

ASIA DRAGON TRUST PLC

LEI: 549300W4KB0D75D1N730

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 AUGUST 2024

Performance Highlights

Net asset value total return ^A		Net asset value per share	
	+9.3%		452.9p
2023	(16.7)%	2023	421.3p
Share price total return ^A		Share price	
	+16.7%		404.0p
2023	(19.5)%	2023	353.0p
Benchmark total return (in sterling terms)		Ongoing charges ^{AB}	
	+12.0%		0.75%
2023	(8.4)%	2023	0.91%
Earnings per share (revenue)		Dividend per share	
	6.73p		6.60p
2023	7.06p	2023	6.60p

^A Considered to be an Alternative Performance Measure. .

^B Including fee waiver (see Note 23).

Dividends and Highlights

Dividends

	Rate	xd date	Record date	Payment date
Interim 2024 ^A	6.60p	5 December 2024	6 December 2024	31 December 2024
Final 2023	6.60p	26 October 2023	27 October 2023	15 December 2023

^A Interim dividend in lieu of final for 2024.

Highlights

	31 August 2024	31 August 2023	% change
Performance			
Total shareholders' funds ^A (£'000)	711,626	479,169	+48.5
Net asset value per share (capital return basis) (p)	452.93	421.26	+7.5
Net asset value per share (total return basis) (%)	9.3	-16.7	
Share price (capital return basis) (p)	404.00	353.00	+14.4
Market capitalisation ^A (£'000)	634,751	401,521	+58.1
MSCI AC Asia (ex.Japan) Index (in sterling terms; capital return basis)	1,003.12	918.92	+9.2
MSCI AC Asia (ex.Japan) Index (in sterling terms; total return basis) (%)	12.0	-8.4	

Revenue return per share (p)	6.73	7.06	-4.7
Total return per share (p)	39.44	(88.66)	
Dividend			
Dividend per share (p)	6.60	6.60	-
Gearing			
Net gearing (%) ^B	6.2	5.8	
Discount			
Discount to net asset value (%) ^B	10.8	16.2	
Operating costs			
Ongoing charges ratio including fee waiver ^{BC}	0.75	0.91	
Ongoing charges ratio excluding fee waiver ^{BD}	0.86	0.91	

^A Increase during the year includes the impact of assets acquired following the transaction with abrdn New Dawn Investment Trust plc

^B Considered to be an Alternative Performance Measure.

^C 31 August 2024 includes the management fee waiver agreed between the Company and the Manager following the transaction with abrdn New Dawn Investment Trust plc during the year (see note 4 of the financial statements for further details).

^D 31 August 2024 is calculated on the assumption that the management fee waiver agreement between the Company and the Manager following the transaction with abrdn New Dawn Investment Trust plc during the year (see note 4 of the financial statements for further details) is excluded.

Strategic Report

Chairman's Statement

Future of the Company

In May of this year, your Board announced its intention to undertake a strategic review of the future of the Company, including its ongoing investment management arrangements. The Board of the Company announced on 28 October 2024 that it had concluded such review.

The outcome of the review was a proposal by the Board (the "Proposal") that the Company should combine with Invesco Asia Trust plc ("Invesco Asia"), an investment trust managed by Invesco Fund Managers Limited ("IFML"). The enlarged Invesco Asia would continue to be managed by IFML under Invesco Asia's existing investment objective and investment policy.

Under the strategic review the Board undertook a full and robust review process and considered a wide range of options for the Company. The proposal to combine the Company with Invesco Asia was considered the most attractive outcome for shareholders, providing a partial capital return alongside the continuation of shareholders' investment in an investment trust that has delivered strong long-term performance managed by a highly regarded team at IFML. The combination, if approved, will create a vehicle of scale with a diversified shareholder base, a significant increase in dividend for Asia Dragon shareholders who roll over into Invesco Asia and a more competitive management fee. Furthermore, the introduction of a triennial unconditional 100 per cent. tender offer alongside ongoing buyback activity by the enlarged Invesco Asia provides a compelling approach to discount management that we expect to serve its shareholders well over time.

I set out below under 'Result of the Review' more background on the Proposal and its rationale and benefits to the Company's shareholders. The Proposal is subject to shareholder approval at general meetings to be held in early 2025.

Results

In the 12 months to 31 August 2024, the MSCI AC Asia ex Japan Index rose 12.0% in sterling total return terms. The Company's net asset value ("NAV") increased 9.3% on the same total return basis after accounting for dividends. The share price rose from 353p to 404p over the year, which, with dividends added back, yielded a total return of 16.7%. This reflected a narrowing of the discount to NAV to 10.8% as at the year end, from 16.2% as at the previous financial year end.

Performance

Your Company posted mixed returns over the reporting year, with initial weakness in late 2023 but with performance stabilising by August 2024. The stabilisation followed a portfolio "reset" after the Company's combination with abrdn New Dawn Investment Trust plc in November 2023, allowing the larger portfolio to invest in Australasia and up to 30% in non-benchmark holdings. This broadened investment universe flexibility enabled the Manager to invest in quality stocks that had previously been inaccessible, positively impacting performance. Key contributors over the year included non-benchmark stocks like ASML and ASM International in the semiconductor and technology hardware segments. As AI-related apps and chips start to proliferate, rising demand in terms of usage and complexity is boosting the semiconductor and consumer electronics segments. Other key contributors included Taiwan Semiconductor Manufacturing Co, power testing services provider Chroma ATE and passive component supplier Yageo in Taiwan, as well as Indian real estate group Godrej Properties.

I would also highlight that China, which was the biggest detractor from performance over the interim period, remained a key detractor for the full financial year. As I mentioned in my interim statement, the Manager has undertaken a thorough review of the Company's Chinese holdings, and resized exposures where appropriate. This was implemented in view of the near-term headwinds in China, namely, a slower than expected consumer recovery and a still-weak property sector, amid a broader soft macro backdrop.

As a result, the Manager significantly reduced overall Chinese exposure. With a focus on good earnings visibility and steady cash flow generation, the Manager has added or increased exposure to Chinese holdings that show such attributes but exited positions where the outlook is more uncertain. The Manager retains high conviction in the Chinese holdings that remain in the portfolio, and continues to see significant value opportunities in this market. However, the Manager remains watchful of structural challenges in the country as well as more details on the recent stimulus measures and execution and implementation

structural challenges in the country as well as more details on the recent stimulus measures and execution and implementation of policies. Encouragingly, in the latter part of the financial year from 1 January 2024 to 31 August 2024, the Chinese exposure has turned around to become a marginal contributor to the Company's relative performance.

The Manager's Report covers the Company's performance in greater detail.

Result of the Review

In May this year, your Board announced its intention to undertake a strategic review of the future of the Company, including its ongoing investment management arrangements. Under the review, the Board gave consideration to retaining the existing manager, appointing a new external third-party manager and entering into a combination with another investment trust. The Board was pleased by the interest it received from a large number of high-quality management groups, which were evaluated by the Board with the assistance of Stanhope Consulting. The Board announced on 28 October 2024 that it had agreed heads of terms with Invesco Asia and IFML for a combination of the assets of the Company with Invesco Asia by means of a section 110 scheme of reconstruction and voluntary winding up of the Company.

In reaching this decision, the Board noted a number of attractions to a combination with Invesco Asia:

- **Strong Long-Term Investment Performance:** Invesco Asia has delivered a total return of 49.4 per cent. over the five years to 30 September 2024, representing outperformance of 23.2 per cent. against the MSCI AC Asia ex Japan Index which has delivered a five-year total return of 26.2 per cent. over the same period.
- **Unconstrained Investment Approach:** Invesco Asia has a highly rated and experienced investment team with an unconstrained investment approach and a focus on valuation whereby the managers seek to identify stocks that have become dislocated from fair value with a potential catalyst for change. The Board of the Company was impressed by the distinctive and disciplined value-oriented investment approach employed by IFML which has delivered attractive returns for Invesco Asia shareholders over the long term.
- **Aligned Investment Exposure:** The Proposal will allow shareholders to continue their investment in a core Asia (ex-Japan) equity strategy.
- **Increased Dividend:** The Company's shareholders will benefit from a significant increase in dividend as a result of Invesco Asia's policy of paying a distribution of 4 per cent. of NAV per annum which will move from semi-annual to four quarterly payments each equal to 1 per cent. of NAV.
- **Depth of Resource:** Invesco Ltd, a global asset manager with 1.8 trillion of AUM, including 15.9 billion in Asia and EM Equities (as at 30 September 2024), will remain as the investment manager of the combined entity. Invesco Asia will continue to benefit from the expertise of its portfolio managers, Fiona Yang and Ian Hargreaves, and from the depth of resource and experience offered by the wider Asian & Emerging Markets Equities Team.
- **Partial Cash Exit:** The Proposal will provide the Company's shareholders with the opportunity to elect to exit part or all of their holding in the Company for cash, subject to an overall limit of 25 per cent. of the issued share capital of the Company (excluding shares held in treasury) (the "Cash Exit").
- **Continued Scale:** The combination with Invesco Asia will allow the Company's shareholders to continue to participate in a vehicle of scale, with the enlarged Invesco Asia expected to be a constituent of the FTSE 250, notwithstanding the potential substantial return of capital by the Company pursuant to the Cash Exit.
- **Periodic Exit Opportunity:** Following completion of the Proposal, Invesco Asia will introduce a triennial unconditional tender offer of up to 100 per cent. of the issued share capital of Invesco Asia, with the first tender offer expected to take place in 2028.
- **Discount Management Policy:** Invesco Asia will maintain its stated average discount target of less than 10 per cent. of NAV calculated on a cum-income basis over the financial year.
- **Competitive Management Fee:** IFML has agreed that, with effect from the admission to listing and trading of the new Invesco Asia shares issued in connection with the Proposal, the management fee payable by Invesco Asia to IFML will be reduced to 0.75 per cent. on the initial £125m of net assets; 0.6 per cent. of net assets between £125m and £450m; and 0.5 per cent. on net assets in excess of £450m. The new Invesco Asia fee structure will result in a lower blended management fee than is currently payable by the Company.
- **Shareholder Register:** The Proposal will allow a number of shareholders to consolidate their holdings across the two companies while also creating a more diversified shareholder base through a combination of the balance of the two share registers.

