether they intend to attend in person.

Chair's Statement

Continued

In light of the significant take up from shareholders at the online presentation held in November 2022, in advance of the AGM, the Board has decided to hold another interactive Online Shareholder Presentation which will be held at 11:00 a.m. on 21 November 2023. At the presentation, shareholders will receive updates from the Chair and 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 registration details can be found at: **asia-focus.co.uk**.

Outlook

While it has been a tough period for small caps elsewhere, Asia's domestic growth story means that the region's diverse and fast-growing small companies are outpacing larger rivals. Asia is forecast to contribute around 70% of global growth for 2023, according to the IMF's last World Economic Outlook (published in April). Growth in Asia and the Pacific is set to accelerate to 4.6% this year from 3.8% in 2022.

As I have already referenced, although China's post-Covid recovery has thus far failed to take off and there has been much talk of the 'Japanification' of China's economy, improved policy messaging from China's government and more concrete measures could see an improved backdrop for companies over the longer term. Meanwhile, India's prime minister Narendra Modi continues to make the bold claim that India will become one of the world's top three economies within his third term (should he be re-elected in 2024).

Importantly your Company is able to invest in excellent companies spread across Asia and it is not dependent on investing solely in India or China. Recovery in Southeast Asia continues to gather pace and markets like Vietnam are providing a more positive environment for small-cap investors, notwithstanding significant volatility there during the year.

Stronger GDP growth should benefit the smaller companies targeted by this investment trust over time. But by no means does this measure alone automatically result in strong share-price performance. Pinpointing those businesses that can succeed and are capable of becoming 'multi-baggers' (stocks that deliver returns many times over the original investment), requires a disciplined, bottom-up stock picking approach.

Your Company remains positioned around Asia's long-term structural growth themes, such as greater domestic consumption that comes with Asia's rising affluence, booming infrastructure, the growth of digital, moving to a lower-carbon future, advances in health and wellness technology, and the opportunities offered by the rollout of 5G, big data and digital interconnectivity.

Relatively under-researched and inefficient markets across the whole Asian continent mean there is ample potential for unearthing hidden gems, companies with strong balance sheets and sustainable earnings prospects that can emerge stronger. I am confident that with extensive on-the-ground coverage and a highly experienced management team, your Manager is well positioned to keep finding quality companies among the hugely varied Asian small cap universe.

Krishna Shanmuganathan
Chair
19 October 2023

Investment Managers' Review

Performance Review

Asian small caps demonstrated strong performance over the 12-month review period to 31 July 2023, despite the volatility across global markets. The benchmark MSCI AC Asia Ex Japan Small Cap Index returned +8.0% in sterling terms over the review period. The Company's net asset value ("NAV") and share price, both in total return terms, increased by 7.6% and 7.3%, respectively.

As your Chair has highlighted earlier in this report, global markets have faced numerous challenges over the review period, including increasing inflation and interest rates (especially in developed markets), concerns regarding a potential global recession and a slower-than-expected China recovery. Nevertheless, Asian small caps have demonstrated remarkable resilience, outperforming their larger counterparts by a significant margin. Over the past three years, the cumulative outperformance of smaller companies in Asia against the large cap index has amounted to a meaningful 38 percentage points (the MSCI Asia ex Japan Small Cap gained 43% in the three years to 31 July 2023, compared with 4.2% for the MSCI Asia ex Japan). Heightened market volatility and macroeconomic uncertainty means our investment process gains even greater significance and we believe the unwavering rigour in seeking out quality has proven particularly advantageous over the 12-month period.

Our stock selection in India and Indonesia contributed to the positive performance, as both countries enjoyed resilient domestic spending during the review period. India-based engineering and technology solutions company **Cyient,** has seen a strong recovery in earnings as demand for engineering software and design services bounced-back in the aerospace industry, while margins benefited from management's restructuring efforts over the past few years. **Prestige Estates,** a property developer, released robust presales figures thanks to new projects and continued industry consolidation as they look to accelerate growth and become a national player. Similarly, **Syngene,** a contract research organisation working in pharmaceuticals, biotech and other industries, also benefited from a series of positive earnings reports. The company's strategic investments to expand capacity in biologics manufacturing and discovery services, as well as its solid balance sheet and a low debt profile, contributed to its success over the review period. Shares of Indian downstream oil and gas company **Aegis Logistics** were especially strong in the last month of the period, as the company released good quarterly results. In Indonesia, **Bank OCBC NISP** announced robust first-quarter performance, buoyed by asset growth due to an improving economic climate. Other standout performers in Indonesia included **Ultrajaya Milk Industry**, a more consumer-driven business focused on household dairy products, and fuel distributor **AKR Corporindo.**

At a sector level, technology, industrials and financials were positives for the portfolio. A stabilising tech sector and rising enthusiasm for generative artificial intelligence (AI) saw strong performance in both Taiwan and Korea. Positive stock selection in both countries aided performance over the 12 months. In Korea, **Park Systems**, manufacturer of atomic force microscopy (AFM) systems, was the leading contributor to relative results over the year. AFM has diverse applications in advanced science and technology labs, and the size of the addressable market should grow over time given it is still a relatively new field. **Leeno Industrial** also generated strong returns, with an anticipated recovery in demand driven by AI and testing initiatives. Meanwhile, in Taiwan, **Sunonwealth Electric Machine Industry,** which manufactures industrial fans and **Taiwan Union Technology,** which distributes copper-clad laminate, also contributed to relative performance given an improved outlook for growth. In addition, Vietnam's leading IT group **FPT Corporation** advanced over the review period on continued strong results with the company reporting a 21% profit jump in the second quarter, driven by a 29% surge in IT service revenues.

Elsewhere, our positioning in several other companies also proved advantageous. Shares of Thailand-based **TISCO Financial Group** performed well as its conservative lending practices over the past few years proved prescient. Sri Lankan conglomerate **John Keells Holdings,** which operates in sectors including transportation, consumer goods, retail, leisure, property, and financial services, also advanced as a beneficiary of a recovery in tourism and the overall domestic economy in Sri Lanka following the implementation of significant structural reforms.

On the other side, your Company's exposure to China and Hong Kong, both among the worst-performing markets, dragged on performance. Consumer-related sectors bore the brunt of the selling and the property sector continued to languish. Key detractors in China included **JOINN Laboratories.,** a drug testing business, and **Sinoma Science & Technology,** an advanced materials company focused on green energy solutions**.** Hong Kong-listed banking group **Dah Sing Financial Holdings Limited** and dry-bulk shipper **Pacific Basin Shipping** were also weak.

Our stock selection and overweight positioning in Singapore also weighed on overall performance. Among the main detractors in this market were investment holding company **Yoma Strategic Holdings,** a conglomerate operating in Myanmar, property developer **Bukit Sembawang Estates** and nanotechnology solutions provider **Nanofilm.** The latter reported weak semi-annual results due to slowing demand and high operating expenses.

Other detractors of note mainly included companies in the consumer discretionary, materials and health care sectors. Malaysian hotel operator **Shangri-La Hotels Malaysia Bhd.,** Indonesia-focused **M.P. Evans,** which produces palm oil, and Thailand-based **Mega Lifesciences PCL** came under pressure. In addition, Taiwan-headquartered e-commerce operator **momo.com** underperformed, in part due to disappointing sales growth and broader concerns about the lacklustre pace of digital sales expansion following the easing of lockdown measures.

Portfolio Activity

Much the same as we have said in previous reports, market volatility creates price disconnects, which require managers to focus on fundamentals. We have a long-term approach to investing and favour businesses with clearer earnings visibility and stronger fundamentals, focusing on quality companies that are well placed in structurally growing areas, such as healthcare and technology. This approach also helps us mitigate downside risks to growth from inflationary pressures. As such, over the period we have reduced or exited positions where we felt there was less certainty in a company's earnings trajectory or where those earnings could be less resilient to current macro headwinds.

Keeping in line with the Company's focus on quality, we purchased shares in Taiwan's **Sinbon Electronics,** which makes cables and connectors for niche markets. The company supplies products and applications to sectors including green energy, industrial applications, automotive, medical equipment as well as communication and electronic peripherals. In a highly fragmented industry, its competitive edge lies in its capabilities to manufacture highly customised products for its diversified customer base, as well as its well-entrenched partnerships with its suppliers and clients. Although its shares were under pressure after the release of its 2023 first half results, we view it as a beneficiary of long-term structural trends such as the Internet of Things, 5G applications and electric vehicles, as well as growing demand for renewable energy, supported by solid order visibility over the next two to three years. The company operates a cost pass-through model which ensures healthy margins and cash-flow.

Another key purchase was **Autohome,** a dominant Chinese auto platform with more than 60 million daily active users. It trades at attractive valuations, with just the cash on its balance sheet representing more than 75% of the Group's total market value, and we see latent potential for consumer spending to pick up in China as the economy re-opens. Autohome has an asset-light business model, delivering comprehensive, independent and interactive content to automobile buyers and owners. Its core business benefits from the powerful network-effect characteristics of a classifieds business and it is the number one player in the market. Its original generated content drives high-quality user traffic, which in turn results in advertising and lead generation. It is also expanding into new areas of business, such as auto-related financing for example and used car sales.

As covered in our interim report, we added other Chinese companies to the portfolio including seeds & nuts producer **ChaCha Food.** With well-established brands, the company has high potential for growth as the largely fragmented snacks industry in China presents a consolidation opportunity. As an aside, we engaged with the company over the period to gain visibility on its risk management policies on key environmental, social and governance (ESG) topics, and to encourage the company to issue its first ESG report. We came away with a positive impression given ChaCha's comprehensive ESG practices in its daily operations, as well as its efforts to improve disclosure and business integration. We also added **Kerry Logistics,** one of Asia's largest integrated logistics providers. With its diversified customer base, we believe it is well placed to benefit from supply-chain relocation, e-commerce growth and intra-regional trade in Asia.

Against these purchases, we exited Pacific Basin Shipping, given the lack of visibility and momentum on shipping rates (despite the compelling supply and demand dynamic). The industry is likely to enter a significant capex cycle, which could also affect shareholder returns. Elsewhere, we sold Douzone Bizon, due to concerns over execution and an uncertain growth outlook, and divested from eCloudvalley Digital Technology, owing to poor disclosure and a slowdown in growth. Other sales included Absolute Clean Energy, IPH, Nazara Technologies and Tatva Chintan Pharma; small positions that we didn't feel compelled to scale up.

Outlook

We expect global market sentiment to remain volatile in the short term, given concerns regarding global growth, monetary policies in the US and other developed markets, as well as developments in China, where macroeconomic data remains soft. Having said that, at the time of writing the Chinese government has begun another round of easing measures which should increase support to the economy at the margin. While we are yet to see more impactful policy action, there are still good opportunities to invest in small cap stocks that trade at attractive valuations and that provide exposure to pockets of growth within China's domestic market.

Elsewhere, other Asian economies are benefiting from diversification in global supply chains. Companies are adding alternative sourcing locations, increasingly adopting "China plus one" or "plus two" strategies. We have kept a large allocation to India in the portfolio, where we have exposure to a diverse set of companies operating in a number of high-growth industries. India is in the early stages of a cyclical upswing, and enjoys a demographic dividend, meaning it is well-placed for sustainable long-term growth. The region will also gain from growing demand for AI-related apps and chips, especially in the semiconductor and consumer electronics segments.

Resource-rich Indonesia has a sizeable and dynamic domestic market with rising post-pandemic consumer demand. There is a more limited universe of small caps compared with elsewhere, but we believe the portfolio is invested in well-run businesses with vast long-term potential. Vietnam, meanwhile, has become a key player in manufacturing – benefiting from diversification in the global supply chain and numerous free-trade agreements. The country is on a growth track, and we continue to like the long-term macro story. On the other hand, we do see some near-term political risk in some parts of the region, with political uncertainty in Thailand and general elections for both India and Indonesia in 2024. Outside of Thailand though, we generally expect political stability with a continuity in policy-making which provides a positive backdrop for the corporate sector.

In summary, we continue to believe Asian small caps offer significant value. There are attractive opportunities around the structural themes of aspiration, building Asia, digital future, going green, health & wellness and tech enablers. Overall, we have been nimble, taking the opportunity to raise the portfolio's earnings visibility and reduce exposure to names where this visibility is less certain. As a result, we continue to favour quality Asian small-cap companies with solid balance sheets and sustainable earnings prospects that can emerge stronger and position the portfolio well in tough times. While performance of small caps in the region can be volatile, given our in-house research capabilities, investment management focus and bottom-up analysis, we expect to deliver for our shareholders in the long run.

Gabriel Sacks, Flavia Cheong, Xin-Yao Ng & Hugh Young
abrdn Asia Limited
19 October 2023

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

On 27 January 2022 shareholders approved an amended investment objective. The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan.

Investment Policy

On 27 January 2022 shareholders approved an amended investment policy. The Company may invest in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly issued by quoted smaller companies spread across a range of industries and economies in the Investment Region. The Investment Region includes Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, Pakistan, The Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other economies in Asia as approved by the Board.

The Company may invest up to 10% of its net assets in collective investment schemes, and up to 10% of its net assets in unquoted companies, calculated at the time of investment.

The Company may also invest in companies traded on stock markets outside the Investment Region provided over 75% of each company's consolidated revenue, operating income or pre-tax profit is earned from trading in the Investment Region or the company holds more than 75% of their consolidated net assets in the Investment Region.

When the Board considers it in shareholders' interests, the Company reserves the right to participate in rights issues by an investee company.

Risk Diversification

The Company will invest no more than 15% of its gross assets in any single holding including listed investment companies at the time of investment.

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 25% of NAV at the time of draw down.

Investment Manager and Alternate Investment Fund Manager

The Company's Alternative Investment Fund Manager, appointed as required by EU Directive 2011/61/EU, is abrdn Fund Managers Limited ("aFML") (previously known as Aberdeen Standard Fund Managers Limited) 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"). aFML and abrdn Asia are wholly owned subsidiaries of abrdn plc.

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. 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. For the manager, 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.

A detailed description of the investment process and risk controls employed by abrdn Asia is disclosed on pages 103 to 105. A comprehensive analysis of the Company's portfolio is disclosed on pages 30 to 40 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 62 holdings.

Comparative Indices

From 1 August 2021 the Manager has utilised the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) as well as peer group comparisons for Board reporting. For periods prior to 1 August 2021, a composite index is used comprising the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted) up to 31 July 2021 and the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) thereafter. It is likely that performance will diverge, possibly quite dramatically in either direction, from the comparative index. The Manager 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 19, 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 16. 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

Shareholders are key stakeholders in the Company – they look to the Manager to achieve the investment objective over time. The following table describes some of the ways we engage with our shareholders:

Overview of Strategy

Continued

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 5 December 2023 in London. We encourage shareholders to lodge their vote by proxy on all the resolutions put forward.
Online Shareholder Presentation	In November 2022 the Board held an online shareholder presentation which was attended by over 250 shareholders and prospective investors. Based on the success of this event a further online presentation will be held on 21 November 2023 at 11:00 a.m.
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 can be found at **asia-focus.co.uk**
Investor Relations	The Company subscribes to the Manager's Investor Relations programme (further details are on page 22).

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 pages 103 to 105 and further information about the Manager is given on page 102. Shareholders are key stakeholders in the Company – they are looking to the Manager to achieve the investment objective over time and to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan. 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 13 to 15 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.

Directorate During the year the Board has initiated a search for a new independent Director as part of the continuing Board succession plans culminating in the decision to appoint two new Directors as explained on page 10.

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 24.
Performance against comparative indices	The Board also measures performance against the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) as well as peer group comparisons for Board reporting. For periods prior to 1 August 2021, a composite index is used comprising the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted) up to 31 July 2021 and the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) thereafter. Graphs showing performance are shown on pages 25 to 27. 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 ex Japan Small Cap 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 pages 27 and 56.
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 25.
Dividend	In 2022 the Board set a target dividend of 6.4p per share which was achieved for the year ended 31 July 2022. The aim is to maintain a progressive 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 24.

Overview of Strategy

Continued

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. Risks are identified and documented through a risk management framework and further details on the risk matrix are provided in the Directors' Report. The Board, through the Audit Committee, 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 review longer term risks and consider emerging risks and if any of these are deemed to be significant these risks are categorised, rated and added to the risk matrix.

Macroeconomic risks arising from geo political uncertainty has been a significant risk during the year leading to rising interest rates and higher inflation. In addition to the risks listed below, the Board is also very conscious of the risks emanating from increased environmental, social and governance challenges. 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.

The Board does not consider that the principal risks and uncertainties identified have changed during the Year or since the date of this Annual Report and are not expected to change materially for the current financial year.

Description	Mitigating Action
Shareholder and Stakeholder Risk Risk Unchanged during Year	The Company's strategy and objectives are regularly reviewed to ensure that they remain appropriate and effective. The Board monitors the discount level of the Company's shares and has in place a buyback mechanism whereby the Manager is authorised to buy back shares within certain limits. The macroeconomic and geopolitical challenges during the year led to volatility in equity markets and a widening of the Company's share price discount to NAV. As a result, the Company has started to buy back shares into treasury. The Broker and Manager communicate with major shareholders regularly to gauge their views on the Company, including discount volatility. There are additional direct meetings undertaken by the Chair and other Directors. The Board monitors shareholder and market reaction to Company news flow.
Investment Risk 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 and concentration/liquidity analysis of the portfolio. abrdn provides a team of experienced portfolio managers with detailed knowledge of the Asian markets. The Investment Manager is in attendance at all Board meetings. The Board also monitors the Company's share price relative to the NAV. 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 2023 no unlisted investments were made.

Description	Mitigating Action
	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. Gearing is provided at attractive rates, the Board and Manager monitor gearing levels regularly and covenant reports are provided to lenders bi-monthly. The Investment Manager embeds ESG and the impact of climate change 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.
Operational Risk 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 eg accounting. The assurance reports include an independent assessment of the effectiveness of risks and internal controls at the service providers including their planning for business continuity and disaster recovery scenarios, together with their policies and procedures designed to address the risks posed to the Company's operations by cyber-crime. Further details of the internal controls which are in place are set out in the Directors' Report on page 50. The Manager has documented succession planning in place for key personnel. There is a team approach to portfolio management of the Company and this has been clearly communicated to shareholders
Governance & Regulatory Risk Risk Unchanged during Year	The Board receives assurance from the Manager and Company Secretary and third party service providers on all aspects of regulatory compliance as well as drawing upon the significant experience of individual Directors. Upon appointment Directors receive a detailed induction covering relevant regulatory matters such as Corporate Governance, the Companies Act and Listing Rules and further training is available if required.
Major Events & Geo Political Risk **Risk Unchanged during Year**	External risks over which the Company has no control are always a risk. The Manager monitors the Company's portfolio and is in close communication with the underlying investee companies in order to navigate and guide the Company through macroeconomic and geopolitical risks. The Manager continues to assess and review legacy pandemic risks as well as investment risks arising from the impact of events such as the Invasion of Ukraine and increased military tension in East Asia on companies in the portfolio and takes the necessary investment decisions. The Manager monitors the potential impact of potential regional conflict and the risk of sanctions being imposed which limit the free flow of trade.

Overview of Strategy

Continued

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. Although the Board does not set diversity targets, it is mindful of best practice in this area, and the Board will continue to evolve in 2023/2024, with the stated aim of improving its diversity. At 31 July 2023, there were four male Directors and one female Director on the Board. Following the appointments of Lucy Macdonald and Davina Curling the Board will comprise three male Directors and three female Directors and will be compliant with the new diversity and inclusion targets set out in Chapter 15 of the FCA's Listing Rules.

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 30 ESG specialists around the world. Please refer to pages 106 to 110 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 abrdn 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. 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 provided by the Company's Loan Stock and Loan Notes (including the flexibility afforded by the additional £35m available for drawing under the Loan Note Facility to repay CULS if required in 2025); and
- In the event of triggering the conditional Tender Offer in 2026, 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.

In making this assessment, the Board has examined scenario analysis covering the impact of significant historical market events such as the 2008 Global Financial Crisis, Covid-19 and the Chinese Devaluation on the liquidity of the portfolio, as well as future scenarios such as geo-political tensions in East Asia, and how these factors might affect the Company's prospects and viability in the future.

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 Chair's Statement on page 12 whilst the Investment Manager's views on the outlook for the portfolio are included on page 15.

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

Krishna Shanmuganathan,
Chair
19 October 2023

Results

Performance (total return)

	1 year % return	3 year % return	5 year % return	10 year % return	Since inception
Share price[A]	+7.3	+45.9	+41.0	+59.1	+2158.4
Net asset value per Ordinary share – diluted[AB]	+7.6	+49.6	+38.5	+83.7	+2283.6
MSCI AC Asia ex Japan Small Cap Index (currency adjusted)	+8.0	+43.2	+36.4	+102.0	+261.3

[A] Considered to be an Alternative Performance Measure (see page 100 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

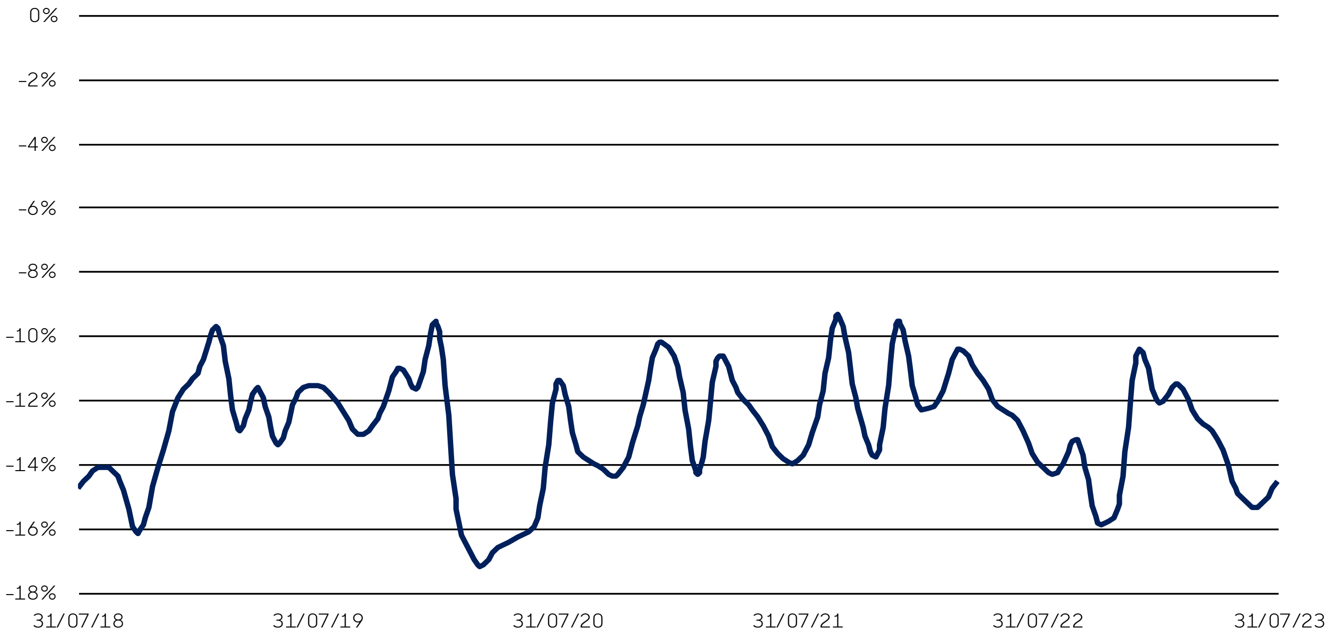
Year to 31 July	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total revenue (£'000)	11,427	14,746	10,992	13,896	14,673	14,632	13,595	9,624	18,071	**19,984**
Per share (p)[A]										
Net revenue return	2.29	3.64	1.84	3.86	3.85	4.33	4.29	1.66	9.34	**10.29**
Total return	(6.29)	(10.03)	33.08	34.46	7.36	15.64	(36.51)	92.34	(7.02)	**22.43**
Net ordinary dividends paid/proposed	2.00	2.10	2.10	2.40	2.60	2.80	2.90	3.00	6.40	**6.41**
Net special dividends paid/proposed	0.60	0.90	–	0.80	0.80	1.00	0.90	0.20	1.60	**2.25**
Net asset value per share (p)[A]										
Basic	193.78	181.23	213.78	247.09	246.37	260.11	221.29	310.90	295.88	**310.49**
Diluted	190.50	179.26	208.60	238.50	n/a	n/a	n/a	309.02	295.25	**308.93**
Shareholders' funds (£'000)	369,118	343,967	383,735	430,105	433,706	441,010	358,956	487,958	464,396	**485,784**

[A] Figures for 2014-2021 have been restated to reflect the 5:1 sub-division of each Ordinary 25p share into five Ordinary shares of 5p each which occurred on 7 February 2022.

Performance

Share Price Discount to Diluted Net Asset Value

Five years to 31 July 2023

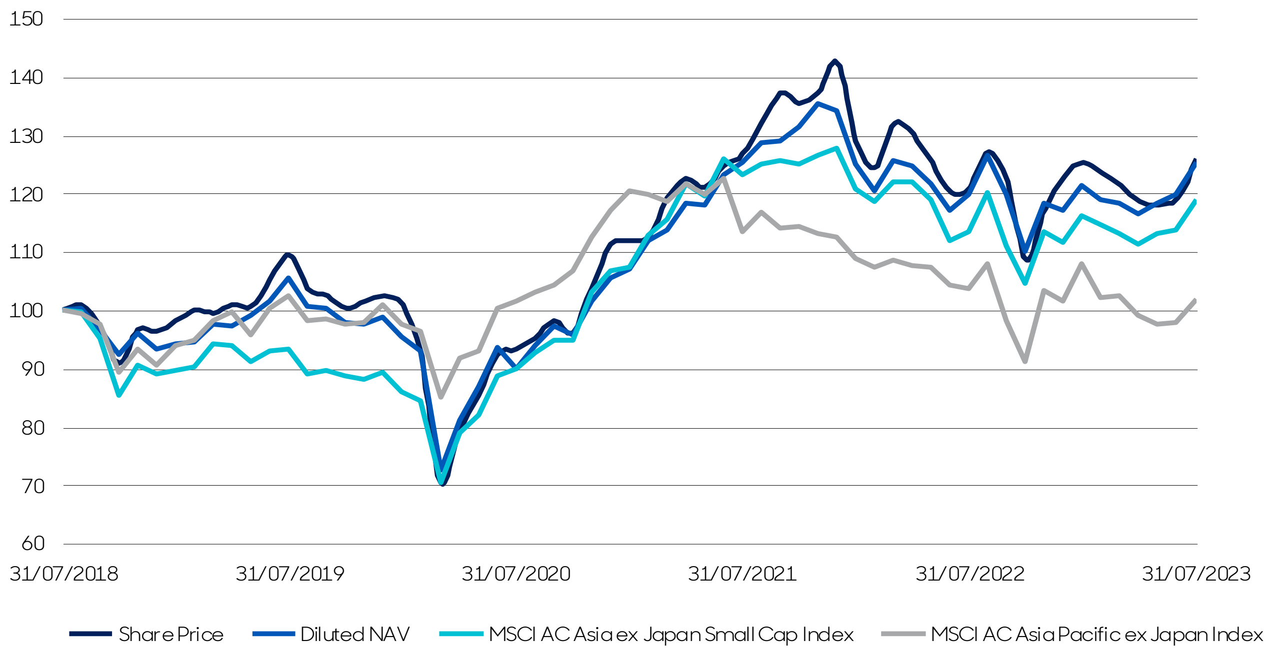


Performance

Continued

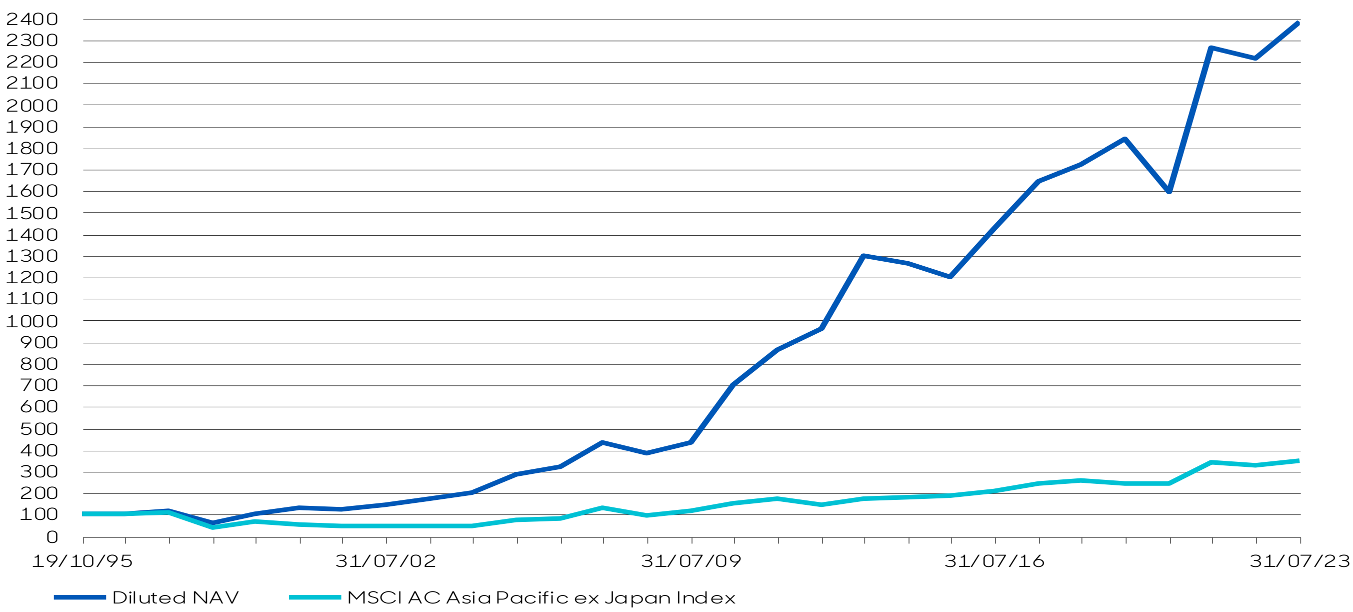
Capital Return of Diluted NAV and Share Price vs MSCI AC Asia ex Japan Small Cap Index (sterling adjusted) and MSCI AC Asia Pacific ex Japan Index (sterling adjusted) and

Five years to 31 July 2023 (rebased to 100 as at 31/07/18)



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

19 October 1995 to 31 July 2023 (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.

Ten Largest Investments

As at 31 July 2023

5.2%
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.

4.2%
Total assets

Bank OCBC NISP

An Indonesian listed banking and financial services company, which is a steady consistent performer backed by healthy asset quality.

3.6%
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.

3.1%
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. The government's push for the adoption of cleaner energy is also boosting its liquefied natural gas business.

3.0%
Total assets

FPT Corporation

FPT is a diversified technology group with a fast-growing software outsourcing business. It also owns a telecoms unit, an electronics retailing company, and has interests in other sectors, such as education.

3.0%
Total assets

AKR Corporindo

AKR is one of the main players in industrial fuel in Indonesia, which has a high entry barrier. Its key strength is its extensive infrastructure and logistic facilities throughout the country.

2.7%
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.

2.7%
Total assets

Taiwan Union

Taiwan Union Technology Corp is a leading maker of copper clad laminate (CCL), a key base material used to make printed circuit boards. With a strong commitment to R&D, it has moved up the value chain through the years..

2.6%
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, transportation and financial services.

2.6%
Total assets

Nam Long Invest Corporation

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

Portfolio

As at 31 July 2023

Company	Industry	Country	Valuation 2023 £'000	Total assets %	Valuation 2022 £'000
Park Systems Corporation	Electronic Equipment, Instruments & Components	South Korea	28,924	5.2	17,120
Bank OCBC NISP	Banks	Indonesia	23,675	4.2	13,356
Cyient	Software	India	19,980	3.6	14,016
Aegis Logistics	Oil, Gas & Consumable Fuels	India	16,974	3.1	13,716
FPT Corporation	IT Services	Vietnam	16,849	3.0	15,444
AKR Corporindo	Oil, Gas & Consumable Fuels	Indonesia	16,518	3.0	18,389
AEM Holdings	Semiconductors & Semiconductor Equipment	Singapore	15,213	2.7	17,802
Taiwan Union	Electronic Equipment, Instruments & Components	Taiwan	14,928	2.7	5,778
John Keells	Industrial Conglomerates	Sri Lanka	14,586	2.6	7,640
Nam Long Invest Corporation	Real Estate Management & Development	Vietnam	14,312	2.6	15,030
Top ten investments			**181,959**	**32.7**	
Sinoma Science & Technology – A	Chemicals	China	13,936	2.5	15,756
Mega Lifesciences (Foreign)	Pharmaceuticals	Thailand	13,715	2.5	13,524
Affle India	Media	India	13,612	2.4	18,847
Sporton International	Professional Services	Taiwan	13,280	2.4	9,123
Medikaloka Hermina	Health Care Providers & Services	Indonesia	12,728	2.3	14,656
M.P. Evans Group	Food Products	United Kingdom	12,293	2.2	13,857
Dah Sing Financial	Banks	Hong Kong	12,225	2.2	13,682
LEENO Industrial	Semiconductors & Semiconductor Equipment	South Korea	11,610	2.1	6,322
Autohome – ADR	Interactive Media & Services	China	11,462	2.1	–
Oriental Holdings	Automobiles	Malaysia	11,202	2.0	12,281
Top twenty investments			**308,022**	**55.4**	

Portfolio

Continued

As at 31 July 2023

Company	Industry	Country	Valuation 2023 £'000	Total assets %	Valuation 2022 £'000
Ultrajaya Milk Industry & Trading	Food Products	Indonesia	11,124	2.0	9,030
UIE	Food Products	Denmark	10,937	2.0	12,352
Precision Tsugami China	Machinery	China	10,931	2.0	11,973
Prestige Estates Projects	Real Estate Management & Development	India	10,887	1.9	7,162
Joinn Laboratories China – H	Life Sciences Tools & Services	China	10,472	1.9	12,745
Asian Terminals	Transportation Infrastructure	Philippines	10,329	1.8	10,161
Sunonwealth Electric Machinery Industry	Machinery	Taiwan	10,029	1.8	11,071
Cebu	Real Estate Management & Development	Philippines	9,958	1.8	9,664
Hana Microelectronics (Foreign)	Electronic Equipment, Instruments & Components	Thailand	9,911	1.8	8,736
MOMO.com	Internet & Direct Marketing Retail	Taiwan	9,222	1.6	16,160
Top thirty investments			**411,822**	**74.0**	
Millenium & Copthorne Hotels New Zealand (A)	Hotels, Restaurants & Leisure	New Zealand	8,546	1.5	9,808
Syngene International	Life Sciences Tools & Services	India	8,333	1.5	6,521
Vijaya Diagnostic Centre	Health Care Providers & Services	India	8,027	1.5	5,645
ChaCha Food – A	Food Products	China	7,903	1.4	–
AEON Credit Service (M)	Consumer Finance	Malaysia	7,677	1.4	9,701
Bukit Sembawang Estates	Real Estate Management & Development	Singapore	7,541	1.4	9,322
SINBON Electronics	Electronic Equipment, Instruments & Components	Taiwan	6,824	1.2	–
Sanofi India	Pharmaceuticals	India	6,823	1.2	6,770
Pentamaster International	Semiconductors & Semiconductor Equipment	Malaysia	6,782	1.2	4,850
KMC Kuei Meng International	Leisure Products	Taiwan	6,236	1.1	4,560
Top forty investments			**486,514**	**87.4**	