The Proposal will be subject to approval by the shareholders of both the Company and Invesco Asia in addition to regulatory and tax approvals. The Company and Invesco Asia have each received an irrevocable undertaking from City of London Investment Management Limited representing 30 per cent. of the Company's issued share capital and 21 per cent. of Invesco Asia's issued share capital (in each case excluding treasury shares) and letters of intent or indications of support from shareholders representing a further 25 per cent. of the Company's issued share capital and 17 per cent. of Invesco Asia's issued share capital (in each case excluding treasury shares), to support the Proposal.

A circular providing further details of the Proposal and convening general meetings to approve the Proposal, and a prospectus in respect of the issue of new Invesco Asia shares in connection with the Proposal, are expected to be posted to the Company's shareholders in due course. The Proposal is anticipated to become effective in early 2025. In the event of the Proposal becoming effective, a number of the Company's Directors will join the four existing directors of Invesco Asia on the board of the enlarged company.

Gearing

The Board continues to believe that the sensible use of modest financial gearing should enhance returns to shareholders over the longer term, being one of the advantages of the closed end structure. Cognisant of the ongoing strategic review, the Company extended the maturity of its unsecured £50 million multi-currency revolving credit facility (the "RCF") with The Royal Bank of Scotland International Limited, London Branch (the "Lender") which was due to expire on 29 July 2024, out to 29 March 2025. At the same time the principal amount available under the RCF was increased to £75 million. The £25 million increase was used to repay the Company's £25 million Fixed Rate Loan with the Lender which also matured on 29 July 2024. As a consequence, the Company now has a single unsecured £75m RCF with the Lender, under which the Company retains flexibility to repay and cancel the facility at any time during its remaining life, subject to five business days' notice. Under the new facility, the Company has made short term revolving drawings of GBP 25 million at a current all-in rate of 6.15% and HKD 480 million at a current all-in rate of 5.28%. The Company's total borrowings remained broadly unchanged at £71.8 million in Sterling terms at year end, giving a net gearing figure of 6.2%. The amounts drawn down were unchanged at the time of writing and remain comfortably within the covenant limits.

Discounts and Share Buybacks

The discount level of the Company's shares is closely monitored by the Board and share buybacks are undertaken when appropriate. During the year ended 31 August 2024, 9.5 million shares were bought back into treasury at a cost of £34.2 million (2023: 5.9 million shares were bought back into treasury at a cost of £23.7 million). Since 31 August 2024, a further 891,234 shares have been bought back into treasury at a cost of £3.7 million. The discount at the financial year end was 10.8% (2023: 16.2%). As at 21 November 2024 the discount was 10.6%.

Annual General Meeting and Dividend

In the light of the outcome of the strategic review, the Board intends to convene the AGM in respect of the financial year ended 31 August 2024 to align with the dates for the general meetings of the Company required to implement the combination with Invesco Asia. Accordingly, the Notice of AGM, which will include an explanation of the proposed AGM business, will be sent to shareholders as a separate standalone document at the same time as the shareholder circular relating to the combination with Invesco Asia.

The Company's revenue return per share was 6.7p for the year to 31 August 2024 (2023 - 7.1p). As the posting date for the circular and Notice of AGM will be after the publication of the Annual Report, the Board has declared an interim dividend for the year ended 31 August 2024 of 6.6p per Ordinary share (2023 - 6.6p), in lieu of a final dividend, to allow for a similar dividend payment date as in recent years. The interim dividend will be paid on 31 December 2024 to shareholders on the register on 6 December 2024. Following implementation of the Proposal it is expected that the enlarged Invesco Asia will maintain its current policy of paying an annual dividend equal to 4 per cent. of its Net Asset Value but it will increase the frequency of its dividend payments from the current half-yearly basis (2 per cent. in each of November and April) to a quarterly basis (four dividends of 1 per cent. every three months). The first dividend payable by the enlarged Invesco Asia to which the Company's shareholders will be entitled is expected to be the quarterly dividend payable in late April/early May 2025.

Composition of the Board

As outlined in last year's Annual Report, as part of the combination with abrdn New Dawn, Donald Workman, Stephen Souchon and Nicole Yuen joined the Board as non-executive Directors of the Company on 9 November 2023 and were subsequently elected by shareholders at the AGM in December 2023. Following completion of a six month transition period, on 9 May 2024, Donald Workman, Charlie Ricketts and Gaynor Coley retired from the Board. On behalf of the Board I would like to reiterate our thanks to Charlie, Gaynor and Donald for their dedication, service and contributions to the Company.

Outlook

The US monetary policy easing cycle has begun, boosting companies and economies across Asia. Lower interest rates improve borrowing conditions, encouraging spending and investment. However, central banks must balance this with inflation and currency stability concerns. The election of Trump and Republican dominance of Capitol Hill clearly present challenges to Asia. The most obvious issue is the increased threat of tariffs, and this time not just on Chinese exports. The impact may be in part offset by the clearly stimulatory nature of the Trump package, although this may have implications for monetary conditions given the influence of US monetary conditions across the region. However, as our investment managers point out, Asia is a diverse region, and does not suffer from many of the macro-economic imbalances seen elsewhere given generally strong fiscal positions, high domestic savings, scope to stimulate domestic growth and robust external positions. There should be plenty of opportunities for active stock pickers.

Consequently, the Board remains positive about the outlook for Asian equities. The corporate outlook is strong due to broad-based growth and strong fundamentals among leading companies. More broadly, Asia is evolving, with more growth opportunities beyond China. India is fast growing as an economic power in its own right, while Southeast Asia is benefiting from supply chain diversification amid geopolitical uncertainty. The AI boom in Asia's semiconductor industry highlights the region's role in global innovation, presenting investment opportunities in Korea and Taiwan. Other growth themes include the green transition, with Asia leading in electric vehicles, smart grids, and renewable energy. Rising affluence spurs growth in financial services, while urbanisation and the infrastructure boom benefit property developers and mortgage providers.

James Will
Chairman
22 November 2024

Investment Manager's Review

Performance

As the Chairman notes in his statement, we continued to see macro factors play an outsized role in influencing investor sentiment and equity markets across Asia and globally over the review period. These included a slowing China amid a slower than expected consumer recovery post-Covid and property downturn, US monetary policy trajectory and geopolitical uncertainty. At the same time, we saw optimism over potential US rate cuts, signs of resilience in corporate earnings and strength in the technology sector. Over the 12 months to 31 August 2024, the MSCI AC Asia ex Japan benchmark index rose 12.0% in sterling total return terms, while the Company's net asset value ("NAV") increased 9.3% on the same total return basis after accounting for dividends.

Over the financial year, we witnessed mixed market fortunes across the Asia Pacific ex Japan region (see chart 1 below). Within the China market, we saw a meaningful style rotation out of quality into value, and a chase for thematic names with AI and state-owned enterprise (SOE) reform in vogue. The Hong Kong market bore the brunt of the spillover impact, which was also exacerbated by heavy foreign capital outflows. In contrast, Taiwan and India were the best performing markets. Taiwan benefitted from a big uplift in optimism around a semiconductor sector turnaround and positive demand trends in AI applications. India's strength was supported by a resilient macro backdrop, including a property boom, strong urban consumer sentiment, and robust infrastructure capex.

Against this backdrop, the portfolio posted mixed returns with a weak start but stabilising performance towards the end of the financial year. We highlight three key areas of performance drivers: China and Hong Kong, technology and finally India.

1. China and Hong Kong

Together, China and Hong Kong were the biggest detractors, where our still significant exposure to the Chinese consumer weighed on performance (see Chart 2 below). We do like many of the domestic consumption-oriented companies in China. They have been largely insulated from the geopolitical headwinds buffeting the country for years now. They have also been broadly aligned with domestic policy and the multi-year effort to shift China's economic growth model away from a reliance on exports and investment to one that is domestic consumption-driven. Most importantly, many of these companies are evidently high-quality stocks with great brands, superior margins and return metrics, healthy cash flow and balance sheets. They still offer huge long-term growth potential tied to the rise of the Chinese middle class. However, over the past 18 months, this has not been a rewarding part of the market to be invested in. The Chinese consumer emerged from the pandemic with massive pent-up savings, but this did not convert into spending as China failed to follow the re-opening playbook seen in most other countries around the world. Instead, the gloom around the all-important property sector, in which so much of China's household wealth is tied up, weighed heavily on consumer sentiment. This was compounded by slowing economic growth and rising job insecurity.

Policymakers attempted to stimulate consumption and support the property sector, but these moves proved insufficient and consumer stocks and their proxies continued to get punished despite sometimes resilient underlying fundamentals. For example, our holding in Hong Kong-listed life insurer AIA Group was amongst the largest performance detractors despite the fact that it delivered solid earnings growth. Baijiu maker Kweichow Moutai was another such example. Other consumer holdings saw some deterioration in underlying growth given the challenging macro backdrop, for example, quick service restaurant operator Yum China and brewer Budweiser APAC, but this was not commensurate with their declines in share prices, which signalled to us that these stocks had been oversold. As detailed in the Portfolio Activity section below, we tightened up our exposure to the Chinese consumer over the period in light of the headwinds, but retained core holdings given their quality and value. Encouragingly, towards the financial year end, we saw stabilising performance from China and Hong Kong, leading to improved overall performance of the portfolio over the final quarter.

2. Technology

We had proactively built up the portfolio's exposure to the technology hardware sector in anticipation of a rebound in the semiconductor cycle. Our overweight position to the sector significantly contributed to performance, as the sector rallied on a cyclical uptick in semiconductor pricing and strong demand linked to AI. Contributors included several of the Company's Taiwanese holdings, namely leading passive components maker Yageo Corp and semiconductor chip manufacturer Taiwan Semiconductor Manufacturing Co (TSMC). Both companies posted better than expected results in the first quarter of 2024 and TSMC raised its medium term guidance thanks to the rapidly growing contribution from AI-related demand. Elsewhere, our non-benchmark Netherlands-based holdings in ASML and ASM International also benefited from improved prospects in the advanced semiconductor industry.

3. India

Our Indian holdings were a key driver of positive performance, accounting for 4 out of the top 10 biggest contributors. These were residential real estate developer Godrej Properties, which has been capitalising on the boom in the housing cycle in India; leading life insurer SBI Life Insurance; online insurance aggregator PB Fintech, and Power Grid Corporation of India which operates the majority of the electricity transmission network across the country. All four names have seen robust earnings growth tied to structural growth stories and themes within India that we believe have many years still to run. Rising affluence in India, for instance, is leading to fast-growing premium consumption patterns in areas like financial services, automobiles, food, and personal care, while urbanisation and the current boom in infrastructure development is benefiting property developers, materials producers such as in cement, and industrial and utility plays.

Portfolio Activity

Throughout this turbulent macro-economic and political period, we have continued to focus on quality companies for both their resilience and long term structural growth potential. Four key areas we wish to highlight are as follows:

1. China: Scaling back the consumer exposure and focusing on nearer-term cash flow generation and earnings visibility

China presented us with a dilemma. On the one hand, the headwinds buffeting the Chinese consumer were strong, making life hard-going for even the best-run companies (see Chart 4 below). On the other hand, investor sentiment towards the consumer sector and its proxies was so poor that it was also clear that many of the stocks had been oversold and were trading at very attractive valuations. Whilst we were confident that our companies would weather the storm given their superior quality, it was also difficult to pinpoint any obvious catalyst on the horizon that would trigger a re-rating in the stocks. Balancing these two opposing forces, we chose to reposition the portfolio in China, re-evaluating more carefully our exposure to the Chinese consumer given the obvious headwinds, whilst also retaining positions in high-quality holdings with strong cash flow generation and solid near-term earnings visibility that were trading at deeply discounted valuations. In some cases, this involved completely exiting certain names where visibility was less clear, including China Tourism Group Duty Free, GDS, Glodon and Wuxi Biologics. However, we also introduced a new name, Asia's leading online travel agency Trip.com, which was benefiting from the recovery in both domestic and international travel and has a long runway for growth. Overall, our decisions resulted in a reduced exposure to China.

2. India: increased exposure with new initiations across broad swathe of sectors

India stands in stark contrast to China, being perhaps the most attractive macro-economic story in the region currently, with accelerating economic growth and sound macro-economic indicators (see Chart 5 below). The dilemma for us in this market is that much of that positive story has seemingly already been priced into the market, with few quality stocks trading at attractive valuations. We have been highly cognisant of the valuation challenge, but selectively we were still able to find multiple new ideas centred on companies benefitting from the economic tailwinds and delivering robust earnings growth that underpin and support the valuations.

One good example is Bharti Airtel, a leading telecom service provider with a pan-India reach and sophisticated customer base with higher than average mobile spending. The domestic telecom market has rapidly consolidated and Bharti is now capitalising on the improved economics and rising tariffs in the sector. Another example is Indian Hotels (IHCL), India's largest hospitality company, which is well placed to tap into the industry's multi-year upcycle with improving occupancy rates and rising average room rates. We also introduced conglomerate Mahindra & Mahindra, which has been delivering healthy growth in its autos business, with market share gains in the passenger vehicle business, especially within the sports utility vehicle segment. Pidilite Industries was another addition. This is a quality consumer and specialty chemicals business with leading brands in the home improvement category that will benefit from the robust recovery in the housing cycle. Conversely, we exited Kotak Mahindra Bank and Maruti Suzuki.

3. Technology: Broadening exposure to the AI supply chain with a focus on Taiwan and Korea

We broadened our exposure to the AI supply chain and cyclical laggards given the positive structural growth outlook for

we broadened our exposure to the AI supply chain and cyclical laggards, given the positive structural growth outlook for Asia's technology sector (see chart 6 below). We focused on Taiwan and South Korea, which are key players in the global tech supply chain and benefiting from increased demand for semiconductors, AI and other advanced technologies. We invested in Taiwan's GlobalWafers, a silicon wafer manufacturer that ranks as one of the global leaders in a consolidating industry. We introduced Yageo Corp, Taiwan's leading supplier of passive components and the world's third largest provider. We also added South Korea's SK Hynix, the second largest DRAM and NAND manufacturer globally by revenues. We view it as well positioned and benefiting from growing demand for high bandwidth memory (HBM) for AI processing, such as machine learning and neural network AI. This reflects our rising conviction in the structural growth memory demand backed by AI.

4. Vietnam: increased exposure to this attractive non-benchmark growth market

Finally, we increased our exposure to Vietnam, a non-benchmark market with tremendous long-term growth potential given its young demographics, rising wealth levels and entrepreneurial spirit. More broadly, the liquidity of the stock market has improved through the years, along with market capitalisation, and this has enhanced its eligibility for the Company from a liquidity and risk perspective. The country is also emerging as an alternative supply chain option amid geopolitical uncertainties, attracting foreign direct investment in high-tech sectors, especially automotive and electronics (see chart 7 below). At the time of writing, we have invested in Joint Stock Commercial Bank For Foreign Trade Of Vietnam (Vietcombank), which we rate as among the highest quality banks in the country, with scale, a strong deposit franchise and a good long-term track record. The bank has been able to manage through multiple cycles and deliver growth over time, too. As for fundamentals, it leads its peers in profitability and efficiency, with a higher return on equity, lower cost-to-income ratio and lower cost of funding versus its domestic rivals. This is our second stock holding in Vietnam after FPT Corp.

Outlook

The US has elected Donald Trump as its next president, and he has also secured control of both Houses of Congress. Asset prices have moved along with a focus on the reflationary aspects of Trump's pre-election pledges and promises. We expect tax cuts and deregulation, but also higher tariffs. This could mean higher nominal GDP, mainly via inflation, and potentially higher for longer interest rates. We continue to monitor Trump developments closely, and higher nominal GDP growth and higher-than-otherwise interest rates are the macro implications that we are most confident about for now.

As for the implications for Asia, it is a complex picture. Trump is likely to drive uncertainty and volatility, but this could also create opportunities for long-term investors. Higher tariffs and barriers to trade are bad news, and this seems likely under Trump. China could be affected, and this might prompt the Chinese government to ramp up domestic economic growth efforts with aggressive stimulus measures. It is also possible that with a more transactional US President, the US and China could arrive at some mutually beneficiary agreement; we should remember the first Trump presidency did see the Chinese equity market outperform. We should not ignore the risks though as unmitigated; the imposition of huge tariff hikes would have a significant impact on China's economy. Similarly, export markets, too, with trade-oriented countries potentially facing pressure from higher tariffs and limited rate cuts in the US.