As at 31 July 2023

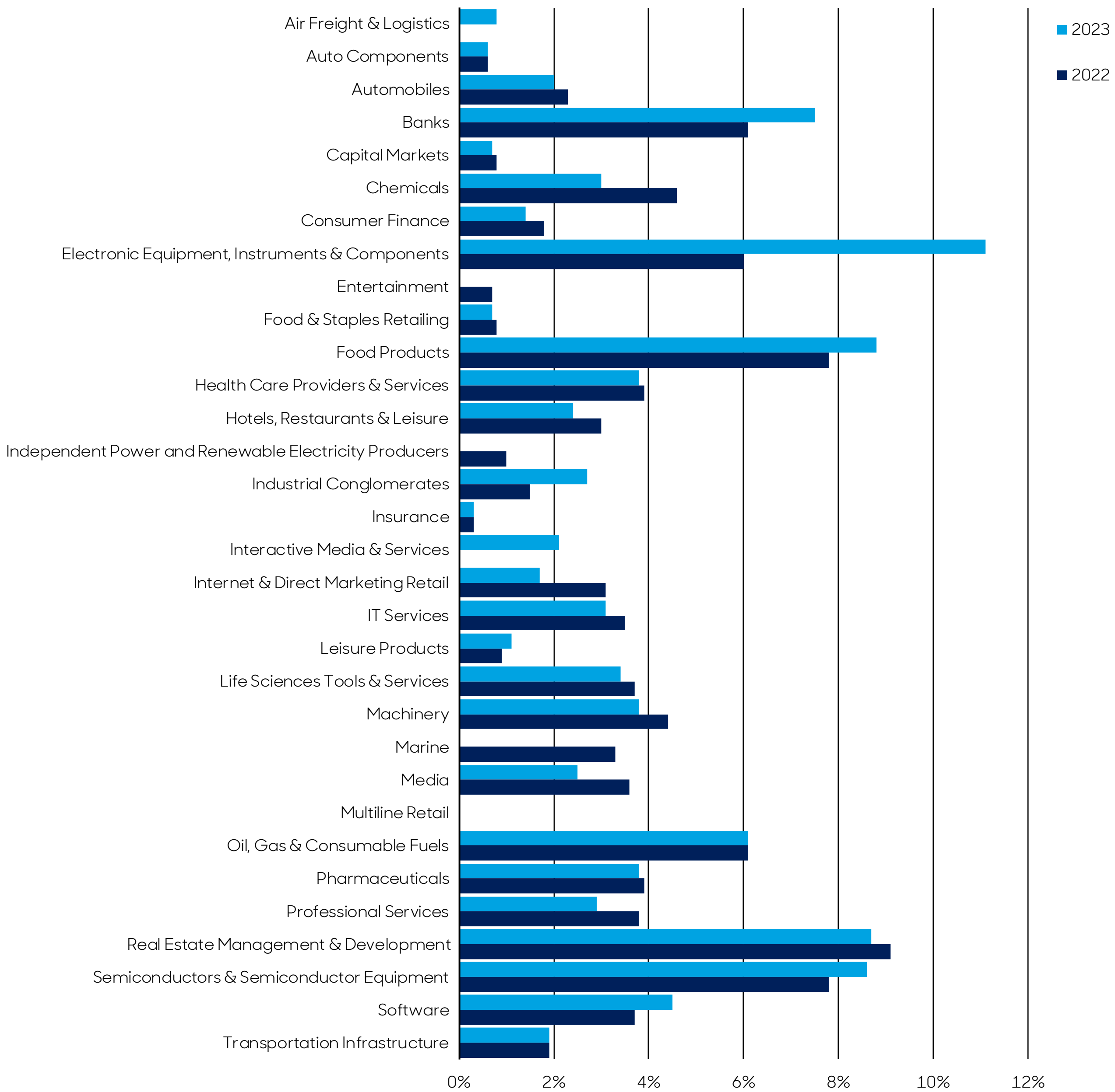
Company	Industry	Country	Valuation 2023 £'000	Total assets %	Valuation 2022 £'000
United Plantations	Food Products	Malaysia	6,067	1.1	5,815
Koh Young Technology	Semiconductors & Semiconductor Equipment	South Korea	5,697	1.0	4,879
Tisco Financial (Foreign)	Banks	Thailand	5,547	1.0	4,827
CE Info Systems	Software	India	4,774	0.9	2,421
Kerry Logistics	Air Freight & Logistics	Hong Kong	4,544	0.8	–
Shangri-La Hotels Malaysia	Hotels, Restaurants & Leisure	Malaysia	4,542	0.8	5,867
Andes Technology	Semiconductors & Semiconductor Equipment	Taiwan	4,513	0.8	3,470
Yoma Strategic	Real Estate Management & Development	Myanmar	4,282	0.8	5,943
NZX	Capital Markets	New Zealand	4,059	0.8	4,253
Convenience Retail Asia	Food & Staples Retailing	Hong Kong	4,013	0.7	4,314
Top fifty investments			**534,552**	**96.1**	
Aspeed Technology	Semiconductors & Semiconductor Equipment	Taiwan	3,976	0.6	3,652
Thai Stanley Electric (Foreign)	Auto Components	Thailand	3,470	0.6	2,912
Credit Bureau Asia	Professional Services	Singapore	2,953	0.6	3,228
Nanofilm Technologies International	Chemicals	Singapore	2,868	0.5	4,856
Manulife	Insurance	Malaysia	1,339	0.3	1,675
First Sponsor Group (Warrants 21/03/2029)	Real Estate Management & Development	Singapore	247	0.1	276
AEON Stores Hong Kong	Multiline Retail	Hong Kong	150	–	279
First Sponsor Group (Warrants 30/05/2024)	Real Estate Management & Development	Singapore	117	–	158
Total investments			**549,672**	**98.8**	
Net current assets			**6,794**	**1.2**	
Total assets[B]			**556,466**	**100.0**	

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

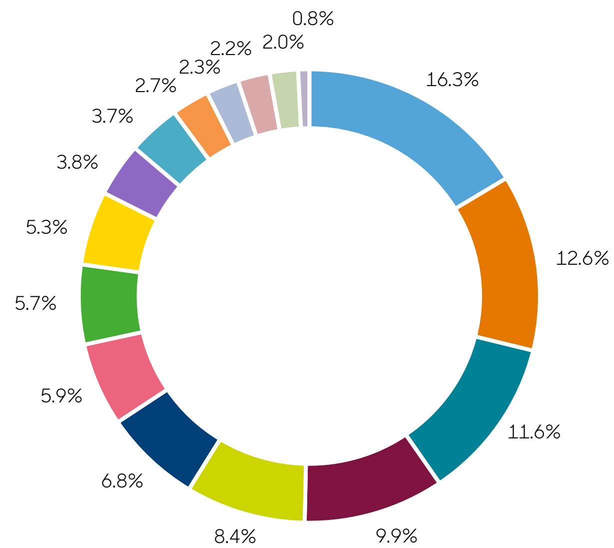
Sector/Geographical Analysis

As at 31 July 2023

Sector Breakdown

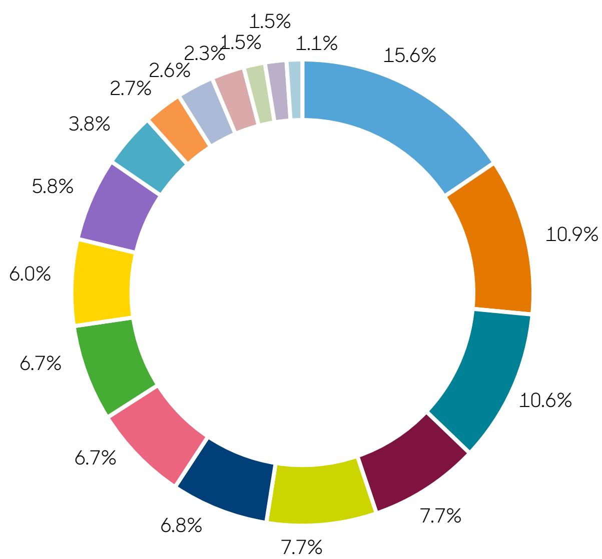


Geographic Breakdown



Country allocation - 2023

- India -16.3%
- Taiwan - 12.6%
- Indonesia - 11.6%
- China - 9.9%
- South Korea - 8.4%
- Malaysia - 6.8%
- Thailand - 5.9%
- Vietnam - 5.7%
- Singapore - 5.3%
- Hong Kong - 3.8%
- Philippines - 3.7%
- Sri Lanka - 2.7%
- New Zealand - 2.3%
- UK - 2.2%
- Denmark - 2.0%
- Myanmar - 0.8%



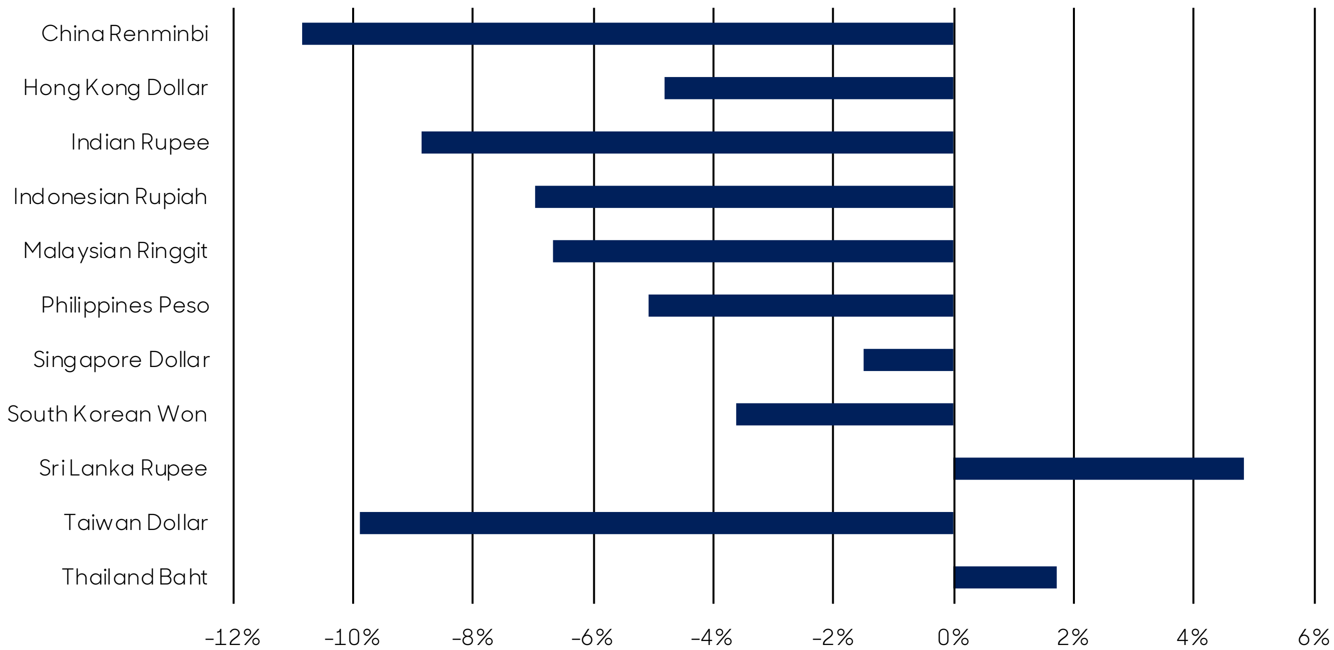
Country allocation - 2022

- India -15.6%
- Taiwan - 10.9%
- Indonesia - 10.6%
- China - 7.7%
- Malaysia - 7.7%
- Singapore - 6.8%
- Hong Kong - 6.7%
- Thailand - 6.7%
- South Korea - 6.0%
- Vietnam - 5.8%
- Philippines - 3.8%
- New Zealand 2.7%
- UK -2.6%
- Denmark - 2.3%
- Australia - 1.5%
- Sri Lanka - 1.4%
- Myanmar - 1.1%

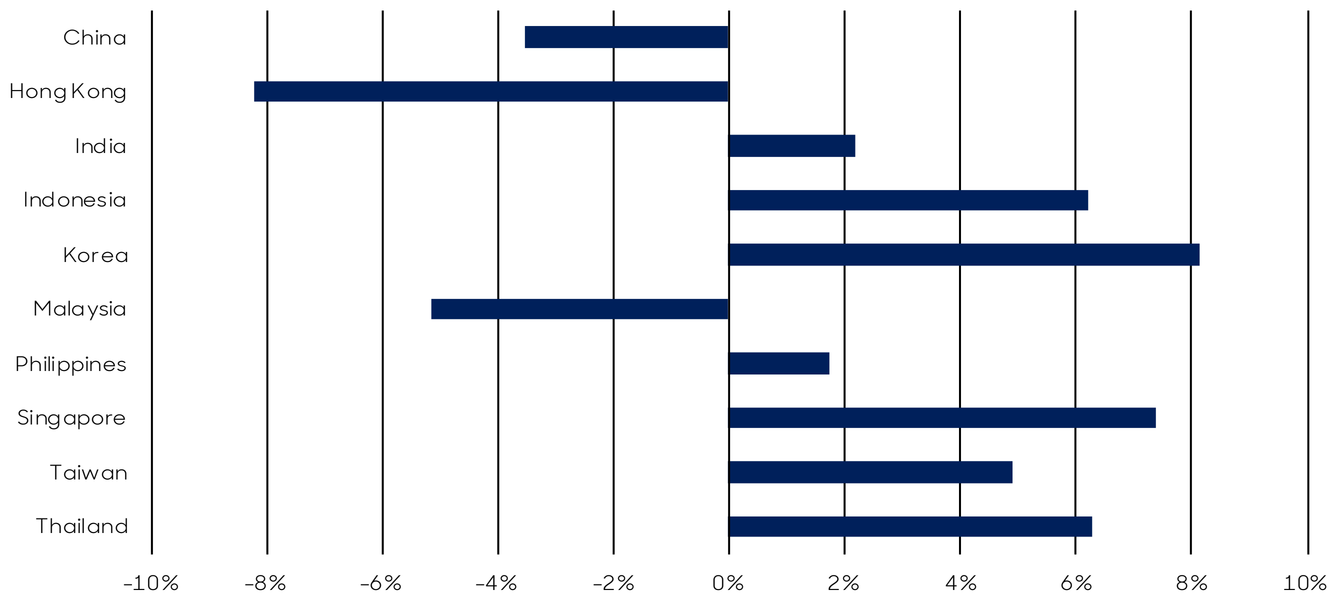
Currency/Market Performance

Year to 31 July 2023

Currency Returns (in Sterling Terms)



MSCI Country Index Total Returns (in Sterling terms)



Investment and ESG Case Studies

Sinoma Science

In which year did we first invest?
2022

% Holding:
2.5%

Where is their head office?
Beijing, China

What is their web address?
www.sinomatech.com/en/p_s/

What does the company do?
Sinoma is one of the largest wind turbine blade producers in China and the third largest battery separator maker, which is backed by strong R&D capability and support from its parent group.

Why do we like the investment?
We view the stock as a proxy for growth of wind energy. Sinoma is also one of the best state-owned enterprises (SOEs) in China focusing on the development of new materials.

Among the company's key strengths is its research and development (R&D) capability. Upon its Shenzhen listing in 2006, Sinoma had inherited a few R&D institutes, including a national laboratory that was focused on developing fibreglass materials. The company has continued to build on its solid R&D foundation.

Sinoma's capable management deserves mention. It has demonstrated strong entrepreneurship in developing downstream applications including wind turbine blades and battery separators. The team has also been stable and runs the company like a privately owned enterprise despite its SOE roots.

As a result, the company is now the largest wind blade producer, second-largest fibreglass maker and the No.3 separator maker in China. It also has a large trove of new materials waiting to be commercialised including hydrogen storage tanks. The hydrogen storage tank segment is a small but rapidly growing business, with potential for growth. The industry has policy support because it is a key development area for the central government.

When did we engage Sinoma on ESG?
We last met Sinoma in November 2022.

What were the key areas of engagement?
We have engaged Sinoma mostly around climate change, especially on disclosure of its ESG efforts. Its disclosure around water management and carbon emission given its exposure in fibreglass production is still subpar. However, we expect further ESG improvements ahead because of the parent group's consolidation of its wind turbine blade business into Sinoma. Also, as its revenue contribution from the separator business increases, this should also enhance its ESG credentials.

The company has also demonstrated leadership in wind turbine blade disposal by forming an alliance which it leads with its largest customer Goldwind to collect decommissioned wind turbine blades. Owing to technology constraints, the current blade recycle rate is low (less than 10%), but Sinoma is well positioned to take on future opportunities as and when the right technology emerges.

On the fibreglass front, the company believes its carbon emissions per tonne for this business is at least 20% lower than peers, thus it believes that it can gain market share once clients start to focus more on ESG.

What is the result of our engagement?
We continue our ongoing engagement with Sinoma and encouragingly, MSCI upgraded the company's ESG rating from B to BB in August 2022, citing its increasing involvement in clean tech and peer-leading R&D investment. MSCI also highlighted improvements in Sinoma's carbon mitigation practices, including use of renewable energy.

When do we next meet the company and what will be on the ESG agenda?
We recently met Sinoma during a research trip to China and we will look to engage the company in December to discuss the restructuring of its glass fibre business, including the timeline and impact on its operations from an ESG perspective, including carbon emissions and water usage and management.

Investment and ESG Case Studies

Continued

Medikaloka Hermina

In which year did we first invest?
2021

% Holding:
2.3%

Where is their head office?
Jakarta, Indonesia

What is their web address?
https://herminahospitals.com/en

What does Medikaloka Hermina 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 45 hospitals across 31 cities.