Geopolitical tensions remain difficult to navigate and whilst the world's focus is on Ukraine and the Middle East, Asia could also see shifts if Trump follows a similar playbook to his first term. So, we are likely to be in for a period of change, uncertainty, and volatility across multiple fronts.

Asia, however, is a diverse region and it is wrong to paint it with the same broad brush. Largely domestic driven economies like India will be insulated and may even benefit from continued supply diversification away from China. Intra-regional trade continues unhindered. Asia also does not have the macro imbalances that the West is saddled with, so economies should be resilient. And there is still growth. All of which means quality companies should remain structurally well positioned.

From a portfolio perspective, we believe we are well-prepared for a Trump victory due to our quality-focused stock picking approach. We have tightened quality characteristics, adding names with greater near-term earnings visibility and steady cash flow generation, while reducing and exiting names with less visible earnings. We have managed down our exposure to tariff-related risks. For our China exposure, we have focused on each holding's ability to defend and grow market share, expand overseas with limited tariff risks, and deliver shareholder returns through dividends and buybacks. We have also reduced our technology exposure. We maintain our conviction in our holdings and their ability to navigate market crosswinds, given their quality and fundamentals.

Finally, Asia remains home to some of the highest quality and most dynamic companies in the world. The region continues to offer rich pickings, underpinned by long-term structural growth trends such as the rising middle classes, rapid adoption of emerging technologies and continued urbanisation, enabling bottom-up stock pickers like us to deliver sustainable returns over the long term.

Pruksa Iamthongthong and James Thom
abrdn (Asia) Limited
22 November 2024

Overview of Strategy

Future of the Company

Shareholders' attention is drawn to the Proposal for the combination with Invesco Asia Trust plc detailed under the 'Future of the Company' section of the Chairman's Statement and 'Result of Review'.

Business Model

The business model of the Company is to operate as an investment trust for UK capital gains tax purposes in line with its investment objective. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 August 2024 so as to enable it to comply with the relevant eligibility conditions for investment trust status as defined by Section 1158 of the Corporation Tax Act 2010.

Combination with abrdn New Dawn

On 21 July 2023 the Company announced that it had agreed terms with the board of abrdn New Dawn Investment Trust plc ("New Dawn") in respect of a proposed combination of the assets of the Company with those of New Dawn. This was effected by way of a scheme of reconstruction and winding up of New Dawn under section 110 of the Insolvency Act 1986 (the "Scheme") and the associated transfer of the majority of the cash, assets and undertaking of New Dawn to the Company in exchange for the issue of new Ordinary shares in the Company to those New Dawn shareholders who elected to roll over. The Company's shareholders approved the proposals at the General Meeting held on 25 October 2023 with over 99.9% of votes in favour of all resolutions. Subsequently, on 8 November 2023 New Dawn's shareholders approved the proposals at its general meeting. On that date, the Company acquired approximately £214.7 million of net assets from New Dawn in consideration for the issue of 52,895,670 new Asia Dragon shares in accordance with the Scheme.

Investment Policy (up to 25 October 2023)

For the period up to the General Meeting held on 25 October 2023 the Company's Investment Policy was as follows:

Investment Objective

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

Investment Policy

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

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

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

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

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

Investment Policy (from 25 October 2023)

Following the receipt of approval from shareholders at the General Meeting held on 25 October 2023 the Company's new Investment Policy was amended to include Australasia and is now as follows:

Investment Objective

The Company aims to achieve long-term capital growth principally through investment in companies in the Asia Pacific region, excluding Japan (the "Investment Region").

Investment Policy

Asset allocation

The Company's assets are invested principally in a diversified portfolio of public securities of companies that are incorporated, domiciled or listed in the Investment Region. The Company invests in a diversified range of sectors and countries. Investments are not limited as to market capitalisation, sector or country weightings within the Investment Region.

The Company may invest, directly or indirectly, up to 30 per cent. of its gross assets in public securities of companies which are not incorporated, domiciled or listed in the Investment Region but which generate more than 50 per cent. of their annual turnover or revenue from the Investment Region, all as measured at the time of the Company's investment.

The Company will primarily invest in equities and equity-related securities (including, but not limited to, preference shares, depositary receipts, convertible unsecured loan stock, rights, warrants and other similar securities).

For the avoidance of doubt, however, the Company may, in pursuance of the investment objective:

- hold cash and cash equivalents, including money market mutual funds (which is not subject to any investment limit);
- hold equity-linked derivative instruments (including options and futures on indices and individual securities) which are primarily exposed to the Investment Region; and
- invest in index funds, listed funds, open-ended funds, mutual funds and exchange traded funds that invest primarily in the Investment Region.

Risk diversification

The Company's aggregate exposure to any single holding or issuer (or issuer group), whether direct or indirect, will not exceed 15 per cent. of its gross assets (calculated at the time of investment).

In order to comply with the Listing Rules, the Company will not invest more than 10 per cent. of its gross assets in other listed closed-ended investment funds, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds. Additionally, in any event, the Company will itself not invest more than 15 per cent. of its gross assets in other listed closed-ended investment funds.

Gearing

The Company may deploy gearing to seek to enhance long-term capital growth. The Company may be geared through bank borrowings, the use of derivative instruments that have the effect of gearing the Company's portfolio, and any such other methods as the Board may determine. Gearing will not exceed 20 per cent. of the Company's net asset value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate.

Derivatives

With prior approval of the Board, the Company may use derivatives for the purpose of efficient portfolio management (for the purpose of reducing, transferring or eliminating investment risk in its investment portfolio, including protection against

currency risk) and for investment purposes.

Notwithstanding the above, the Company does not intend to utilise derivatives or other financial instruments to increase the Company's gearing in excess of the limit set out in 'Gearing' above, and any restrictions set out in this investment policy shall apply equally to exposure through derivatives.

Company Benchmark

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

Alternative Investment Fund Manager ("AIFM")

The AIFM is abrdn Fund Managers Limited, (aFML or the "Manager") which is authorised and regulated by the Financial Conduct Authority. The Company's portfolio is managed on a day-to-day basis by abrdn (Asia) Limited ("abrdn Asia" or the "Investment Manager") by way of a delegation agreement. abrdn Asia and aFML are both wholly owned subsidiaries of abrdn plc.

Achieving the Investment Policy and Objective

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

A comprehensive analysis of the Company's portfolio by country and by sector is disclosed on pages 39 to 41 of the published Annual Report and Financial Statements for the year ended 31 August 2024, including a description of the ten largest investments, the full investment portfolio by value, and sector/geographical analysis. At 31 August 2024, the Company's portfolio consisted of 56 holdings.

Gearing is used to leverage the Company's portfolio in order to enhance returns when this is considered appropriate to do so. At 31 August 2024, the Company's net gearing was 6.2%.

Principal and Emerging Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, changes to that environment and to individual risks. The Board also identifies emerging risks which might impact the Company. There are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The most significant direct issue that the Company has faced over the year has been the impact of long-term poor relative portfolio performance. This led the Board to implement a strategic review of the Company using external advisers and this is addressed in the Chairman's Statement. Beyond this, the increasing discounts to net asset value that have affected the entire investment company sector, resulting from selling pressure and lack of investor demand due to well documented cost disclosure issues and budget concerns, have heightened concerns.

The Board considers the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation. The Company's risks have been regularly assessed by the Audit & Risk Committee and managed by the Board through the adoption of a risk matrix which identifies the key risks for the Company, including emerging risks, and covers strategy, investment management, operations, shareholders, regulatory and financial obligations and third-party service providers. A deep dive review of the Risk Register has been performed during the year.

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

The Board notes that there are a number of contingent risks stemming from the global geo-political environment that may impact the operation of the Company. Inflation and the resultant volatility that it created in global stock markets continued to be a key risk during the financial year, as well as the ongoing tensions between China and Taiwan, China and the West, and the conflagrations in the Middle East and Ukraine, all of which have created geo-political uncertainty which further increased market risk and volatility.

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

Risk	Mitigating Action
Investment Risk <ul style="list-style-type: none">· The Company's investment performance is the most critical factor to the Company's long-term success.· The Company is exposed to the risk of Sustained Underperformance as a result of implementing an unattractive investment strategy.· The Company is exposed to the risk of Portfolio Stock Concentration as a result of the combined market share of the Manager's investments.· The Company is exposed to ESG Risk in the event that its investee companies act unethically, undertake environmentally detrimental practices or fail to integrate ESG factors adequately.	<p>The Board continually monitors the investment performance of the Company, taking account of stock-market factors, and reviews the Company's performance compared to its benchmark index and peer group at every Board Meeting. A formal annual review is undertaken by the Management Engagement Committee. The Board has regard to the skills, depth of resources and wider capability of the abrdn group in arriving at its conclusions.</p> <p>In May 2024 the Board initiated a full strategic review of the Company. The results of the review were announced on 28 October 2024 and further details can be found in the Chairman's Statement.</p> <p>The Chairman and Senior Independent Director have communicated with major shareholders, particularly with respect to the strategic review, to gauge their views on the Company, including performance.</p> <p>At each Board meeting the Board reviews the concentration and liquidity risk of the portfolio including the number of days required to liquidate the portfolio.</p>
Risk Unchanged during the year	

	<p>portfolio.</p> <p>The Manager undertakes extensive due diligence on each investment prior to purchase including a review of the ESG credentials. Post purchase the Manager continues to monitor and actively engage with investee company managements.</p>
<p>Operational Risk</p> <ul style="list-style-type: none"> The Company is dependent on a number of third-party providers, in particular those of the Manager, Depository and Registrar. Failure by any service provider to carry out its contractual obligations could have a detrimental impact or disruption on the Company's operations, including that caused by information technology breakdown or other cyber-related issues. <p>Risk Unchanged during the year</p>	<p>The Board reviews the performance of the Manager on a regular basis and its compliance with the management contract formally on an annual basis. As part of that review, the Board assesses the Manager's succession plans, risk management framework and marketing activities.</p> <p>The Audit & Risk Committee reviews reports from the Manager on its internal controls and risk management (including an annual ISAE Report) and considers assurances from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. The Audit & Risk Committee meets representatives from the Manager's Compliance and Internal Audit teams on at least an annual basis and discusses any findings and recommendations relevant to the Company. Written agreements are in place with all third-party service providers.</p> <p>The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depository, through service level agreements, regular meetings and key performance indicators.</p> <p>A formal appraisal of the Company's main third-party service providers is carried out by the Management Engagement Committee on an annual basis.</p>
<p>Governance and Regulatory Risk</p> <ul style="list-style-type: none"> The Company operates in a complex regulatory environment and faces a number of regulatory risks. Serious breaches of regulations, such as the tax rules for investment companies, the FCA's Listing Rules and the Companies Act. <p>Risk Unchanged during the year</p>	<p>The Board receives updates on relevant changes in regulation from the Manager, industry bodies and external advisers and the Board and Audit & Risk Committee monitor compliance with regulations by review of internal control reports from the Manager. Directors are encouraged to attend relevant external training courses.</p>
<p>Major Events and Geopolitical Risk</p> <ul style="list-style-type: none"> The Company is exposed to supply chain risk, stock-market volatility or illiquidity as a result of a major market shock due to a national or global crisis. The impact of such risks, associated with the portfolio or the Company itself, could result in disruption of the operations of the Company and losses. The Company is exposed to the impact of Live Conflict, sanctions and instability in the region as well as the indirect impact of global conflicts. The Company is exposed to Pandemic Risk which could result in disruption to supply chains. The Company is exposed to the risk of a major environmental event as a result of the consequences of climate change. <p>Risk Unchanged during the year</p>	<p>Exogenous risks over which the Company has no control are always a risk. The Company does what it can to address these risks where possible, not least operationally and to try and meet the Company's investment objectives.</p> <p>As part of its investment processes, the Manager regularly assesses the Company's portfolio as a whole, and each constituent part, and, during the financial year, remained in close communication with the underlying investee companies in order to navigate and guide the Company through macroeconomic and geopolitical challenges.</p> <p>The Manager's focus on quality companies with sustainable business models and robust finances, the diversified nature of the portfolio and a managed level of gearing all serve to provide a degree of protection in times of market volatility.</p> <p>The Board discusses issues affecting the region at each Board meeting and the Manager has an effective business continuity plan in place to ensure that material processes will continue to operate. The Audit & Risk Committee reviews controls reports from third party service providers.</p> <p>The Manager undertakes due diligence on investee companies prior to and post purchase and provides updates at each Board meeting.</p>
<p>Shareholder and Stakeholder Risk</p> <ul style="list-style-type: none"> The Company is exposed to the risk of Shareholder Dissatisfaction, Activism and Influence stemming from a failure to adapt to changes in the market and investor demand. Liquidity Risk to shareholders due to share price trading at a discount to its underlying NAV and reduced investor sentiment. <p>Risk Unchanged during the year</p>	<p>The Board regularly monitors the marketplace for changes in sentiment.</p> <p>The Board regularly reviews the performance of the Company against the benchmark and peer group.</p> <p>The Board monitors the discount level of the Company's shares against the peer group and has in place an active buyback mechanism whereby the Broker and/or the Manager is authorised to buy back shares within certain limits.</p> <p>The Board and Manager engage regularly with shareholders to understand their views on key topics including discount volatility and shareholder views are discussed at each Board meeting.</p> <p>The Manager conducts extensive PR and promotional activities during the year.</p> <p>Shareholders are given the opportunity to vote on continuation at every fifth AGM and there is a conditional performance-linked tender offer mechanism in place.</p> <p>In May 2024 the Board announced its intention to undertake a strategic review of the future of the Company, including its ongoing investment management arrangements. The strategic review culminated in the announcement on 28 October 2024 of the Proposal to combine with Invesco Asia Trust plc (refer to the Chairman's Statement).</p>

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

Performance

Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators ("KPIs") are established industry measures and are detailed below with further analysis provided in the Chairman's Statement.

KPI	Description
Net asset value and share price (total return)	The Board monitors the NAV and share price performance of the Company over different time periods. Performance figures for one, three and five years are provided in the Results section on page 29 of the published Annual Report and Financial Statements for the year ended 31 August 2024.
Performance against benchmark	<p>Performance is measured against the Company's benchmark, the MSCI All Country Asia (ex Japan) Index (in sterling terms), on a total return basis. Charts showing the Company's performance against the benchmark by quarter during the financial year, and over one, three and five years, and are shown on page 30 of the published Annual Report and Financial Statements for the year ended 31 August 2024.</p> <p>The Board also considers peer group comparative performance over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.</p>
Discount/Premium to net asset value	The discount/premium relative to the NAV represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price discount relative to the NAV is shown on page 31 of the published Annual Report and Financial Statements for the year ended 31 August 2024.

Promoting the Success of the Company

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

The Company consisted of five Directors at 31 August 2024 and has no employees or customers in the traditional sense. As the Company has no employees, the culture of the Company is embodied in the Board of Directors. The Board seeks to promote a culture of strong governance, high standards of business conduct and to challenge, in a constructive and respectful way, the Company's third-party service providers and advisers, whilst considering the impact on the Company and other stakeholders.

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

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

The Board undertakes a robust evaluation of the Manager, including investment performance and responsible ownership, to ensure that the Company's objective of providing capital growth for its investors is met. The Board typically visits the investment region on an annual basis and meets with the Manager's on the ground investment teams. This enables the Board to conduct due diligence of the fund management and research teams. During the year the Board has met with the senior management team and the fund management team and attended investee company meetings alongside the Manager.

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

During the year, the Board continued to focus on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework.

A significant amount of time was also expended in the process of combining with abrdn New Dawn and overseeing the effective assimilation of the new assets.

In addition to the Combination activities a number of key decisions have been taken by the Board during the year, including:

- The Board appointed Stanhope Consulting to assist in a full strategic review of the future of the Company, including the ongoing investment management arrangements.
- The Board has declared an interim dividend of 6.6p per Ordinary share (2023 - 6.6p) which will be paid on 31 December 2024.
- The Board has successfully completed its succession planning activities.
- The Board has continued the Company's discount control policy through the buyback of shares which provides a degree of

The Board has continued the Company's discount control policy through the buyback of shares which provides a degree of liquidity to the market at times when the discount widens.

- The Board continues to believe that the sensible use of modest financial gearing should enhance returns to shareholders over the longer term. As indicated in the Chairman's Statement the Company has consolidated its loan facilities into a new extended revolving credit facility offering the Company short term flexibility.

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

Duration

Shareholders' attention is drawn to the Proposal for the combination with Invesco Asia Trust plc which will be voted upon in early 2025 and which, if successful, will trigger the liquidation of the Company. Outwith the outcome of the Proposal, the Company does not have a fixed life, but shareholders are given the opportunity to vote on the continuation of the Company at every fifth Annual General Meeting. The last continuation vote was passed at the AGM on 15 December 2021. The frequency of continuation votes was extended from triennial continuation votes to five-yearly continuation votes at the AGM in 2021 in order to align them with the assessment period for performance-related conditional tender offers approved by shareholders at the AGM in 2021. The next performance related conditional tender offer will cover the period from 1 September 2021 to 31 August 2026 and the continuation vote would be due to take place at the AGM in December 2026.

Board Diversity

The Board's statement on diversity is set out in the Statement of Corporate Governance. At 31 August 2024 there were three male Directors and two female Directors. The Company meets the target that at least one Director is from a minority ethnic background as set out in LR 6.6.6R (9)(a)(iii).

Environmental, Social and Human Rights Issues

The Company has no employees and therefore no disclosures are required to be made in respect of employees. More information on socially responsible investment is set out on pages 25 to 28 of the published Annual Report and Financial Statements for the year ended 31 August 2024.