Why do we like the company?
Hermina is the lowest-cost hospital operator in Indonesia, best positioned to provide healthcare coverage for the masses in the country, that benefits from the roll-out of BJPS (Indo's universal healthcare scheme) and structural rise in healthcare demand.

It is very clear in their positioning, targeting the mass market, and has a key competitive strength in cost leadership to serve this target customer segment. Of the company's founding members, some continue to run the hospital and have executed well on the strategy.

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 73,000 babies are born in Hermina hospitals every year.

Interests are generally aligned, with management owning shares and key doctors incentivised by a partner-model, where they own shares in the hospitals they work in.

Overall, we regard Hermina as a good quality operator in its field.

When did we engage Medikaloka Hermina on ESG?
We last met Hermina in May 2023.

What were the key areas of engagement?
Our focus remains on engaging Hermina to disclose more around its sustainability efforts, especially around carbon emissions with the company having a high weighted average carbon intensity due to its geographic spread across Indonesia. We have discussed electricity usage, which is the main way that the company contributes to carbon emissions, given that power is mostly generated from coal.

We also track its progress in terms of alignment with the UN SDGs, in particular, SDG 3.8, achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.

Being the lowest cost operator, Hermina is 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.

What is the result of our engagement?
Hermina is making an effort to disclose more around sustainability in its annual reports. It has publicised its efforts in the following areas.

On the environmental front, all its hospitals have implemented the green hospital concept, leading to a significant reduction in its environmental footprint (e.g., waste, energy use, water use, and greenhouse gas emissions). Recently, it introduced solar energy to two of its hospitals, in Depok and Bogor.

In terms of social impact, Hermina focuses on public health efforts and assisting underprivileged local communities around its hospitals. It routinely conducts events to provide free medical services.

On governance, it has created a unique and favourable structure, where the shareholders, management and key doctors are incentivised and aligned to minority interests.

We view Hermina as one of the investments whereby business and social good come together well. We have been invested in Hermina for years for abrdn portfolios well before it turned profitable, and we have been engaging the company consistently on its performance delivery. If Hermina does well, it will contribute to the greater good of society in Indonesia in the end.

When do we next meet the company and what will be on the ESG agenda?
We are planning to meet the company in January 2024 and get an update on potential health-care policy changes, tariffs as well as the roll-out of JKN (National Health Insurance) programme, given that these areas would drive mass health-care penetration.

Vijaya Diagnostic Centre

In which year did we first invest?
2021

% Holding:
1.5%

Where is their head office?
Hyderabad, India

What is their web address?
https://www.vijayadiagnostic.com/

What does Vijaya Diagnostic Centre do?

Founded in 1981, Vijaya Diagnostic Centre has grown to become the largest diagnostics provider in South India.

Why do we like the company?
Vijaya has a long growth runway ahead despite its regional market leadership in South India. A large part of this is due to a structural change seen in India: Historically, the country has underspent in healthcare, resulting in under penetration of essential medical diagnostics services. Now, with an expanding and increasingly more affluent middle class, demand for healthcare services is rising alongside greater insurance penetration. Vijaya is well-placed to benefit as medical services become better developed across the board, and costs turn more affordable for the masses.

Compared to its peers, the company draws 95% of revenue from the end consumer segment (patients), which is typically less price sensitive and more driven by brand strength. Also, Vijaya's one-stop shop model, with radiology and pathology in every centre, makes it more convenient for patients and increases the barrier to entry for competitors, including the new-age digital disrupters – as the capital requirement for radiology machines is relatively high. Vijaya is free-cash-flow generative and has a business model that looks as good as its peers, with nationwide reach.

When did we engage Vijaya on ESG?
We last met Vijaya in April 2023.

What were the key areas of engagement?
Since its initial public offering in 2021, there has not been much in terms of disclosures around ESG and sustainability from the company. So, in the April meeting, our key topics of discussion included labour management, especially around employee engagement, training and turnover, corporate behaviour as well as corporate governance and disclosure. In particular, we are keen to encourage Vijaya on greater reporting of alignment with the United Nations' Sustainable Development Goals (SDGs) by companies, given this is an area of increasing investor interest. In particular, UN SDG 3, which focuses on ensuring healthy lives and promoting well-being for all at all ages. Medical diagnostics testing is an essential part of healthcare, which drives better outcomes for patients. Despite this, access to diagnostics across India remains mixed.

One of the focus areas for Vijaya is in making diagnostic services affordable for Indians who have historically underspent on medical care, for a range of reasons, including affordability. This runs parallel to their aim of expanding into India's Tier 2 and Tier 3 cities that have a longer runway for growth and expansion compared to the metropolises, which they expect to be at least 50% of their capital expenditure for the next 3 years. For example, in a previous meeting, the company explained how it has acquired high-end CT scan machines that cost significantly more than the standard models to do mammography tests without compromising patients' health. Vijaya is not charging a premium for this service, rather it is relying on higher rate of utilisation to make money.

In encouraging the company to do more around its disclosures so that the market can recognise the company's efforts and understand its role in delivery diagnostics, we engaged Vijaya and provided a summary of disclosures that we would like them to make in their forthcoming sustainability report. This included a range of granular disclosures, as well as the company's alignment with UN SDG 3. On the environment front, we have also sought to assess the company's impact in terms of carbon emissions impact, mainly through checking on its energy and electricity usage.

What is the result of our engagement?
In response, the company told us it has started taking steps to engage an agency to help Vijaya capture the necessary data that we have suggested through our engagement. We will continue to monitor and engage with Vijaya once the sustainability report is made available to explore ways to further improve disclosures around ESG and sustainability such that it is recognised by the market and external ratings agencies.

When do we next meet the company and what will be on the ESG agenda?
We would look to meet the company in February 2024 and follow up on issues such as employee engagement, turnover and corporate behaviour.

Investment and ESG Case Studies

Continued

John Keells

In which year did we first invest?
1997

% Holding:
2.6%

Where is their head office?
Colombo, Sri Lanka

What is their web address?
https://www.keells.com

What does the company do?
John Keells (JKH) has been in business for 153 years. It is Sri Lanka's largest conglomerate operating in several sectors including leisure (hotels & resorts in Sri Lanka and Maldives), transportation (ports and logistics infrastructure), consumer foods (beverages and ice cream), retail (supermarket chain) and property and financial services (banking and insurance).

Why do we like the investment?
JKH is a diversified group with high-quality assets that serves as a good proxy for the Sri Lankan economy. It is essentially a large company operating in a small market. Management have executed well and the group has been able to attract the best talent locally which should ensure that it continues to thrive over the long term, especially given the exciting potential for Sri Lanka in areas such as tourism and transhipment.

Many of John Keells' businesses are capital-intensive and the group is nearing the tail end of a long investment cycle. In particular, Cinnamon Life Integrated Resort in Colombo (pictured below) is costing about US$1 billion, with just US$100 million to go, versus its market capitalisation of around US$600 million. It is the first integrated resort in Sri Lanka and the largest private investment project. This big project is finally in the harvesting stage, with revenues from most of the residential units sold already recognised in FY2021. From FY2024 onwards, we expect the mall and casino to start operating, which is likely to contribute substantially to the group.

More broadly, the group has also been able to ride through Sri Lanka's debt crisis because a large part of its business is earned in overseas currencies, especially the US dollar. As a result, the group was not overly affected by the depreciation of the Sri Lankan rupee, while its businesses that were more exposed to overseas customers, such as ports and its hospitality segment in the Maldives, held up well, mitigating the impact from the domestic uncertainty on its local operations. Now, the economy is off from its trough and so John Keells' domestic business is stabilising as well. The currency is fluid again and tourism should slowly recover, which bodes well for spending at the hotels, mall and casino at its integrated resort.

How do we assess John Keells on its ESG efforts?
We view John Keells as one of the best governed groups in Sri Lanka with good disclosures on the environmental and social aspects, although the group is not rated by MSCI. Domestically, John Keells was ranked first in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL) for the third consecutive year, with a 100% score for transparency in disclosure practices.

As a part of the group's ongoing efforts towards increasing emphasis on its ESG aspects, John Keells reformulated its ESG framework in collaboration with an international third-party consulting firm, by setting revised group-wide ESG ambitions and translating such ambitions to ESG-related targets.

A key area of focus has been the environmental impact. For FY2022/23, the group's carbon footprint per million rupees of revenue decreased by 29% and water withdrawn per million rupees of revenue decreased by 31%, respectively compared to the previous year. A project to highlight would be "Plasticcyle", its initiative to reduce usage of single-use plastics, support responsible disposal, and promote recycling initiatives and innovation to support a circular economy. Despite the challenges posed by the economic crisis, 'Plasticcycle' has collected 127,000 kg of recyclable plastic waste since its inception in 2017/18.

When do we next meet the company and what will be on the ESG agenda?
We have been engaging with John Keells on material ESG risks, specifically around anti-money laundering (AML) controls and counter-terrorism financing. Looking ahead, we will continue to engage with John Keells on these fronts. With the casino set to start operating in FY2024, we plan to meet the company early in the new year to focus on the selection process for the casino operator and that operator's credibility, as well as their stance towards AML practices and counter-terrorism financing.

Governance

The business of the Company is that of an investment trust investing in the economies of Asia 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

Board of Directors

Krishna Shanmuganathan

Independent Non-Executive Director

Experience:
Mr Shanmuganathan has had a varied and successful career in diplomacy, asset management, consulting and corporate advisory, with a particular focus on Asia. He now sits on a number of boards and is chair of Weiss Korea Opportunities Fund.

Length of service:
3 years, appointed a Director on 3 June 2020

Last re-elected to the Board:
30 November 2022

Committee membership:
Management Engagement Committee and Nomination Committee

Remuneration:
£37,500 per annum

All other public company directorships:
Weiss Korea Opportunity Fund

Other connections with Trust or Manager:
None

Shareholding in Company:
5,270 Ordinary shares

Charlotte Black

Independent Non-Executive Director

Experience:
A Fellow of the Chartered Institute for Securities & Investment, 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. Charlotte is a founder Director of Artclear Ltd – a financial infrastructure platform for the art industry.

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

Last re-elected to the Board:
30 November 2022

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

Remuneration:
£28,500 per annum

All other public company directorships:
None

Other connections with Trust or Manager:
None

Shareholding in Company:
4,790 Ordinary shares

Lindsay Cooper

Independent Non-Executive Director

Experience:
A Singapore permanent resident and member of the Institute of Chartered Accountants of Scotland. Mr Cooper co-founded Arisaig Partners in 1996, an independent Investment Management business where, for 20 years, he had investment responsibility for the Arisaig Asia Consumer Fund. Following semi-retirement Mr Cooper founded Chic & Unique Pte Ltd, a boutique hotels and hospitality business in Asia and Europe and, more recently, founded Chi Tree Health, in Singapore. Mr Cooper is also involved in two charities, Magic Bus Global and Angkor Hospital for Children (AHC) in Cambodia.

Length of service:
Appointed a Director on 15 June 2022

Last re-elected to the Board:
Elected on 30 November 2022

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

Remuneration:
£28,500 per annum

All other public company directorships:
Nil

Other connections with Trust or Manager:
None

Shareholding in Company:
Nil

Alex Finn

Independent Non-Executive Director

Experience:
A partner for 27 years in PwC's global financial services practice, retiring on 30 June 2022. During his career at PwC Mr Finn was responsible for the services that PwC provided internationally to a number of its largest global clients, all of which had extensive operations in Asia. He was also responsible for supporting clients in large scale accounting and financial change programmes, was PwC's EMEA insurance leader, sat on its EMEA FS leadership team and led a number of PwC's largest global audit engagements.

Length of service:
Appointed a Director on 13 July 2022

Last re-elected to the Board:
Elected on 30 November 2022

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

Remuneration:
£32,000 per annum

All other public company directorships:
Cembra Money Bank AG

Other connections with Trust or Manager:
None

Shareholding in Company:
Nil

Board of Directors

Continued

Randal Alexander McDonnell, Earl of Antrim

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:
10 years, appointed a Director on 1 July 2013

Last re-elected to the Board:
30 November 2022

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

Remuneration:
£28,500 per annum

All other public company directorships:
None

Other connections with Trust or Manager:
None

Shareholding in Company:
4,000 Ordinary shares

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 July 2023.

Results and Dividends

Details of the Company's results and proposed dividends are shown on pages 24 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 2023 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 2023, there were 156,457,978 fully paid Ordinary shares of 5p each (2022 – 156,953,631 Ordinary shares of 5p each) in issue with a further 52,244,590 Ordinary shares of 5p held in treasury (2022 – 51,744,590 Ordinary shares of 5p each held in treasury). During the year 500,000 Ordinary shares were purchased in the market for treasury (2022 – nil). During the period and up to the date of this report no Ordinary shares were issued for cash and no shares were sold from or purchased into treasury.

On 14 December 2022, 6,334 units of Convertible Unsecured Loan Stock 2025 were converted into 2,158 new Ordinary shares of 5p each. On 14 June 2023 6,419 units of Convertible Unsecured Loan Stock 2025 were converted into 2,189 new Ordinary shares of 5p each. In accordance with the terms of the CULS Issue, (as adjusted to reflect the five for one share subdivision in February 2022), the conversion price of the CULS for both conversions was determined at 293.0p nominal of CULS for one Ordinary share of 5p.

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 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 and due to mature in 2035. The Loan Note ranks pari passu with the Company's other unsecured and unsubordinated financial indebtedness.

Management Agreement

The Company has appointed abrdn Fund Managers Limited ("aFML"), a wholly owned subsidiary of abrdn plc, as its alternative investment fund manager. aFML 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 ("abrdn Asia") by way of a group delegation agreement in place between aFML and abrdn Asia. In addition, aFML has sub-delegated administrative and secretarial services to abrdn Holdings Limited and promotional activities to abrdn Investments Limited ("aIL").

Management Fee

With effect from 1 August 2021 the annual management fee has been charged at 0.85% for the first £250,000,000, 0.60% for the next £500,000,000 and 0.50% over £750,000,000. Investment management fees are charged 25% to revenue and 75% to capital.

The management agreement may be terminated by either the Company or the Manager on the expiry of three months' written notice. 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 aFML and abrdn Asia is in the interests of shareholders as a whole.

Political and Charitable Donations

The Company does not make political donations (2022 - nil) and has not made any charitable donations during the year (2022 – 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, Randal Dunluce (The Earl of Antrim), C Black, K Shanmuganathan, L Cooper and A Finn, together with N Cayzer who retired on 30 November 2022, 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 5 December 2022 and, with the exception of the Earl of Antrim, will offer themselves for re-election. Details of each Director's contribution to the long term success of the Company are provided on page 49.

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 Chair

The Chair 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 Chair facilitates the effective contribution, and encourages active engagement, by each Director. In conjunction with the Company Secretary, the Chair ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chair 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 Chair also engages with major shareholders and ensures that all Directors understand shareholder views.

The Company has announced that Davina Curling will become Senior Independent Director with effect from her appointment to the Board on 1 March 2024. Prior to then the Audit Committee Chairman in combination with the other independent Directors will continue to fulfil the duties of the senior independent director, acting as a sounding board for the Chair and acting as an intermediary for other Directors as applicable. The Audit Committee Chairman and, following appointment, Senior Independent Director are both available to shareholders to discuss any concerns they may have.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of, and will give due regard to, the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. The Board will take account of the targets set out in the FCA's Listing Rules, which are set out overleaf.

The Board has resolved that the Company's year-end date is the most appropriate date for disclosure purposes. The following information has been provided by each Director through the completion of questionnaires.

Table for reporting on gender as at 31 July 2023

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
Men	4	80%	n/a (note 3)	n/a (note 4)	n/a (note 4)
Women	1	20% (note 1)			
Not specified/prefer not to say	-	-			

Table for reporting on ethnic background as at 31 July 2023

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	4	80%	n/a (note 3)	n/a (note 4)	n/a (note 4)
Mixed / Multiple Ethnic Groups	-	-			
Asian/Asian British	1	20%			
Black/African/Caribbean/Black British	-	-			
Other ethnic group, including Arab	-	-			
Not specified/prefer not to say	-	-			

Notes:

1. The Company did not meet the target that at least 40% of Directors are women as set out in LR 9.8.6R (9)(a)(i) for the year ended 31 July 2023. However, following the appointments of Ms Macdonald and Ms Curling on 5 December 2023 and 1 March 2024 the Board expects to be compliant for the year ending 31 July 2024.
2. The Company meets the target that at least one Director is from a minority ethnic background as set out in LR 9.8.6R (9)(a)(iii)
3. The Company does not meet the target for the year to 31 July 2023 as the Chair is not a woman and the Company did not have a Senior Independent Director. However, with effect from 1 March 2024, Ms Davina Curling will join the Board as an independent non executive Director and as Senior independent Director and the Company will therefore be compliant for the year ending 31 July 2024. The Company is externally managed and does not have any executive staff specifically it does not have either a CEO or CFO.
4. This column is not applicable as the Company is externally managed and does not have any executive staff.

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); and
5. senior independent director (provision 12) (see below);

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. See 'Nomination Committee' below for further details on the appointment of a new Senior Independent Director. 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 2023, 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. 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 2023 (with their eligibility to attend the relevant meeting in brackets):

Director	Board	Audit Committee	Nomination Committee	Management Engagement Committee
K Shanmuganathan [B]	5 (5)	1 (1)	4 (4)	1 (1)
Earl of Antrim	5 (5)	2 (2)	4 (4)	1 (1)
C Black	5 (5)	2 (2)	4 (4)	1 (1)
L. Cooper	5 (5)	2 (2)	4 (4)	1 (1)
A Finn	5 (5)	2 (2)	4 (4)	1 (1)
N Cayzer [A]	2 (2)	n/a	1 (1)	1 (1)

[A] Mr Cayzer retired on 30 November 2022

[B] Mr Shanmuganathan was appointed Chair on 30 November 2022 and resigned from membership of the Audit Committee from that date

Directors' Report

Continued

Policy on Tenure

In compliance with the provisions of the AIC Code, it is expected that Directors will serve in accordance with the nine year time limits laid down by the AIC Code.