Viability Statement

As set out in more detail in the Chairman's Statement, it is proposed that the Company combines with Invesco Asia Trust plc ("Invesco Asia"). The combination, if approved by each company's shareholders, will be effected by way of a scheme of reconstruction and winding up of the Company under section 110 of the Insolvency Act 1986 and the associated transfer of part of the assets and undertaking of the Company to Invesco Asia in exchange for the issue of new ordinary shares in Invesco Asia (the "Proposal"). A circular providing further details of the Proposal and convening general meetings to approve the Proposal, and a prospectus in respect of the issue of new Invesco Asia shares in connection with the Proposal, are expected to be published in due course. The Proposal is anticipated to become effective by early 2025. The outcome of the general meetings to make the Proposal effective represents a material uncertainty in the context of the preparation of these financial statements on a going concern basis.

Notwithstanding this material uncertainty, for the purposes of this viability statement, the Board has decided that five 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 five years.

In assessing the viability of the Company over the review period, the Directors have also focused upon the following factors:

- The principal risks and uncertainties detailed above and the steps taken to mitigate these risks.
- The role of the Audit and Risk Committee in reviewing and monitoring the Company's internal control and risk management systems (see the Audit and Risk Committee's Report on pages 58 to 60 of the published Annual Report and Financial Statements for the year ended 31 August 2024).
- The ongoing relevance of the Company's investment objective.
- The liquidity of the Company's portfolio. All of the Company's investments are in quoted securities in active markets or in collective investment schemes and are considered to be liquid.
- The closed-ended nature of the Company which means that it is not subject to redemptions.
- The use of the Company's share buy back and share issuance policies to help address any imbalance of supply and demand for the Company's shares.
- The current and maximum levels of gearing, compliance with loan covenants and level of headroom within the financial covenants (see note 13 to the financial statements for details of loan covenants).
- The ability of the Company to refinance its loan facilities, on or before maturity.
- The requirement of the Board to propose a resolution to approve the continuation of the Company at future Annual General Meetings (earliest required 2026).
- Regulatory or market changes.
- The level of the Company's ongoing charges.
- The robustness of the operations of the Company's third party service providers.

In making its assessment, the Board has considered that there are other matters that could have an impact on the Company's prospects or viability in the future, including the current conflicts in the Middle East and Ukraine, economic shocks, significant stock market volatility, and changes in regulation or investor sentiment.

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

James Will,
Chairman
22 November 2024

This section of the Annual Report aims to present more information on the Investment Manager's ESG considerations.

ESG Highlights

- abrdn believes that ESG considerations can meaningfully affect a company's performance.
- abrdn has been actively integrating ESG considerations into its investment decision-making process for 30 years.
- Deep, on the ground ESG resources and expertise enables abrdn to glean insights from company visits and obtain an ESG information advantage.
- The Company's portfolio is ESG A rated by MSCI, as is the Benchmark.

A	27%	109	18.1%	100%
A-rated by MSCI ESG (versus benchmark A)	Lower carbon intensity than the benchmark	Engagements with portfolio companies during the year	Average ROE of portfolio companies (versus benchmark average 12.5%)	of abrdn researched companies include ESG analysis

What is ESG?

- Environmental factors relate to how a company conducts itself with regard to environmental impact and sustainability.
- Social factors pertain to a company's relationship with its employees, vendors, and a broad set of societal stakeholders.
- Corporate Governance factors may include the corporate decision-making structure, the independence of board members, treatment of minority shareholders, executive compensation and political contributions, capital allocation and the risk of bribery and corruption.

abrdn is a signatory to the UN supported Principles for Responsible Investment (PRI) and has aligned its approach to that advocated by the PRI agenda. This aims to promote responsible investment and better management of risk.

abrdn's Investment Process

abrdn is a pioneer in Asia Pacific markets and has a large, dedicated and highly experienced investment team consisting of approximately 40 equity investment professionals with a strong team culture. Three 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.

Environmental, social and corporate governance factors (ESG) are part of our approach to active equity investing at abrdn. abrdn believes that ESG factors are financially material and can impact a company's performance, either positively or negatively. abrdn also uses its ESG approach to encourage higher standards and support companies that work towards a more sustainable and equitable world.

abrdn's investment process considers both macro and micro ESG issues.

Macro ESG factors being broad thematic issues that impact companies and the products and services they provide, whilst micro factors are company/industry specific issues that relate to how a company's products or services are made or delivered.

The Importance of Engagement

Engagement is an important part of the investment process: abrdn sees engagement not only as a right but as an obligation of investors. In its role as a responsible owner, abrdn engages actively and regularly with companies in which it is or may become an investor. abrdn believes that informed and constructive engagement helps to foster better companies, that can help enhance the value of 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 may impact returns, either positively or negatively. abrdn's focus is on the factors which it believes to have the greatest potential to enhance or undermine an investment case. Sometimes abrdn seeks more information, exchanges views on specific issues, encourages better disclosure; and at other times, encourages change (including either corporate strategy, capital allocation, or climate change strategy). abrdn's 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.

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

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

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.

The Investment Manager regularly engages with companies in which the Company invests. The below shows the engagements that have included responsible investment themes, for the year to 30 June 2024. This does not include positions the Investment Manager has sold out of or is considering investing in. Below are the themes engaged during the year:

ESG Category	% *
Climate	8

Environment	14
Labour Management, Diversity & Inclusion	20
Human Rights & Stakeholders	8
Corporate Behaviour	25
Corporate Governance	34

* a single meeting can have multiple topics

Measurement of ESG, including abrdn's Proprietary ESG Scoring System

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

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

abrdn also makes use of third party ESG data for two primary reasons:

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

Taking an independent view on ESG allows abrdn to anticipate upgrades and drive change through engagement. External research agencies primarily use backward looking data but through fundamental research abrdn forms a forward-looking view of a company's ESG credentials and anticipates changes, attempting to take advantage of this inefficiency.

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 part of abrdn's investment process.

abrdn believes 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, abrdn works 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 abrdn to model a quantitative financial impact under 15 different climate risk scenarios at both the stock level and at the Company level.

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

Important Note

The Company does not specifically exclude any sectors from its investment universe. All investments have to pass a quality test and ESG issues are only part of the investment analysis. abrdn may, for example, invest in, and vigorously engage with, a well-managed, capitalised and attractively valued fossil fuel company that is able to deploy a sizeable balance sheet and lower cost of capital to that of a renewables-only alternative.

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

abrdn (Asia) Limited
22 November 2024

RESULTS

Year's Highs/Lows

	High	Low
Share price (p)	414.0	342.0
Net asset value (p)	462.7	397.8
Discount (%) ^A	-18.8	-8.7

^A Considered to be an Alternative Performance Measure.

Performance (total return)

	1 year return %	3 year return ^B %	5 year return %
Share price ^A	+16.7	-17.1	+7.7
Net asset value ^A	+9.3	-16.6	+5.2
MSCI AC Asia (ex Japan) Index (in sterling terms)	+12.0	-4.7	+21.3

^A Considered to be an Alternative Performance Measure.

^B Also represents the period since the introduction of performance-related conditional tender offer, which provided that, in the event that the NAV total return per share fails to equal or exceed the MSCI All Country Asia ex Japan Index (sterling adjusted) over a five year assessment period commencing 1 September 2021, the Board would put forward proposals to shareholders to undertake a tender offer.

Ten Year Financial Record

Year ended 31 August	Equity shareholders' interest £'000	Net asset value per Ordinary share p	Revenue return per Ordinary share p	Ordinary share price p	Share price discount %	Dividend per Ordinary share p	Expenses as a % of average shareholders' funds ^A
2015	518,635	267.22	4.13	235.75	11.8	3.00	1.15
2016	664,159	348.62	4.50	302.00	13.4	3.20	1.14
2017	807,330	423.26	4.68	361.00	14.7	3.30	1.03
2018	788,019	421.54	5.03	370.00	12.2	4.00	0.80
2019	589,708	458.03	4.87	402.50	12.1	4.75	0.83
2020	599,431	474.39	5.01	416.00	12.3	4.75	0.89
2021	706,929	566.60	7.36	512.00	9.6	6.50	0.83
2022	614,369	513.32	6.38	446.00	13.1	6.50	0.84
2023	479,169	421.26	7.06	353.00	16.2	6.60	0.91
2024	711,626	452.93	6.73	404.00	10.8	6.60	0.75

^A 2024 includes the impact of the management fee waiver implemented following the transaction with abrdn New Dawn Investment Trust plc.

Ten Largest Investments

As at 31 August 2024

Taiwan Semiconductor Manufacturing Company

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

Samsung Electronics (Pref)

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

SBI Life Insurance

Among the leading Indian life insurers, SBI Life's competitive edge comes from a wide reach of SBI

Tencent Holdings

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

AIA Group

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

ASML

The Dutch company supplies lithography equipment that enables semiconductor chip makers to mass produce

branches, highly productive agents, a low cost ratio and a reputable SBI brand.