Board Committees

Audit Committee

The Audit Committee Report is on pages 59 to 61 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 22.

As part of the continuing Board succession and refreshment plans, the Earl of Antrim will be retiring from the Board at the AGM to be held on 5 December 2023. Therefore, during the year the Nomination Committee commenced a search for a new independent non executive Director using the services of Fletcher Jones Limited, an independent recruitment consultant. As part of the search a specification of desired attributes and qualities was prepared and the recruitment process culminated in the decision to appoint Ms Lucy Macdonald and Ms Davina Curling as independent non-executive Directors with effect from the close of business of the AGM on 5 December 2023 and 1 March 2024, respectively and Ms Curling has agreed to become Senior Independent Director.

The Board undertakes an annual evaluation of the Board, Directors, the Chair and the Audit Committee which is conducted by questionnaires. The 2023 evaluation was conducted using questionnaires and 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 re-elections at the AGM on 5 December 2023. Ms Black has continued to bring significant financial promotion, marketing and communications expertise to the Board and has been closely involved in the ongoing development of the Company's website; Mr Shanmuganathan has continued to bring his deep experience of Asia and has seamlessly assumed the role of Chair during the year to great effect; Mr Cooper has brought the weight of his significant local Asian market experience to the Board's discussions; and Mr Finn has brought relevant and recent accounting and financial experience to the board and has led the Audit Committee with expertise. For the foregoing reasons, with the exception of the Earl of Antrim who will be retiring from the Board at the forthcoming AGM, the independent members of the Nomination Committee have no hesitation in recommending the re-election of each Director who will be submitting themselves for re-election at the AGM on 5 December 2023.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Mr Finn. The Committee is responsible for reviewing 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 the Chair.

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 55 to 57.

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.

Internal Control

In accordance with the Disclosure and Transparency Rules (DTR 7.2.5), 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.

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 October 2023 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 July 2023 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 2023. 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.

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 to ensure that even in significant negative

Directors' Report

Continued

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 20 and 21 and they believe that the Company has adequate financial resources to continue its operational existence for a period of 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 potentially less favourable market conditions. 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 58 and 69 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 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 November 2022 AGM shareholders approved the re-appointment of PricewaterhouseCoopers LLP ("PwC") as independent auditors to the Company. 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.

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 2023:

Shareholder	No. of Ordinary shares held	% held
City of London Investment Management Company	37,115,489	23.7
AllSpring Global Investments	20,431,685	13.1
Interactive Investor (non-beneficial)	12,756,311	8.2
abrdn Savings Scheme (non-beneficial)	11,586,710	7.4
Hargreaves Lansdown (non-beneficial)	11,010,815	7.0
Funds managed by abrdn	5,523,368	3.5
1607 Capital Partners	5,340,300	3.4
Charles Stanley	5,060,341	3.2

There have been no significant changes notified in respect of the above holdings between 31 July 2023 and 19 October 2023.

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 financial statements, 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.

Consumer Duty

The FCA's Consumer Duty rules were published in July 2022. The rules comprise a fundamental component of the FCA's consumer protection strategy and aim to improve outcomes for retail customers across the entire financial services industry through the assessment of various outcomes, one of which is an assessment of whether a product provides value. Under the Consumer Duty, the Manager is the product 'manufacturer' of the Company and therefore the Manager was required to publish its assessment of value from April 2023. Using a newly developed assessment methodology, the Manager assessed the Company as 'expected to provide fair value for the reasonably foreseeable future'. As this was the first year of assessment, the Board gained an understanding of the Manager's basis of assessment and no concerns were identified with either the assessment method or the outcome of the assessment.

Special Business at the Annual General Meeting

Directors' Authority to Allot Relevant Securities

Approval is sought in Resolution 10, 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 10 is to authorise the Directors to allot up to a maximum of 103.9 million shares in total (representing approximately 2/3 of the existing issued capital of the Company), of which a maximum of 51.9 million 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 11 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 11 and subject to the authority to be conferred by Resolution 10 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 12 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 5p 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 12 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 11 above, may be held in treasury. During the year the Company has not bought back any Ordinary shares for Treasury.

If Resolutions 10 to 12 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 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 13 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 2024. 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 13 in limited and time sensitive circumstances.

Dividend Policy

As a result of the timing of the payment of the Company's quarterly dividends, the Company's Shareholders are unable to approve a final dividend each year. In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to Shareholders for approval at the Annual General Meeting and on an annual basis thereafter.

The Company's dividend policy shall be that dividends on the Ordinary Shares are payable quarterly in relation to periods ending October, January, April and July. It is intended that the Company will pay quarterly dividends consistent with the expected annual underlying portfolio yield. The Company has the flexibility in accordance with its Articles to make distributions from capital. Resolution 4, an ordinary resolution, will seek shareholder approval for the dividend policy.

Recommendation

Your Board considers Resolutions 10 to 13 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 10 to 13 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 14,060 Ordinary shares.

By order of the Board
abrdn Holdings Limited -Secretaries
280 Bishopsgate
London EC2M 4AG
19 October 2023

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 64.

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 £275,000 per annum. This cap may be increased by shareholder resolution from time to time and was last increased at the General Meeting held in January 2022.

	31 July 2023 £	31 July 2022 £
Chair	**37,500**	35,500
Chairman of Audit Committee	**32,000**	30,500
Director	**28,500**	27,500

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 £28,500 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' 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.

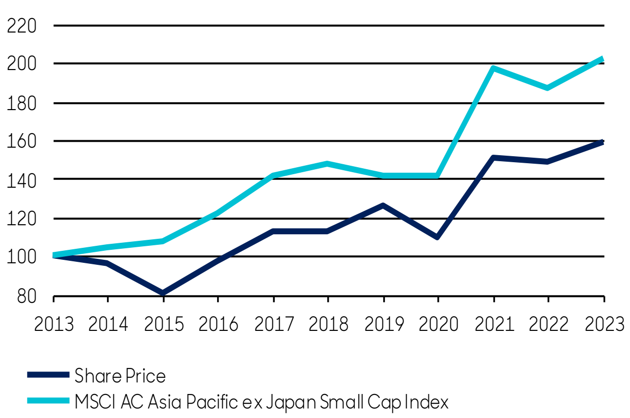
Implementation Report

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 to £37,500 for the Chair, £32,000 for the Audit Committee Chairman and £28,500 for other Directors, with effect from 1 February 2023. The Directors' fees were last increased in January 2021. 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 ex Japan Small Cap Index (in Sterling terms) for the ten year period to 31 July 2023 (rebased to 100 at 31 July 2013). 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 30 November 2022, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 July 2022 and the following proxy votes were received on the resolutions:

Resolution	For [A]	Against	Withheld
(2) Receive and Adopt Directors' Remuneration Report	88.0m (99.9%)	17,065 (0.02%)	32,554
(3) To approve the Directors' Remuneration Policy [B]	17.4m (99.8%)	37,646 (0.2%)	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 Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. However, for ease of reference, the total fees paid to Directors is shown in the table below, the dividends paid to shareholders are set out in note 8 and the shares bought back for treasury are disclosed in note 14.

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	2023 £	2022 £
K Shanmuganathan (Chair and highest paid Director) [A]	**33,833**	27,500
The Earl of Antrim	**28,000**	27,500
C Black	**28,000**	27,500
L Cooper	**27,963**	3,474
A Finn	**31,250**	1,558
D Guthrie [B]	**-**	21,435
N K Cayzer [C]	**11,833**	35,500
Total	**160,879**	144,467

[A] Mr Shanmuganathan was appointed Chair on 30 November 2022
[B] Ms Guthrie retired from the Board on 13 April 2022
[C] Mr Cayzer retired from the Board on 30 November 2022

No taxable benefits were paid to Directors during the year (2022: nil).

Annual Percentage Change in Directors' Remuneration

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

Director	2023 %	2022 %	2021 %	2020 %
K Shanmuganathan (Chair and highest paid Director) [A]	**23.0**	**0.8**	84.1	n/a
The Earl of Antrim	**1.8**	**0.8**	1.1	0
C Black [B]	**1.8**	**0.8**	1.1	45.7
L. Cooper [C]	**799.5**	**n/a**	n/a	n/a
A Finn [D]	**1694**	**n/a**	n/a	n/a

[A] Mr Shanmuganathan was appointed to the Board on 3 June 2020 and became Chair on 30 November 2022
[B] Ms Black was appointed to the Board in January 2019
[C] Mr Cooper was appointed to the Board on 15 June 2022
[D] Mr Finn was appointed to the Board on 13 July 2022

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. The amounts paid by the Company to the Directors were for services as non-executive Directors.

Sums Paid to Former Directors

In accordance with the disclosure requirements of paragraph 15 of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008/410, a fee of £75,000 plus VAT has been paid to Mr Martin Gilbert, a former Director of the Company who retired in November 2019, in respect of independent consultancy services provided to the Company in the three year period ending 31 July 2023.

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 2023 and 31 July 2022, 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 2023 [A] Ordinary shares	31 July 2022 Ordinary shares
K Shanmuganathan	**5,270**	5,270
Earl of Antrim	**4,000**	4,000
C Black	**4,790**	4,790
L Cooper	**-**	-
A Finn	**-**	-
N K Cayzer [B]	**-**	-

[A] or date of resignation, if earlier
[B] Mr Cayzer retired from the Board on 30 November 2022

The above interests are unchanged at 19 October 2023, 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 2023:

- 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.

Krishna Shanmuganathan,
Chair
19 October 2023

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 abrdn Asia Focus plc
Krishna Shanmuganathan,
Chair
19 October 2023

Report of the Audit Committee

I am pleased to present the report of the Audit Committee for the year ended 31 July 2023 which has been prepared in compliance with applicable legislation.

Committee Composition

The Audit Committee comprises four independent Directors at the year end; the Earl of Antrim, Charlotte Black, Lindsay Cooper and myself (Alex Finn), 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 those relating to 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 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 undertook a deep-dive review of the Company's Risk Register in order to ensure that it was functional and fit for purpose.

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 Strategic Report.

Report of the Audit Committee

Continued

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 July 2023, 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 75. All investments are listed and 97.6% of the portfolio is 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 Trust Corporation UK Limited) 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 76. 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.

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 taken 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 58.

Provision of Non-Audit Services

The Committee has put in place a policy on the supply of non-audit services provided by the auditor. Such services are considered on a case-by-case basis and may only be provided if the service is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest or prevent the auditor from remaining objective and independent. All non-audit services require the pre-approval of the Committee. No non-audit fees were paid to the auditor during the Year (2022 - nil). The Committee confirms that it has complied with Part 5.1 of the Competitions and Market Authority's Order 2014.

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 work in a collegiate manner with the Board and Manager, addressing queries and issues in a timely manner – 2023 represents the third year for PwC and the Audit Committee is confident that identified queries and 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 and PricewaterhouseCoopers LLP ("PwC") were chosen as 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 2023 will be the third 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.

Alex Finn
Audit Committee Chairman
19 October 2023

Financial Statements

Three interim dividends of 1.6p and a fourth interim of 1.61p have been paid in March, June, September and December 2023, totalling 6.41p (2022 – Ordinary dividend 6.4p); together with a further special interim dividend in respect of the year ended 31 July 2023 of 2.25p per Ordinary share which will be paid on 20 December 2023. The special dividend will bring the total distribution for the year to 8.66p (2022 – 8.0p)

Independent auditors' report to the members of abrdn Asia Focus plc

Report on the audit of the financial statements

Opinion

In our opinion, abrdn Asia Focus plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2023 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, including 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 2023; 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

Context

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

Overview

Audit scope

- We conducted our audit of the financial statements using information from the AIFM 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: £4,857,000 (2022: £4,643,000) based on approximately 1% of Net Assets.
- Performance materiality: £3,642,000 (2022: £3,482,000).

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.

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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 59 (Report of the Audit Committee), page 78 (Accounting Policies) and page 75 (Notes to the Financial Statements).	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.
In addition, the Directors are required to exercise judgement in determining whether income in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	We understood and assessed the design and implementation of key controls surrounding income recognition.
As such, we focused on the accuracy, completeness and occurrence of income from investments recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	We tested the accuracy of all dividend receipts by agreeing the dividend rates for 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 Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining the reasons

Independent auditors' report to the members of abrdn Asia Focus plc

Continued

Key audit matter	How our audit addressed the key audit matter
	behind dividend distributions. Based on the audit procedures performed and evidence obtained, we concluded that income from investments was not materially misstated.
Valuation and existence of listed investments Refer to page 59 (Report of the Audit Committee), page 75 (Accounting Policies) and page 84 (Notes to the Financial Statements). The investment portfolio at 31 July 2023 comprised listed equity investments of £550 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 the listed investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of listed investments by agreeing the holdings to an independent confirmation from the Depositary, BNP Paribas Trust Corporation UK Limited as at 31 July 2023. 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.

The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors to understand the extent of the potential impact of climate change risk on the company's financial statements. The Directors concluded that the impact on the measurement and disclosures within the financial statements is not material because majority of company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the company's investment activities. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

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	£4,857,000 (2022: £4,643,000).
How we determined it	Approximately 1% of Net Assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis.

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% (2022: 75%) of overall materiality, amounting to £3,642,000 (2022: £3,482,000) 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 £242,000 (2022: £232,000) 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;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in Net Asset Value (NAV) as a result of market performance on the ongoing ability of the Company to operate.

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

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have

Independent auditors' report to the members of abrdn Asia Focus plc

Continued

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 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate governance statement

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

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

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

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

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

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit 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 (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the Audit 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;
- identifying and testing year-end journal entries, in particular any material or revenue-impacting manual journal entries posted as part of the Annual Report preparation process; and
- designed audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

Independent auditors' report to the members of abrdn Asia Focus plc

Continued

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit 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. The period of total uninterrupted engagement is three years, covering the years ended 31 July 2021 to 31 July 2023.

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

19 October 2023

Statement of Comprehensive Income

		Year ended 31 July 2023			Year ended 31 July 2022		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	25,318	25,318	–	(22,324)	(22,324)
Income	3	19,984	–	19,984	18,071	–	18,071
Exchange (losses)/gains		–	(384)	(384)	–	72	72
Investment management fees	4	(753)	(2,259)	(3,012)	(801)	(2,403)	(3,204)
Administrative expenses	5	(1,312)	(16)	(1,328)	(1,163)	(398)	(1,561)
Net return/(loss) before finance costs and taxation		17,919	22,659	40,578	16,107	(25,053)	(8,946)
Finance costs	6	(501)	(1,502)	(2,003)	(499)	(1,497)	(1,996)
Net return/(loss) before taxation		17,418	21,157	38,575	15,608	(26,550)	(10,942)
Taxation	7	(1,279)	(2,107)	(3,386)	(956)	876	(80)
Net return/(loss) after taxation		16,139	19,050	35,189	14,652	(25,674)	(11,022)
Return/(loss) per share (pence):	9						
Basic		10.29	12.14	22.43	9.34	(16.36)	(7.02)
Diluted		9.66	11.65	21.31	8.75	n/a	n/a

For the year ended 31 July 2023 the conversion option for potential Ordinary shares within the Convertible Unsecured Loan Stock was dilutive to the revenue and capital return per Ordinary share (2022 – dilutive to revenue but non-dilutive to capital).

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 2023 £'000	As at 31 July 2022 £'000
Fixed assets			
Investments at fair value through profit or loss	10	**549,672**	524,841
Current assets			
Debtors and prepayments	11	**2,237**	1,464
Cash and short term deposits		**5,807**	9,471
		8,044	10,935
Creditors: amounts falling due within one year			
Other creditors	12	**(1,250)**	(2,864)
Net current assets		**6,794**	8,071
Total assets less current liabilities		**556,466**	532,912
Non-current liabilities			
2.25% Convertible Unsecured Loan Stock 2025	13	**(36,175)**	(35,940)
3.05% Senior Unsecured Loan Note 2035	13	**(29,898)**	(29,892)
Deferred tax liability on Indian capital gains	13	**(4,609)**	(2,684)
		(70,682)	(68,516)
Net assets		**485,784**	464,396
Capital and reserves			
Called up share capital	14	**10,435**	10,435
Capital redemption reserve		**2,062**	2,062
Share premium account		**60,441**	60,428
Equity component of 2.25% Convertible Unsecured Loan Stock 2025	13	**1,057**	1,057
Capital reserve	15	**393,238**	375,450
Revenue reserve		**18,551**	14,964
Total shareholders' funds		**485,784**	464,396
Net asset value per share (pence):			
Basic	16	**310.49**	295.88
Diluted	16	**308.93**	295.25

The financial statements were approved by the Board of Directors and authorised for issue on 19 October 2023 and were signed on behalf of the Board by:

Krishna Shanmuganathan
Chair

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

Statement of Changes in Equity

For the year ended 31 July 2023

	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 2022		10,435	2,062	60,428	1,057	375,450	14,964	464,396
Conversion of 2.25% CULS 2025	13	–	–	13	–	–	–	13
Purchase of own shares to treasury	14	–	–	–	–	(1,262)	–	(1,262)
Net return after taxation		–	–	–	–	19,050	16,139	35,189
Dividends paid	8	–	–	–	–	–	(12,552)	(12,552)
Balance at 31 July 2023		10,435	2,062	60,441	1,057	393,238	18,551	485,784

For the year ended 31 July 2022

	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 2021		10,435	2,062	60,412	1,057	401,124	12,868	487,958
Conversion of 2.25% CULS 2025	13	–	–	16	–	–	–	16
Net return/(loss) after taxation		–	–	–	–	(25,674)	14,652	(11,022)
Dividends paid	8	–	–	–	–	–	(12,556)	(12,556)
Balance at 31 July 2022		10,435	2,062	60,428	1,057	375,450	14,964	464,396

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

Statement of Cash Flows

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flows from operating activities			
Net return/(loss) before finance costs and tax		**40,578**	(8,946)
Adjustments for:			
Dividend income	3	**(19,798)**	(18,057)
Interest income	3	**(186)**	(14)
Dividends received		**20,094**	18,307
Interest received		**169**	10
Interest paid		**(1,743)**	(1,742)
(Gains)/losses on investments	10	**(25,318)**	22,324
Foreign exchange movements		**384**	(72)
(Increase)/decrease in prepayments		**(5)**	18
(Increase)/decrease in other debtors		**(15)**	11
(Decrease)/increase in other creditors		**(1,621)**	1,439
Stock dividends included in investment income		**(25)**	(174)
Overseas withholding tax suffered	7	**(1,432)**	(1,439)
Net cash inflow from operating activities		**11,082**	11,665
Cash flows from investing activities			
Purchase of investments		**(76,870)**	(81,319)
Sales of investments		**76,321**	77,032
Net cash outflow from investing activities		**(549)**	(4,287)
Cash flows from financing activities			
Purchase of own shares for treasury		**(1,261)**	–
Equity dividends paid	8	**(12,552)**	(12,556)
Net cash outflow from financing activities		**(13,813)**	(12,556)
Decrease in cash and cash equivalents		**(3,280)**	(5,178)
Analysis of changes in cash and short term deposits			
Opening balance		**9,471**	14,577
Decrease in cash and short term deposits		**(3,280)**	(5,178)
Foreign exchange movements		**(384)**	72
Closing balance		**5,807**	9,471

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

Notes to the Financial Statements

For the year ended 31 July 2023

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.** The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022. 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.

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 2008 Global Financial Crisis, Covid-19 and the Chinese Devaluation 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 20 and 21 and they believe that the Company has adequate financial resources to continue its operational existence for a period of 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 potentially less favourable market conditions. 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.

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. The Company charges 25% of finance charges to revenue and 75% to capital (previously 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. Expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

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

– with effect from 1 August 2021, the Company charges 25% of investment management fees and finance costs to the revenue column and 75% to the capital column of the Statement of Comprehensive Income, in accordance with the Board's expected long term return in the form of revenue and capital gains respectively from the investment portfolio of the Company. Previously the allocation was 100% to revenue.

(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 short term 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 5p (2022 – 5p). 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. The realised gains part of this reserve is also distributable for the purpose of funding dividends.

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 is distributable by way of dividend. The amount of the revenue reserve as at 31 July 2023 may not be available at the time of any future distribution due to movements between 31 July 2023 and the date of distribution.

(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 35.

Notes to the Financial Statements

Continued

3. Income

	2023 £'000	2022 £'000
Income from investments		
Overseas dividends	**19,055**	17,292
UK dividend income	**718**	591
Stock dividends	**25**	174
	19,798	18,057
Other income		
Deposit interest	**186**	14
Total income	**19,984**	18,071

4. Investment management fees

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	**753**	**2,259**	**3,012**	801	2,403	3,204

The Company has an agreement with abrdn Fund Managers Limited ("aFML") 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, on a tiered basis, exclusive of VAT where applicable, based on market capitalisation at an annual rate of 0.85% for the first £250 million, 0.6% for the next £500 million and 0.5% thereafter. 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 £506,000 (2022 - £2,138,000) which represents two months' fees (2022 - nine months).

The management agreement may be terminated by either the Company or the Manager on the expiry of three 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

	2023 £'000	2022 £'000
Administration fees[A]	**112**	103
Directors' fees[B]	**161**	144
Promotional activities[C]	**219**	219
Auditors' remuneration[D]		
– fees payable to the auditors for the audit of the annual financial statements	**48**	42
Custodian charges	**278**	293
Depositary fees	**46**	49
Registrar fees	**55**	51
Legal and professional fees	**93**	87
Other expenses	**300**	175
	1,312	1,163

[A] The Company has an agreement with aFML 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 aFML at the year end was £86,000 (2022 – £52,000). 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 aFML to provide promotional activities to the Company by way of its participation in the abrdn Investment Trust Share Plan and ISA. aFML has delegated this role to abrdn plc. The total fee paid and payable under the agreement in relation to promotional activities was £219,000 (2022 – £219,000). There was a £73,000 (2022 – £73,000) balance due to abrdn plc at the year end.

[D] There are no non-audit fees charged.

6. Finance costs

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank interest paid	**1**	**2**	**3**	–	–	–
Interest on 3.05% Senior Unsecured Loan Note 2035	**230**	**691**	**921**	230	691	921
Interest on 2.25% CULS 2025	**208**	**623**	**831**	207	620	827
Notional interest on 2.25% CULS 2025	**39**	**115**	**154**	39	115	154
Amortisation of 2.25% CULS 2025 issue expenses	**23**	**71**	**94**	23	71	94
	501	**1,502**	**2,003**	499	1,497	1,996

Finance costs have been charged 25% to revenue and 75% to capital.

7. Taxation

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Overseas taxation	**1,279**	**182**	**1,461**	956	71	1,027
Total current tax charge for the year	**1,279**	**182**	**1,461**	956	71	1,027
Deferred tax charge on Indian capital gains	**–**	**1,925**	**1,925**	–	(947)	(947)
Total tax charge for the year	**1,279**	**2,107**	**3,386**	956	(876)	80

The Company has recognised a deferred tax liability of £4,609,000 (2022 - £2,684,000) on capital gains which may arise if Indian investments are sold.

At 31 July 2023 the Company had surplus management expenses and loan relationship deficits of £76,652,000 (2022 - £70,420,000) 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. The Finance Act 2021 received Royal Assent on 10 June 2021 and the rate of Corporation Tax of 25% effective from 1 April 2023 has been used to calculate the potential deferred tax asset of £19,163,000 (2022 - £17,605,000).

(b) **Factors affecting the tax charge for the year.** The tax assessed for the year is lower (2022 - higher) than the current standard rate of corporation tax in the UK for a large company of 25% (2022 - 19%). The differences are explained below:

	2023			2022		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Return before taxation	**17,418**	**21,157**	**38,575**	15,608	(26,550)	(10,942)
Return multiplied by the effective tax rate of corporation tax of 21% (2022 - standard rate of 19%)	**3,658**	**4,443**	**8,101**	2,966	(5,045)	(2,079)
Effects of:						
(Gains)/losses on investments not taxable	**-**	**(5,317)**	**(5,317)**	–	4,242	4,242
Exchange losses/(gains)	**-**	**81**	**81**	–	(14)	(14)
Overseas tax	**1,279**	**182**	**1,461**	956	71	1,027
Movement in deferred tax liability on Indian capital gains	**-**	**1,925**	**1,925**	–	(947)	(947)
UK dividend income	**(151)**	**-**	**(151)**	(112)	–	(112)
Non-taxable dividend income	**(4,007)**	**-**	**(4,007)**	(3,319)	–	(3,319)
Expenses not deductible for tax purposes	**4**	**3**	**7**	25	76	101
Movement in unutilised management expenses	**391**	**474**	**865**	345	457	802
Movement in unutilised loan relationship deficits	**105**	**316**	**421**	95	284	379
Total tax charge for the year	**1,279**	**2,107**	**3,386**	956	(876)	80

8. Dividends

	2023 £'000	2022 £'000
Third interim dividend for 2022 – 1.6p (2021 – nil)	**2,511**	–
Final dividend for 2022 – nil (2021 – 3.0p)	**–**	4,708
Special dividend for 2022 – 1.6p (2021 – 0.2p)	**2,511**	314
First interim dividend for 2023 – 1.6p (2022 – 3.2p)	**2,511**	5,023
Second interim dividend for 2023 – 1.6p (2022 – 1.6p)	**2,511**	2,511
Third interim dividend for 2023 – 1.6p (2022 – nil)	**2,508**	–
	12,552	12,556

Dividends declared and paid subsequent to the year end 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 £16,139,000 (2022- £14,652,000).

	2023 £'000	2022 £'000
First interim dividend for 2023 – 1.6p (2022 – 3.2p)	**2,511**	5,023
Second interim dividend for 2023 – 1.6p (2022 – 1.6p)	**2,511**	2,511
Third interim dividend for 2023 – 1.6p (2022 – 1.6p)	**2,508**	2,511
Fourth interim dividend for 2023 – 1.61p (2022 – nil)	**2,516**	–
Proposed special dividend for 2023 – 2.25p (2022 – 1.6p)	**3,507**	2,511
	13,553	12,556

The amount reflected above for the cost of the special dividend for 2023 is based on 155,862,978 Ordinary shares, being the number of Ordinary shares in issue excluding shares held in treasury at the date of this Report.

9. Return per share

	2023			2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Basic						
Net return/(loss) after taxation (£'000)	**16,139**	**19,050**	**35,189**	14,652	(25,674)	(11,022)
Weighted average number of shares in issue[A]			**156,862,299**			156,951,436
Return per share (p)	**10.29**	**12.14**	**22.43**	9.34	(16.36)	(7.02)

	2023			2022		
Diluted	Revenue	Capital	Total	Revenue	Capital	Total
Net return/(loss) after taxation (£'000)	**16,366**	**19,730**	**36,096**	14,831	(25,139)	(10,308)
Weighted average number of shares in issue[AB]			**169,366,591**			169,459,584
Return per share (p)	**9.66**	**11.65**	**21.31**	8.75	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 12,504,292 (2022– 12,508,148) to 169,366,591 (2022 – 169,459,584) Ordinary shares.

For the year ended 31 July 2023 the assumed conversion for potential Ordinary shares was dilutive to the revenue and the capital return per Ordinary share (2022 – dilutive to the revenue return but non-dilutive to the capital return). Where dilution occurs, the net returns are adjusted for interest charges and issue expenses relating to the CULS (2023 – £907,000; 2022 – £714,000). 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

	2023 £'000	2022 £'000
Opening book cost	**377,733**	346,431
Opening investment holding gains	**147,108**	194,490
Opening fair value	**524,841**	540,921
Analysis of transactions made during the year		
Purchases at cost	**76,896**	79,496
Sales proceeds received	**(77,383)**	(73,252)
Gains/(losses) on investments	**25,318**	(22,324)
Closing fair value	**549,672**	524,841
Closing book cost	**397,237**	377,733
Closing investment gains	**152,435**	147,108
Closing fair value	**549,672**	524,841

	2023 £'000	2022 £'000
Investments listed on an overseas investment exchange	**537,379**	510,984
Investments listed on the UK investment exchange	**12,293**	13,857
	549,672	524,841

The Company received £77,383,000 (2022 - £73,252,000) from investments sold in the period. The book cost of these investments when they were purchased was £57,392,000 (2022 - £48,194,000). 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:

	2023 £'000	2022 £'000
Purchases	**95**	91
Sales	**159**	147
	254	238

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

	2023 £'000	2022 £'000
Amounts due from brokers	**1,343**	280
Other debtors	**754**	766
Prepayments and accrued income	**140**	418
	2,237	1,464

None of the above amounts is past their due date or impaired (2022 – same).

12. Creditors

Amounts falling due within one year	2023 £'000	2022 £'000
Other creditors	**1,250**	2,864
	1,250	2,864

13. Non-current liabilities

	2023			2022		
(a) CULS	Number of units £'000	Liability component £'000	Equity component £'000	Number of units £'000	Liability component £'000	Equity component £'000
2.25% CULS 2025						
Balance at beginning of year	**36,642**	**35,940**	**1,057**	36,658	35,708	1,057
Conversion of 2.25% CULS 2025	**(13)**	**(13)**	**–**	(16)	(16)	–
Notional interest on CULS transferred to revenue reserve	**–**	**154**	**–**	–	154	–
Amortisation and issue expenses	**–**	**94**	**–**	–	94	–
Balance at end of year	**36,629**	**36,175**	**1,057**	36,642	35,940	1,057

The 2.25% CULS 2025 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 293.0p (2022 – 293.0p) nominal of CULS. Interest is payable on the CULS on 31 May and 30 November each year, commencing on 30 November 2018. The interest is charged 25% to revenue and 75% to capital, in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

The 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 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 2023 the Company received elections from CULS holders to convert £12,753 (2022 – £15,343) nominal amount of CULS into 4,347 (2022 – 5,211) Ordinary shares.

The fair value of the 2025 CULS at 31 July 2023 was £34,890,000 (2022 – £37,009,000).

(b) Loan Note	**2023 £'000**	**2022 £'000**
3.05% Senior Unsecured Loan Note 2035	**30,000**	30,000
Unamortised Loan Note issue expenses	**(102)**	(108)
	29,898	29,892

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. There is also a shelf facility of £35,000,000 available the Company for the purpose of repaying the CULS, which has not been unutilised. 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.

The fair value of the Senior Unsecured Loan Note as at 31 July 2023 was £26,603,000 (2022 – £28,804,000), the value being based on a comparable quoted debt security.

	2023 £'000	**2022 £'000**
(c) Deferred tax liability on Indian capital gains	**4,609**	2,684

14. Called up share capital

	2023 £'000	2022 £'000
Allotted, called-up and fully paid		
Ordinary shares of 5p (2022 – 5p)	**7,823**	7,848
Treasury shares	**2,612**	2,587
	10,435	10,435

	Ordinary shares Number	Treasury shares Number	Total shares Number
At 31 July 2022	156,953,631	51,744,590	208,698,221
Conversion of CULS	4,347	–	4,347
Buyback of own shares	(500,000)	500,000	–
At 31 July 2023	**156,457,978**	**52,244,590**	**208,702,568**

During the year 500,000 Ordinary shares of 5p were purchased (2022 – no Ordinary shares of 5p were purchased) by the Company at a total cost of £1,262,000 (2022 – total cost of £nil), all of which were held in treasury. At the year end 52,244,590 (2022– 51,744,590) shares were held in treasury, which represents 25.03% (2022 – 24.79%) of the Company's total issued share capital at 31 July 2023. During the year there were a further 4,347 (2022 – 5,211) Ordinary shares issued as a result of CULS conversions.

Since the year end the Company bought back for treasury a further 595,000 Ordinary shares for a total consideration of £1,543,000.

Notes to the Financial Statements

Continued

15. Reserves

	2023 £'000	2022 £'000
Capital reserve		
At 31 July 2022	**375,450**	401,124
Movement in investment holdings fair value	**5,327**	(47,382)
Gains on realisation of investments at fair value	**19,991**	25,058
Purchase of own shares to treasury	**(1,262)**	–
Movement in deferred liability on Indian capital gains	**(1,925)**	947
Withholding tax charged on capital dividends	**(182)**	(71)
Foreign exchange movement	**(384)**	72
Capital expenses	**(3,777)**	(4,298)
At 31 July 2023	**393,238**	375,450

The capital reserve includes investment holding gains amounting to £152,435,000 (2022 – £147,108,000) 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 share

	2023	2022
Basic		
Net assets attributable	**£485,784,000**	£464,396,000
Number of shares in issue[A]	**156,457,978**	156,953,631
Net asset value per share	**310.49p**	295.88p

	2023	2022
Diluted		
Net assets attributable	**£521,959,000**	£500,336,000
Number of shares in issue[A]	**168,959,568**	169,459,574
Net asset value per share[B]	**308.93p**	295.25p

[A] Calculated excluding shares held in treasury.
[B] The diluted net asset value per share has been calculated on the assumption that £36,629,659 (2022 - £36,642,412) 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") is converted at 293.0p (2022 - 293.0p) per share, giving a total of 168,959,568 (2022- 169,459,574) 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 293.0p (2022 - 293.0p) per share. In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 July 2023 the cum income NAV was 310.49p (2022- 295.88p) and thus the CULS were 'in the money' (2022 - same).

17. Analysis of changes in net debt

	At 31 July 2022 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 July 2023 £'000
Cash and short term deposits	**9,471**	**(384)**	**(3,280)**	**-**	**5,807**
Debt due after more than one year	**(68,516)**	**-**	**-**	**(2,166)**	**(70,682)**
	(59,045)	**(384)**	**(3,280)**	**(2,166)**	**(64,875)**

	At 31 July 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 July 2022 £'000
Cash and short term deposits	14,577	72	(5,178)	-	9,471
Debt due after more than one year	(69,225)	-	-	709	(68,516)
	(54,648)	72	(5,178)	709	(59,045)

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

18. 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 56 and 57. The balance of fees due to Directors at the year end was £nil (2022 – £nil).

During the year a fee of £75,000 plus VAT has been paid to Mr Martin Gilbert, a former Director of the Company who retired in November 2019, in respect of independent consultancy services provided to the Company in the three year period ending 31 July 2023.

The Company's Investment Manager, abrdn Asia, is a wholly-owned subsidiary of abrdn plc, which has been delegated, under an agreement with aFML, 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.