ICICI Bank

India's ICICI Bank has been delivering superior growth and returns improvement without compromising on asset quality. It has leveraged on its scale as well as retail and digital franchise to grow in mortgages and also grown off a low base in business banking and SMEs.

DBS

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

patterns on silicon, helping to make computer chips smaller, faster and greener. It earns most of its revenue from Asia.

Bank Central Asia

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

ASM International

ASM International is the global leader in single-wafer atomic layer deposition (ALD) technology. ALD is a high-precision process by which smooth and ultra-thin films are deposited onto a wafer. As semiconductor chips get increasingly smaller, demand for ALD is rising across the logic, foundry and memory segments and, in turn, expanding the addressable market for ASML.

Investment Portfolio

At 31 August 2024

Company	Industry	Country	Valuation 2024 £'000	Total assets %	Valuation 2023 £'000
Taiwan Semiconductor Manufacturing Company	Semiconductors & Semiconductor Equipment	Taiwan	95,507	12.1	54,535
Tencent	Interactive Media & Services	China	63,088	8.0	36,024
Samsung Electronics (Pref)	Technology Hardware, Storage & Peripherals	South Korea	59,435	7.5	38,960
AIA	Insurance	Hong Kong	31,546	4.0	29,370
SBI Life Insurance	Insurance	India	19,298	2.5	12,761
ASML	Semiconductors & Semiconductor Equipment	Netherlands	19,015	2.4	-
ICICI Bank	Banks	India	18,921	2.4	-
Bank Central Asia	Banks	Indonesia	17,550	2.2	10,953
DBS	Banks	Singapore	16,128	2.0	9,697
ASM International	Semiconductors & Semiconductor Equipment	Netherlands	15,226	1.9	5,184
Top ten investments			355,714	45.0	
Chroma ATE	Electronic Equipment, Instruments & Components	Taiwan	14,401	1.8	-
Meituan-Dianping Class B	Hotels, Restaurants & Leisure	China	13,558	1.7	8,869
Samsung Biologics	Life Sciences Tools & Services	South Korea	12,888	1.6	5,550
Info Edge (India)	Interactive Media & Services	India	12,868	1.6	5,725
Contemporary Amperex Technology - A	Electrical Equipment	China	12,748	1.6	6,868
Delta Electronics	Electronic Equipment, Instruments & Components	Taiwan	12,334	1.6	5,847
FPT Corp	IT Services	Vietnam	12,281	1.6	8,212
Trip.com	Hotels, Restaurants & Leisure	China	12,231	1.6	-
SK Hynix	Semiconductors & Semiconductor Equipment	South Korea	12,121	1.5	-
Power Grid Corp of India	Electric Utilities	India	11,942	1.5	8,910
Twenty largest investments			483,086	61.1	
Accton Technology	Communications Equipment	Taiwan	11,346	1.4	-
Kweichow Moutai Co Ltd - A	Beverages	China	10,918	1.4	13,811
Yageo	Electronic Equipment, Instruments & Components	Taiwan	10,830	1.4	-
abrdn New India Investment Trust ^A	Closed End Investments	India	10,571	1.3	-
Mahindra & Mahindra	Automobiles	India	9,996	1.3	-
Advanced Info Service PCL - Foreign	Wireless Telecommunication Services	Thailand	9,647	1.2	-
Bharti Airtel	Wireless Telecommunication Services	India	9,366	1.2	-

Tata Consultancy Services	IT Services	India	9,112	1.2	6,193
Bank of the Philippine Islands	Banks	Philippines	9,056	1.1	6,628
Silergy Corp	Semiconductors & Semiconductor Equipment	Taiwan	9,009	1.1	3,912
Thirty largest investments			582,937	73.7	
M.P. Evans Group	Food Products	United Kingdom	8,698	1.1	-
Sumber Alfaria Trijaya	Consumer Staples Distribution & Retail	Indonesia	8,616	1.1	-
PB Fintech	Insurance	India	8,240	1.1	5,325
Godrej Properties	Real Estate Management & Development	India	8,233	1.0	-
Larsen and Toubro	Construction & Engineering	India	8,063	1.0	5,985
Ultratech Cement	Construction Materials	India	7,892	1.0	7,233
Alibaba Group Holding	Broadline Retail	China	7,881	1.0	23,374
CSL	Biotechnology	Australia	7,859	1.0	-
HDFC Bank	Banks	India	7,838	1.0	19,754
Nari Technology - A	Electrical Equipment	China	7,802	1.0	4,427
Forty largest investments			664,059	84.0	
HD Korea Shipbuilding & Offshore Engineering	Machinery	South Korea	7,506	1.0	-
Hindustan Unilever	Personal Care Products	India	7,313	0.9	7,845
Indian Hotels	Hotels, Restaurants & Leisure	India	7,291	0.9	-
NTPC	Independent Power and Renewable Electricity Producers	India	7,191	0.9	-
Pidilite Industries	Chemicals	India	6,947	0.9	-
ASMPT Ltd	Semiconductors & Semiconductor Equipment	Hong Kong	6,854	0.9	-
Telekom Indonesia	Diversified Telecommunication Services	Indonesia	6,640	0.8	-
Bank for Foreign Trade of Vietnam JSC	Banks	Vietnam	6,548	0.8	-
Cisarua Mountain Dairy	Food Products	Indonesia	6,366	0.8	-
ShenZhen Mindray Bio-Medical Electronics - A	Health Care Equipment & Supplies	China	6,328	0.8	6,526
Fifty largest investments			733,043	92.7	
BHP Group	Metals & Mining	Australia	6,316	0.8	-
Yum China Holdings	Hotels, Restaurants & Leisure	China	5,787	0.7	-
Global Health Ltd/India	Health Care Providers & Services	India	5,592	0.7	-
China Resources Land	Real Estate Management & Development	China	4,628	0.6	6,005
Aier Eye Hospital Group - A	Health Care Providers & Services	China	4,448	0.6	6,854
abrdn Asia Focus ^A	Closed End Investments	Other Asia	3,346	0.4	-
			763,160	96.5	
Net current assets ^B			27,293	3.5	
Total assets less current liabilities ^B			790,453	100.0	

^A Holding also managed by the abrdn Group but not subject to double charging of management fees.

^B Excluding bank loan of £71,822,000.

Note: Unless otherwise stated, foreign stock is held and all investments are equity holdings. Values for 2024 and 2023 may not be directly comparable due to purchases and sales made during the year, including investments acquired as a result of the transaction with abrdn New Dawn Investment Trust plc.

Changes in Asset Distribution

For the year ended 31 August 2024

Country	Value at 1 September 2023 £'000	Purchases ^A £'000	Sales proceeds £'000	Gains/ (losses) £'000	Value at 31 August 2024 £'000
Australia	-	41,703	28,041	513	14,175
China	162,736	114,773	91,901	(36,191)	149,417
Hong Kong	53,957	46,211	40,340	(21,428)	38,400

India	93,524	98,069	58,068	43,149	176,674
Indonesia	10,953	41,211	12,667	(325)	39,172
Netherlands	5,184	27,429	6,189	7,817	34,241
Other Asia	-	2,995	-	351	3,346
Philippines	13,154	1,611	6,965	1,256	9,056
Singapore	21,414	13,494	22,884	4,104	16,128
South Korea	58,001	54,323	21,870	1,496	91,950
Taiwan	76,989	62,437	37,601	51,602	153,427
Thailand	-	8,051	-	1,596	9,647
United Kingdom	-	7,512	-	1,186	8,698
Vietnam	13,307	8,626	8,656	5,552	18,829
Total investments	509,219	528,445	335,182	60,678	763,160
Net current assets	12,016	-	-	15,277	27,293
Total assets less current liabilities	521,235	528,445	335,182	75,955	790,453

^A Includes £135,577,000 of investments acquired as a result of the transaction with abrdn New Dawn Investment Trust plc.

Investment Case Studies

Bharti Airtel

Bharti Airtel stands as one of India's largest integrated telecom solutions providers, offering a wide range of services including cellular-phone services, fixed-line phone services, broadband, and various enterprise solutions. Additionally, it is the second-largest mobile operator in Africa, behind South Africa's MTN Group. Recently, Airtel successfully listed its Bharti Hexacom subsidiary, marking the group's first IPO in over a decade.

We believe Airtel is the most commercial and financially disciplined service provider in the Indian telecom sector, which has seen significant market repair in recent years. The industry has consolidated from nearly a dozen companies to just three major operators: Airtel, Reliance's Jio, and Vodafone Idea.

Among Indian telecom operators, Airtel boasts a relatively healthy balance sheet, a strong execution track record, effective cost control, and a growing, high-quality subscriber base, including approximately 259.4 million mobile smartphone customers. Due to market consolidation, Airtel achieved positive free cash flow (FCF) for the first time in 2022.

As smartphones become more affordable and subscribers transition to 5G, the demand for data services is increasing. For Airtel, data services are experiencing rapid growth, and the company anticipates this trend to continue. Another key growth area is home broadband services, which are performing well with healthy subscriber additions, supported by the roll out of its high-speed Xstream AirFiber network across the country.