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 aFML under the terms of its management agreement with aFML (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 aFML collectively assume responsibility for aFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

aFML is a fully integrated member of the abrdn Group ("the Group"), which provides a variety of services and support to aFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to 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 Chief Risk Officer, 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 2023	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	-	-	-	4,664
Chinese Renminbi	-	-	-	775
Vietnam Dong	-	-	-	361
Thailand Baht	-	-	-	4
US Dollar	-	-	-	3
	-	-	-	5,807
Liabilities				
2.25% Convertible Unsecured Loan Stock 2025	1.83	2.3	36,175	-
3.05% Senior Unsecured Loan Note 2035	12.35	3.1	29,898	-
	-	-	66,073	-

At 31 July 2022	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	–	–	–	8,585
Taiwan Dollar	–	–	–	458
Vietnam Dong	–	–	–	371
Sri Lanka Rupee	–	–	–	32
Pakistan Rupee	–	–	–	11
Indian Rupee	–	–	–	9
Thailand Baht	–	–	–	3
Malaysian Ringgit	–	–	–	2
	–	–	–	9,471
Liabilities				
2.25% Convertible Unsecured Loan Stock 2025	2.83	2.3	35,940	–
3.05% Senior Unsecured Loan Note 2035	13.35	3.1	29,892	–
	–	–	65,832	–

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

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

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

Interest rate sensitivity. Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total 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 2023			31 July 2022		
	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		–	–	7,940	–	7,940
Chinese Renminbi	**21,839**	**775**	**22,614**	15,756	–	15,756
Danish Krona	**10,937**	–	**10,937**	12,352	–	12,352
Hong Kong Dollar	**49,118**	–	**49,118**	64,947	–	64,947
Indian Rupee	**89,410**	–	**89,410**	82,097	9	82,106
Indonesian Rupiah	**64,045**	–	**64,045**	55,431	–	55,431
Korean Won	**46,231**	–	**46,231**	31,429	–	31,429
Malaysian Ringgit	**30,827**	–	**30,827**	35,339	2	35,341
Taiwan Dollar	**69,008**	–	**69,008**	56,994	458	57,452
New Zealand Dollar	**12,605**	–	**12,605**	14,061	–	14,061
Pakistan Rupee	–	–	–	–	11	11
Philippine Peso	**20,287**	–	**20,287**	19,825	–	19,825
Singapore Dollar	**33,221**	–	**33,221**	41,585	–	41,585
Sri Lankan Rupee	**14,586**	–	**14,586**	7,640	32	7,672
Thailand Baht	**32,643**	**4**	**32,647**	35,114	3	35,117
US Dollar	**11,461**	**3**	**11,464**	–	–	–
Vietnamese Dong	**31,161**	**361**	**31,522**	30,474	371	30,845
	537,379	**1,143**	**538,522**	510,984	886	511,870
Sterling	**12,293**	**(61,409)**	**(49,116)**	13,857	(57,247)	(43,390)
Total	**549,672**	**(60,266)**	**489,406**	524,841	(56,361)	468,480

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 103 to 105, 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% (2022 – 20%) higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 July 2023 would have increased/(decreased) by £109,934,000 (2022 – increased/(decreased) by £104,968,000) and equity reserves would have increased/(decreased) by the same amount.

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

Management of the risk. The 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 2023 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 16.

L**iquidity risk exposure**. At 31 July 2023 the Company had borrowings in the form of the £36,629,000 (2022 – £36,642,000) nominal of 2.25% Convertible Unsecured Loan Stock 2025 and £29,898,000 (2022 – £29,892,000) in the form of the 3.05% Senior Unsecured Loan Note 2035.

At 31 July 2023 the amortised cost of the Company's 3.05% Senior Unsecured Loan Note 2035 was £29,898,000 (2022 – £29,892,000). The maximum exposure at 31 July 2023 was £29,898,000 (2022 – £29,892,000) and the minimum exposure at 31 July 2023 was £29,892,000 (2022 – £29,886,000).

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

31 July 2023	**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	**37,691**	**–**	**827**	**36,864**
3.05% Senior Unsecured Loan Note 2035	**41,438**	**–**	**915**	**40,523**
	79,129	**–**	**1,742**	**77,387**

31 July 2022	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	38,282	–	827	37,455
3.05% Senior Unsecured Loan Note 2035	42,353	–	915	41,438
	80,635	–	1,742	78,893

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:

	2023		2022	
Current assets	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Debtors and prepayments	**2,237**	**2,237**	1,464	1,464
Cash and short term deposits	**5,807**	**5,807**	9,471	9,471
	8,044	**8,044**	10,935	10,935

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 £26,603,000 as at 31 July 2023 (2022 – £28,804,000) compared to a value at amortised cost in the financial statements of £29,898,000 (2022 – £29,892,000) (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.

The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at 31 July 2023 as follows:

As at 31 July 2023	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)	**536,515**	**–**	**9,958**	**546,473**
Quoted preference shares	b)	**–**	**–**	**2,835**	**2,835**
Quoted warrants	b)	**–**	**247**	**117**	**364**
Net fair value		**536,515**	**247**	**12,910**	**549,672**

As at 31 July 2022	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)	511,540	–	9,664	521,204
Quoted preference shares	b)	–	3,203	–	3,203
Quoted warrants	b)	–	434	–	434
Net fair value		511,540	3,637	9,664	524,841

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.

Level 3 Financial assets at fair value through profit or loss	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Opening fair value	**9,664**	–
Transfers from level 1	**–**	9,664
Transfers from level 2	**2,952**	–
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
– assets held at the end of the year	**294**	–
Closing balance	**12,910**	9,664

Transfers from level 2 during the year comprise Millennium & Copthorne preference shares of £2,835,000 (2022 – £3,203,000) to reflect the absence of a consistent market quote. These have been priced in line with their Ordinary shares. In addition First Sponsor Group warrants of £117,000 (2022 – £158,000) have been classified as level 3 to reflect their illiquidity. Their fair value has been based on a trade executed in February 2023.

The Company's investee, CEBU Holdings is awaiting final regulatory approval to merge with another company, Ayala Land, and new shares are expected to be issued in Ayala Land in due course to satisfy the transaction by a share conversion. The valuation methodology employed is based on the underlying quoted price of Ayala Land and the implied conversion ratio providing a value of £9,958,000 (2022 – £9,664,000).

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.

Notes to the Financial Statements
Continued

The Company's capital comprises the following:

	2023 £'000	2022 £'000
Equity		
Equity share capital	**10,435**	10,435
Reserves	**475,349**	453,961
Liabilities		
3.05% Senior Unsecured Loan Note 2035	**29,898**	29,892
2.25% Convertible Unsecured Loan Stock 2025	**36,175**	35,940
	551,857	530,228

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.

	2023 £'000	2022 £'000
Investments at fair value through profit or loss	**549,672**	524,841
Current assets excluding cash and cash equivalents	**894**	1,184
Current liabilities	**(1,250)**	(2,864)
Deferred tax liability on Indian capital gains	**(4,609)**	(2,684)
	544,707	520,477
Net assets	**485,784**	464,396
Gearing (%)	**12.1**	12.1

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 (Unaudited)

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

Discount to net asset value per Ordinary share

The difference between the share price and the net asset value per Ordinary share expressed as a percentage of the net asset value per Ordinary share. 2023 has been presented on a diluted basis as the Convertible Unsecured Loan Stock ("CULS") is "in the money" (2022 – same).

		As at 31 July 2023	As at 31 July 2022
NAV per Ordinary share (p)	a	**308.93**	295.25
Share price (p)	b	**264.00**	254.00
Discount	(a-b)/a	**14.5%**	14.0%

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 2023	Year ended 31 July 2022
Revenue return per Ordinary share (p)	a	**10.29**	9.34
Dividends declared (p)	b	**8.66**	8.00
Dividend cover	a/b	**1.19**	1.17

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 2023	Year ended 31 July 2022
Borrowings (£'000)	a	**66,073**	65,832
Cash and short term deposits (£'000)	b	**5,807**	9,471
Amounts due to brokers (£'000)	c	**–**	–
Amounts due from brokers (£'000)	d	**1,343**	280
Shareholders' funds (£'000)	e	**485,784**	464,396
Net gearing	(a-b+c-d)/e	**12.1%**	12.1%

Alternative Performance Measures

Continued

Ongoing charges

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

	2023	2022
Investment management fees (£'000)	**3,012**	3,204
Administrative expenses (£'000)	**1,328**	1,561
Less: non-recurring charges[A] (£'000)	**(67)**	(428)
Ongoing charges (£'000)	**4,273**	4,337
Average net assets (£'000)	**462,127**	490,446
Ongoing charges ratio	**0.92%**	0.88%

[A] Professional fees 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.

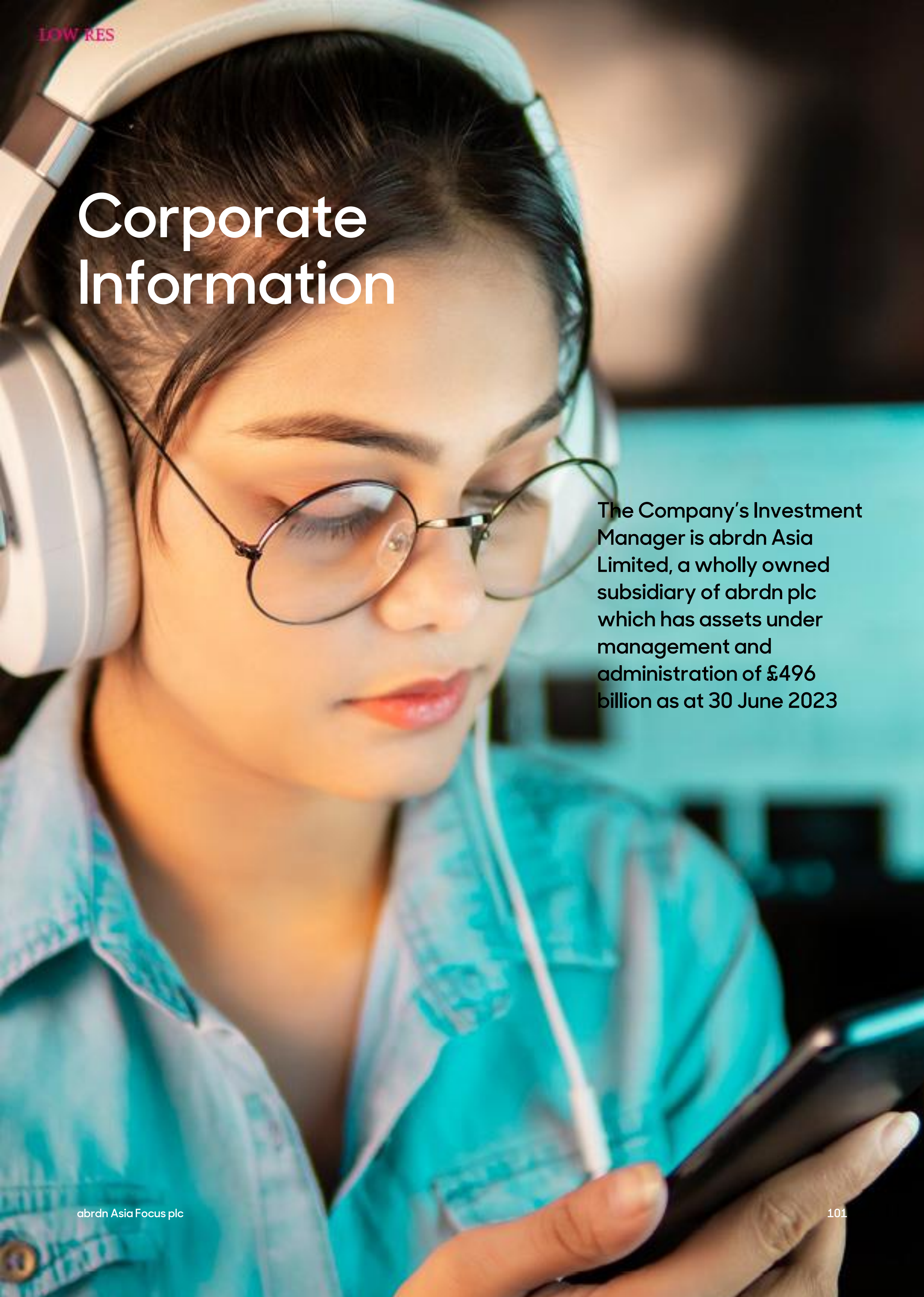
Total return

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 and share price total returns are monitored against open-ended and closed-ended competitors, and the Reference Index, respectively.

Year ended 31 July 2023		**NAV**	**Share Price**
Opening at 1 August 2022	a	**295.25p**	254.00p
Closing at 31 July 2023	b	**308.93p**	264.00p
Price movements	c=(b/a)-1	**4.6%**	3.9%
Dividend reinvestment[A]	d	**3.0%**	3.4%
Total return	c+d	**+7.6%**	+7.3%

Year ended 31 July 2022		**NAV**	**Share Price**
Opening at 1 August 2021	a	**309.02p**	266.00p
Closing at 31 July 2022	b	**295.25p**	254.00p
Price movements	c=(b/a)-1	**-4.5%**	-4.5%
Dividend reinvestment[A]	d	**2.5%**	2.8%
Total return	c+d	**-2.0%**	-1.7%

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



Corporate Information

The Company's Investment Manager is abrdn Asia Limited, a wholly owned subsidiary of abrdn plc which has assets under management and administration of £496 billion as at 30 June 2023

Information about the Investment Manager

abrdn Asia Limited

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

abrdn

Worldwide, the Manager has a combined £496 billion (as at 30 June 2023) 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, 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

CFA Charterholder, 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 Asian Equities in 2018.

Xin-Yao Ng

Investment Manager, Equities Asia

CFA Charterholder, BSc in Business from Nanyang Technological University. Xin-Yao is based in Singapore and joined abrdn in 2018 from Allard Partners

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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.

Our Research Drives Performance

Idea Generation
Universe c.990 stocks

Broad Universe
- Wide & dynamic opportunity set
- Quantitative tools refine coverage
- Outstanding corporate access
- Deep sector expertise

Research
Extensive coverage c.340 stocks

Deep Analysis
- Common investment language
- Fully embedded ESG
- Clear non-consensus insights
- Continuous review of outputs

Peer Review
Buy Rec. c.220 stocks

Rigorous Team Debate
- Informed peer review of insights
- Collaboration on sectors & themes
- Cross asset class insights

Portfolio Construction
40 – 70 stocks

Focused on Client Outcomes
- Pods drive clear accountability
- Bottom up, best idea led
- Quant and risk analytics
- Effective diversification

Environmental, Social Governance considerations embedded throughout the process

Comprehensive independent oversight of investment process and client mandate parameters

Source: abrdn

The Investment Process

Continued

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 three key areas:

Putting quality first. Face-to-face meetings anchor how the Investment Manager understands and challenges the key elements of a company's fundamentals. We capture key business fundamentals through the lens of our quality assessment, using our five aspects of quality. Here, we look to uncover strong business models, clear competitive advantages, and industry leaders and innovators. In short, we establish business quality first. A quality score ('Q score') is given to every company under coverage from one to five (where a score of one denotes the highest quality and a score of five, the lowest), both at an overall level and on five distinct criteria:

- Industry background – how attractive is the industry that the company operates in?
- Business model and moat – how strong is the economic or competitive moat of the business?
- Management – how good is the management team?
- ESG – how significant are the ESG issues that the company must manage, including its internal governance and remuneration, and how they are addressed?
- Financials – how do the business' fundamentals translate into its financial performance and balance sheet strength?

What's Changing? We aim to understand what lies ahead for the business and the factors that will determine corporate value over time. By understanding what is changing, both in terms of a business' fundamentals and market sentiment towards it, we ensure we are always well positioned for the future. This means we can find opportunities for outperformance where we see a mismatch between consensus and our own analysis. We resist making any assumptions based on consensus or what has happened in the past – recognising that the world can change at speed.

Valuation. Having understood the foundations of the business and how key drivers are changing, we focus on valuing the company's shares. We aim to understand what the equity market is pricing in (both in terms of the expected earnings trajectory and what valuation multiples reveal about how the market is thinking), and then we build our own assessment of how the stock should be priced based on our fundamental insights. We use a wide range of valuation techniques and metrics in order to gauge the upside potential, as well as to evaluate potential downside scenarios.

Our analysis in these areas comes together to drive one investment recommendation for every stock under coverage.

Integrated ESG Analysis

The detailed analysis of the Investment Manager's embedded ESG process is contained on pages 106 to 110.

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

This section of the Annual Report aims to present more information on the Investment Manager's approach to integrating ESG into its investment decision-making and the implications for the Company.

The Board is very conscious of the risks emanating from increased ESG challenges. 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.

Currently, the Company's portfolio is ESG BB rated by MSCI, as is the Benchmark. The Company's portfolio Economic Emission Intensity is only 13.6% of its benchmark.

BB	86.4%	81	27.2%	100%
BB-rated by MSCI ESG	Lower carbon intensity than the benchmark	AGMs / EGMs voted in last twelve months	of AGMs / EGMs with at least one vote cast against management	of researched companies include integration of ESG company analysis

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.

The importance of ESG research in small-cap investing

When it comes to analysing and assessing the ESG of potential investments, the Investment Manager emphasises careful and rigorous due diligence, rather than a reliance on publicly disclosed information.

Many of the companies in which the Company invests are founder-run. The Investment Manager believes that investing alongside talented, hard-working and ambitious founders provides a powerful opportunity for long-term performance. However, the Investment Manager is also aware that smaller, founder-led companies tend to have ESG disclosures that are sometimes less sophisticated than their larger peers, and so can perform less well than their large cap peers when it comes to third-party ESG ratings. Such companies often don't have experience with disclosure requirements, or the resources necessary, to disclose everything that is increasingly expected of them. This is particularly true in Asia.

Furthermore, many of these third party ratings agencies tend to score founder-led companies poorly, concerned about the influence of a single person. Whilst this can indeed be a risk, the Investment Manager is of the view that backing a talented, hard-working and ambitious founder, whilst also ensuring that a strong and experienced board is in place to provide checks and balances, is the right course of action. So whilst many see this founder-led structure as a risk, the Investment Manager sees an opportunity. Of course, the focus for the Investment Manager is on choosing the *right* individual, who will grow the undertaking equitably and sustainably, and who will treat all shareholders fairly.

When it comes to small-cap investing, much of the box-ticking approach to ESG undertaken in the public realm is neither accurate nor helpful when forming a view of the relative merits of an investment. It is for this reason that the Investment Manager focusses on an active investment approach, coupled with deep due diligence and on-the-ground research. Once invested, the Investment Manager plays a role in engaging with management to improve disclosure and support positive change.

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. In all cases, careful and rigorous due diligence, coupled with engagement after an investment, are key to deriving ESG insights.

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.

ESG Engagement

Continued

The ESG Scoring System

After researching and analysing a company, and after meeting senior management, we allocate a company an ESG score of between one and five. This score of one to five is applied across every stock covered globally. Examples of each category and a small sample of the criteria used are detailed below:

1. Best in class	2. Leader	3. Average	4. Below average	5. Laggard
ESG considerations are material part of the company's core business strategy Excellent disclosure Makes opportunities from strong ESG risk management	ESG considerations not market 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, we consider:

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

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

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

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

Importance of Engagement

Engagement is an important part of our investment process: the Investment Manager sees engagement not only as a right but as an obligation of investors, as owners of companies. The Investment Manager engages actively and regularly with companies in which the companies invests or may become an investor, and believes that informed and constructive engagement helps to foster better companies, enhancing the value of the Company's investments. There are generally two core reasons for engagement: to understand more about a company's strategy and performance, or encourage best practice and drive change.

Active engagement involves regular, candid communication with management teams (or boards of directors) of portfolio companies to discuss a broad range of ESG issues that are material to sustainable long-term returns, either positively or negatively, including both risks and opportunities. The Investment Manager's focus is on the factors which it believes to have the greatest potential to enhance or undermine the investment case. Sometimes the Investment Manager is seeking more information, exchanging views on specific issues, and encouraging better disclosure; and at other times, encouraging change (including either corporate strategy, capital allocation, or climate change strategy). Engagements cover a range of ESG issues, including but not limited to board composition, remuneration, audit, climate change, labour issues, human rights, bribery and corruption.

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

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

In terms of resources, on-desk regional ESG specialists, supported by the Investment Manager's central ESG team, work with the Asia Pacific equity team to provide insight on ESG themes and sectors in local markets.

c.40
Investment Managers

Asia Pacific Equity Team

- ESG risk and opportunities defined in every stock note
- Company engagement

3
On-desk ESG Specialists

Asia ESG Specialists

- Regional ESG expertise on themes & sectors
- ESG focussed engagement

30+
Sustainability Group

Central ESG

- Research on ESG themes, event-driven issues and global sectors
- Active stewardship on behalf of shareholders by voting and engaging to influence change

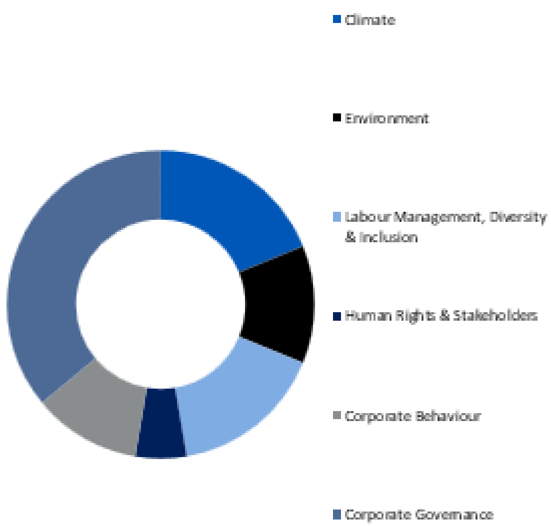
Furthermore, the abrdn Sustainability Institute was launched in September 2021. Bringing together sustainability experts from across the firm, the Institute's objectives are to deliver Asia Pacific-centric sustainability solutions and insights, build an Asia Pacific sustainable investing knowledge community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

ESG Engagement

Continued

ESG Engagement

The Investment Manager regularly engages with companies in which the Company invests. The below shows the engagements that have included ESG topics. This does not include positions the Investment Manager has sold out of or are considering investing in. Below are the themes engaged on in 2H22 and 1H23.



ESG Category	% *
Climate	44.3
Environment	29.1
Labour Management, Diversity & Inclusion	38.0
Human Rights & Stakeholders	12.7
Corporate Behaviour	26.6
Corporate Governance	84.8

* a single meeting can have multiple topics

Voting Activity

The Investment Manager draws on expertise across desks and throughout the firm to vote consistently in line with the abrdn voting policy. Time period referenced is preceding 12 months (i.e. 2H22 and 1H23):

Our Voting Activity

Voting Summary	Total
How many meetings were you eligible to vote at?	82
How many meetings did you vote at?	81
How many resolution were you eligible to vote on?	598
What % of resolutions did you vote on for which you were eligible?	98.5%
Of the resolutions on which you voted, what % did you vote with management?	92%
Of the resolutions on which you voted, what % did you vote against management?	6.6%
Of the resolutions on which you voted, what % did you abstain from voting?	1.4%
In what % of meeting, for which you did vote, did you vote at least once against management?	27.2%

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.com**). Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for investment company information.

You can also register for regular email updates by visiting **asia-focus.co.uk** or by activating the QR Code below using the camera on your smart phone:

SCAN ME

abrdn Social Media Accounts

Twitter: **@abrdnTrusts**

LinkedIn: **abrdn Investment Trusts**

Investor Warning

The Board has been made aware by abrdn that some investors have received telephone calls from people purporting to work for the Manager, 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 never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact abrdn's investor services centre using the details provided below.

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, abrdn 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 Share Plan, 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.

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of Asian smaller companies by investment in a relatively risk averse investment trust 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 so that its securities can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's (FCA) rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future. 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.

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found in the 'Literature Library' section of the Company's website: **asia-focus.co.uk**.

Investor Information

Continued

How to invest in abrdn Asia Focus plc and other abrdn managed investment trusts

A range of leading investment platforms and share dealing services let you buy and sell abrdn-managed investment trusts including abrdn Asia Focus plc.

Many of these platforms operate on an 'execution-only' basis. This means they can carry out your instruction to buy or sell a particular investment trust. But they may not be able to advise on suitable investments for you. If you require advice, please speak to a qualified financial adviser (see below).

A note about the abrdn Investment Trust Savings Plans (the 'Plans')

In June 2023, abrdn notified existing investors in the abrdn Investment Trusts ISA, Share Plan and Investment Plan for Children that these plans will be closing in December 2023. The Plans are no longer open to new investors. If you are an existing investor in the Plans and have any queries, please contact abrdn's Investor Services department on 0808 500 4000 or 00 44 1268 448 222 from overseas. The lines are open from 9am to 5pm Monday to Friday. Call charges will vary. Alternatively, please contact abrdn by email at **inv.trusts@abrdn.com**. Email is not a secure form of communication so you should not send any personal or sensitive information.

Platform providers

Platforms featuring abrdn managed investment trusts include:

interactive investor:
www.ii.co.uk/investment-trusts

AJ Bell:
www.ajbell.co.uk/markets/investment-trusts

Barclays Smart Investor:
www.barclays.co.uk/smart-investor

Charles Stanley Direct:
www.charles-stanley-direct.co.uk

Fidelity:
www.fidelity.co.uk

Halifax:
www.halifax.co.uk/investing

Hargreaves Lansdown:
www.hl.co.uk/shares/investment-trusts

The companies above are shown for illustrative purposes only. Other platform providers are available. The links above direct you to external websites operated by each platform provider. abrdn is not responsible for the content and information on these third-party sites.

Flexibility

Many investment platform providers will allow you to buy and hold abrdn Investment Trust shares within an Individual Savings Account (ISA), Junior ISA or Self Invested Personal Pension (SIPP), all of which have potential tax advantages. Most will also allow you to invest on both a lump sum and regular savings basis.

Costs and service

It is important to choose the right platform for your needs, so take time to research what each platform offers before you make your decision, as well as considering charges. When it comes to charges, some platforms have flat fee structures while others levy percentage-based charges. Typically, you will also pay a fee every time you buy and sell shares, so you need to bear in mind these transaction costs if you are trading frequently. There may also be additional charges for ISA and SIPP investments.

Can I exercise my voting rights if I hold my shares through an investment platform?

Yes, you should be able to exercise your right to vote by contacting your platform provider. Procedures differ, but some platforms will automatically alert you when new statutory documents are available and then allow you to vote online. Others will require you to contact them to vote. Your chosen platform provider will provide further guidance.

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 Advisers

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

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768 or **at https://register.fca.org.uk/** or email: **register@fca.org.uk**

Getting advice

abrdn recommends that you seek financial advice prior to making an investment decision. If you do not currently have a financial adviser, details of authorised financial advisers in your area can be found at**pimfa.co.uk** or **unbiased.co.uk**. You will pay a fee for advisory services.

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 111 to 113 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 abrdn Investments 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 November 2022.

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 aFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company Secretaries, abrdn Holdings Limited on request (see contact details on page 111) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 31 December 2022 are available on the Company's website.

Leverage

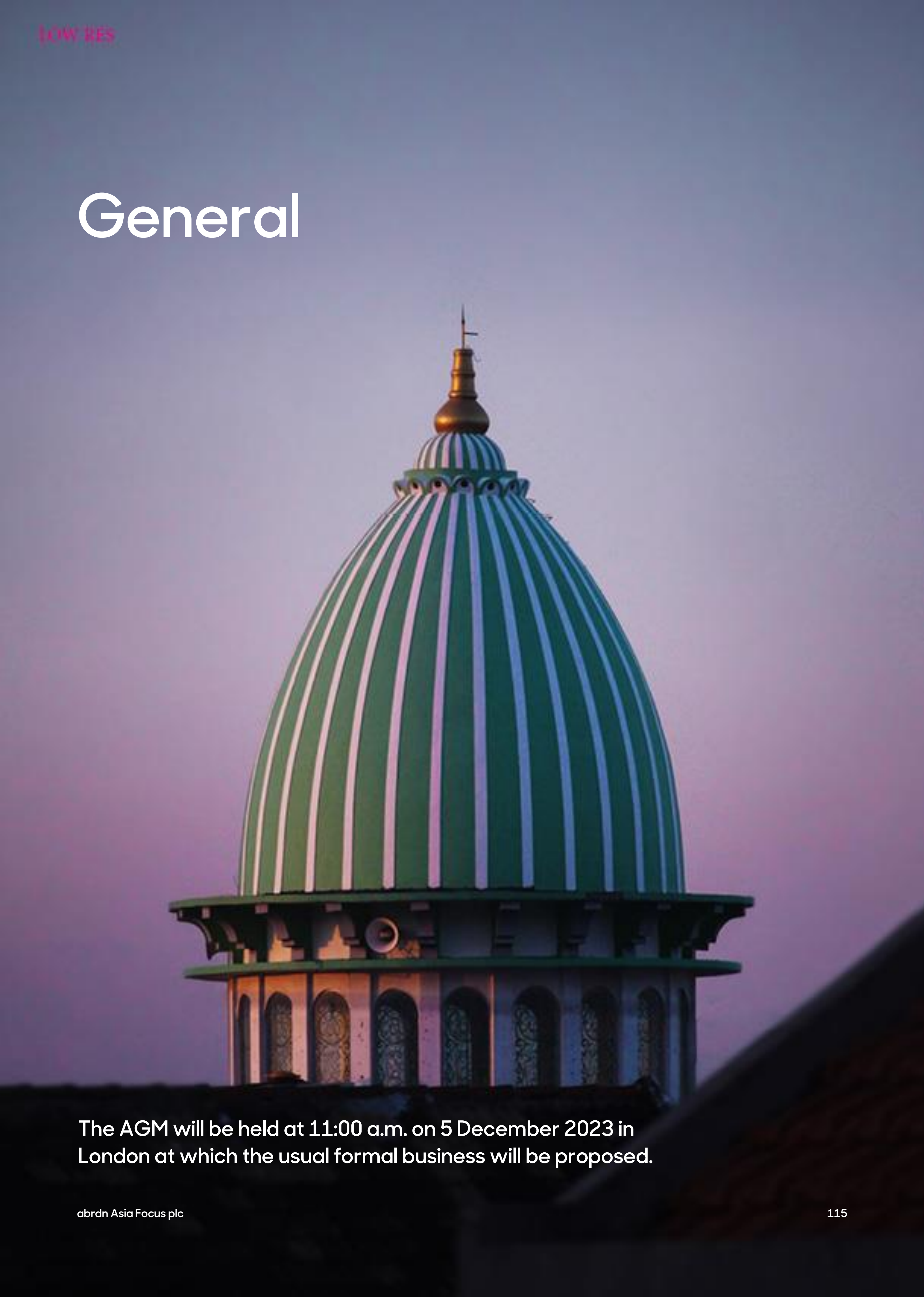
The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 July 2023	1.23:1	1.24:1

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 aFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The 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 abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority

General



The AGM will be held at 11:00 a.m. on 5 December 2023 in London at which the usual formal business will be proposed.

Notice of Annual General Meeting

Notice is hereby given that the twenty-eighth Annual General Meeting of abrdn Asia Focus plc will be held at Wallacespace, 15 Artillery Lane. London, E1 7HA, at 11:00 a.m. on 5 December 2023 for the following purposes:

To consider and if thought fit, pass the following Resolutions of which Resolutions 1 to 10 will be proposed as Ordinary Resolutions and Resolutions 11 to 13 as Special Resolutions:

Ordinary Business

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2023, together with the auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 July 2023 (other than the Directors' Remuneration Policy).
3. To approve the Directors' Remuneration Policy.
4. To approve the Company's Dividend Policy to pay four interim dividends per year.
5. To re-elect Ms C Black as a Director.
6. To re-elect Mr K Shanmuganathan as a Director.
7. To re-elect Mr L Cooper as a Director.
8. To re-elect Mr A Finn as a Director.
9. To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the Directors to determine their remuneration.

Special Business

10. 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 £2,597,716; and

    (b) up to a further aggregate nominal amount of £2,597,716 in connection with an offer made by means of a negotiable document to (a) all holders of Ordinary shares of 5p 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 2024 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.

11. THAT subject to the passing of Resolution numbered 10 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 10 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 £779,314 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 5p 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 2024, 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.

12. 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 5p 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 12;

ii. the minimum price which may be paid for an Ordinary share is 5p;

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 2024 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.

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

By order of the Board
abrdn Holdings Limited
Company Secretary
19 October 2023

Registered Office
280 Bishopsgate, London EC2M 4AG

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.

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 30 November 2023 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 Chair 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 19 October 2023 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 155,862,978 Ordinary shares of 5 pence each and there were a further 52,839,590 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 19 October 2023 is 155,862,978. Treasury shares represent 25.1% 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 Annual Report and financial statements (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 the Annual Report and financial statements was 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.

Glossary of Terms and Definitions

abrdn Asia or the Investment Manager
abrdn Asia Limited is a wholly owned subsidiary of abrdn plc and acts as the Company's investment manager

abrdn plc
abrdn 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

Active Share
Active Share is a measure of the percentage of stock holdings in the portfolio that differs from the benchmark index

aFML or Manager
abrdn Fund Managers Limited

AIC
Association of Investment Companies

AIFM
the alternative investment fund manager, being aFML

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 £36.6 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 293.0p nominal of CULS for one Ordinary share of 5p (prior to the five for one share split on 4 February 2022 the conversion was based upon 1465.0p of nominal). The Conversion Price was originally calculated based upon a 20% premium to the unaudited NAV per Ordinary share of 25p (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 2023

156,457,978
Ordinary shares of 5p (excluding treasury shares)

52,244,590
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 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 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 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 shares issued for cash and sold from treasury at a premium to NAV

Year ended 31 July 2014

300,000 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 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 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 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 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. £37 million nominal of 2.25% Convertible Unsecured Loan Stock 2025 issued at 100p per unit and 2019 CULS redeemed and/or converted into Ordinary shares on 29 May 2018

Year ended 31 July 2019

1,302,650 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 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 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.

Year ended 31 July 2022

935 new shares issued following conversion of 13,764 units of CULS in December 2021; on 4 February 2022 a five for one Share Split was implemented and the CUL; 536 new Ordinary shares issued following conversion of 1,579 units of CULS in June 2022

Year ended 31 July 2023

500,000 shares purchased for treasury at a discount to NAV; 2,158 new Ordinary shares issued following conversion of 6,334 units of CULS in December 2022; 2,189 new Ordinary shares issued following conversion of 6,419 units of CULS in June 2023

Corporate Information

Directors
Krishna Shanmuganathan, Chair
Charlotte Black
Lindsay Cooper
The Earl of Antrim
Alex Finn

Registered in England as an Investment Company
Registration Number 03106339

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

Alternative Investment Fund Manager*
abrdn Fund Managers Limited
280 Bishopsgate
London EC2M 4AG
(*Authorised and regulated by the Financial Conduct Authority*)
(* appointed as required by EU Directive 2011/61/EU)

Secretaries and Registered Office
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Atria One
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Edinburgh EH3 8EX

CULS Trustee
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Depositary
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London NW1 6AA

Website
asia-focus.co.uk

Email
asia.focus@abrdn.com

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

Legal Entity Identifier
5493000FBZP1J92OQY70

The Company

The Company is an investment trust and its Ordinary shares and Convertible Unsecured Loan Stock ("CULS") are listed on the premium segment of the London Stock Exchange. The Company aims to attract long-term private and institutional investors wanting to benefit from the growth prospects of Asia's smaller companies.

Investment Objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan. (On 27 January 2022 shareholders approved an amended investment objective.)

Five-Year Performance Linked Tender

On 27 January 2022 shareholders approved the introduction of a performance-linked tender offer, which provides that, 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, Shareholders will 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.

Comparative Index

From 1 August 2021 the Manager has utilised the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) as well as peer group comparisons for Board reporting. For periods prior to 1 August 2021, a composite index is used comprising the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted) up to 31 July 2021 and the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) thereafter. It is likely that performance will diverge, possibly quite dramatically in either direction, from the comparative index. The Manager seeks to minimise risk by using in-depth research and does not see divergence from an index as risk.

Investment Manager and Alternate Investment Fund Manager

The Company's Alternative Investment Fund Manager, appointed as required by EU Directive 2011/61/EU, is abrdn Fund Managers Limited ("aFML") 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"). aFML and abrdn Asia are wholly owned subsidiaries of abrdn plc (previously known as Standard Life Aberdeen plc).

For more information visit

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