Airtel has further improved the mix of its subscriber base, leading to an increase in average revenue per user (ARPU) and gains in revenue market share. Following the Indian parliamentary election in June, telecom operators, including Airtel, raised mobile tariffs for the first time in three years. This move aims to recoup some of the significant investments made in building India's 5G technology infrastructure over the past two years. Airtel's management has emphasised that tariff adjustments are essential for maintaining the industry's health.

The market dynamics are favourable for Airtel: the number of Indian smartphone users is projected to rise from about 750 million to over a billion by 2026, driven largely by rural demand. This indicates potential for organic growth. Additionally, mobile spending as a percentage of GDP is relatively low in India compared to ASEAN markets, although many smartphone users are willing to spend 20% to 30% more on their next smartphones.

On the sustainability front, Airtel continues to make progress on its ESG agenda. The company has committed to reduce absolute Scope 1 and 2 greenhouse gas emissions by 50.2% by FY 2030-31 from the base year of FY 2020-21. It has also committed to reducing absolute Scope 3 greenhouse gas (GHG) emissions by 42% over the same time frame.

Tencent

Tencent is one of China's highest quality, diversified internet companies, with a deep understanding of the Chinese consumer and a highly competent management team. It is the largest operator of instant messaging and social networking services in China. Tencent's integrated social platforms, such as WeChat/Weixin and QQ, boast over 1.3 billion and 768 million monthly active users, respectively, dominating internet user engagement in China. This creates a significant barrier to entry for competitors and generates high user stickiness for the platform ecosystems, providing ample opportunities for Tencent to monetise its services.

The largest contributor to Tencent's revenue is gaming where the company holds approximately 50% of domestic market share in China. It has a collection of long-running, popular titles that make revenue streams for the gaming business more visible. This sets the company apart from other game developers who often rely on hit-or-miss titles. Tencent has also built up its capabilities through mergers and acquisitions (M&A) and licensing deals, enabling it to also grow the international gaming business.

In the advertising space, Tencent has effectively monetised the massive WeChat ecosystem. It has introduced features like Moments, where users can share pictures and statuses, similar to Facebook. Recently, the company rolled out short-form videos, which have increased user engagement and created more advertising opportunities. Tencent has also been at the forefront of AI investments, monetising some of the many use cases of AI. For example, it helps advertisers create better content and make more effective ad recommendations to users. This has led to higher click-through rates on ads and better

returns on advertising spending.

Another notable tailwind for the company is the improving regulatory environment in China. In December 2023, Chinese regulators announced a wide range of rules aimed at curbing spending and rewards that encourage video games, but the government quickly backtracked on the proposal. Approval of video game titles on average have also improved, pointing to a potentially more stable regulatory landscape for Tencent.

We like the company's track record of strong balance sheet, its ability to fund expansion and M&A activities, and its consistent free cash flow generation over the years. The company's history of successful new product monetisation further underscores its long-term growth prospects. We anticipate that cash flow generation will remain relatively robust, given Tencent's strong market position, revenue growth across operating segments, and significant margin expansion.

In the first quarter of 2024, Tencent announced its commitment to return excess capital to shareholders through share repurchases and dividends, emphasising that these activities will be funded by its ample cash generation.

Since the post-Covid reopening, the Chinese and Hong Kong stock markets have experienced relative weakness due to a challenging macroeconomic environment in China. Investors have either chased short-term trends or indiscriminately sold assets to de-risk their Chinese company exposure. Despite this backdrop, Tencent has consistently performed well, owing to its long-term structural growth drivers, delivering over 22% annualised returns compared to just 8% for the MSCI China Index.

Directors' Report

Capital Structure

At 31 August 2024, the Company had 157,116,517 fully paid Ordinary shares of 20p each in issue (2023: 113,745,386) with a further 55,390,830 Ordinary shares of 20p held in treasury (2023: 45,866,291). During the year to 31 August 2024 9,524,539 Ordinary Shares were bought back and held in treasury (2023: 5,940,615). Subsequent to the period end a further 891,234 Ordinary shares have been purchased in the market for treasury.

On 8 November 2023 52,895,670 new Ordinary shares were issued in consideration for the acquisition of approximately £214.7m of net assets following the conclusion of the combination with abrdn New Dawn. Further details on the changes to the capital structure during the year ended 31 August 2024 are provided in note 14.

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

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

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

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were James Will, Matthew Dobbs, Susan Sternglass Noble, Stephen Souchon (appointed 9 November 2023) and Nicole Yuen (appointed 9 November 2023). In addition, Donald Workman was appointed a Director on 9 November 2023 and retired from the Board on 9 May 2024. Gaynor Coley and Charlie Ricketts also retired from the Board on 9 May 2024. Biographies of the current Directors of the Company are shown on pages 46 to 48 of the published Annual Report and Financial Statements for the year ended 31 August 2024.

Directors' and Officers' Liability Insurance

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

Dividends

The Directors have declared an interim dividend in lieu of the final dividend of 6.6p per Ordinary share (2023: 6.6p) in respect of the year ended 31 August 2024 which will be paid on 31 December 2024 to shareholders on the register on 6 December 2024. The ex-dividend date is 5 December 2024.

Management Agreement

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

Details of the management agreement, including the notice period and fees paid to the abrdn Group companies during the year ended 31 August 2024, are shown in note 20 to the financial statements.

Reduction in Management Fee

As detailed in the Company's circular to shareholders dated 22 September 2023, with effect from 8 November 2023, the date of the completion of the combination with abrdn New Dawn, the management fee payable by the Company to AFML was reduced to 0.75 per cent. per annum (from 0.85 per cent. per annum) on the initial £350 million of the Company's NAV and 0.50 per cent. per annum on the Company's NAV in excess of £350 million. In addition, the Manager agreed to make a contribution to the costs of the combination proposals by means of a reduction in the management fee payable by the enlarged Company to

aFML. The fee reduction constituted a waiver of the management fee that would otherwise be payable by the enlarged company to AFML in respect of the assets transferred by abrdn New Dawn for the first six months following the effective date of the combination.

On 26 July 2024 the Company entered into a deemed notice agreement ("Agreement") with aFML. Under the Agreement it was agreed that, inter alia, in the event of a termination notice being served by the Company under the management agreement within twelve months of the date of the Agreement, aFML would deem such notice to have been served on 26 July 2024, without prejudice to the repayment provisions linked to the cost contribution by aFML in connection with the combination with abrdn New Dawn set out in the management agreement as amended. Refer to Note 23 for further details.

Borrowings

The Company has a £75 million multicurrency revolving facility with The Royal Bank of Scotland International Limited, London Branch with a maturity date of 29 March 2025.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 52 to 57 of the published Annual Report and Financial Statements for the year ended 31 August 2024.

Going Concern

As set out in more detail in the Chairman's Statement, it is proposed that the Company combines with Invesco Asia Trust plc ("Invesco Asia"). The combination, if approved by each company's shareholders, will be effected by way of a scheme of reconstruction and winding up of the Company under section 110 of the Insolvency Act 1986 and the associated transfer of part of the assets and undertaking of the Company to Invesco Asia in exchange for the issue of new ordinary shares in Invesco Asia (the "Proposal"). The outcome of the general meetings to make the Proposal effective represents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Notwithstanding this material uncertainty, the Board has concluded that it remains appropriate to continue to prepare the financial statements on a going concern basis. In reaching this conclusion, the Board has come to the view that, as the Proposal is contingent on shareholder approval and the Company is considered solvent in all other regards, there is no irrevocable path to liquidation and thus going concern remains the most appropriate basis for preparation. In reaching this conclusion, the Board has also given due consideration to the risks associated with the Proposal.

The Board has also given consideration to the liquidity of the investment portfolio. The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board regularly reviews income and expenditure projections and has set limits for borrowing and reviews compliance with banking covenants, including the headroom available. At the year end, the Company's borrowings were £71.8 million in aggregate drawn down from its £75 million multi-currency revolving loan facility maturing on 29 March 2025. In the event of the Company being unable to renew the facility on maturity, it is anticipated that it would be repaid from the proceeds of investment sales. In considering the going concern basis of accounting, the Directors have also taken into account the potential requirement of the Board to propose a resolution to approve the continuation of the Company at future Annual General Meetings (earliest being 2026).

Substantial Share Interests

At 31 August 2024 the Company had been notified or was aware of the following substantial interests in the Ordinary shares:

Shareholder	Number of Ordinary shares held	% held
City of London Investment Management	47,409,009	30.2
Allspring Global Investments	19,905,512	12.7
Lazard Asset Management	12,828,472	8.2
interactive investor	10,507,724	6.7
1607 Capital Partners	6,633,529	4.2
Rathbones	5,234,682	3.3

On 11 November 2024 the Company was notified by 1607 Capital Partners that they held 8,123,094 Ordinary shares (5.2% of the issued capital). As at the date of this Report, no other changes to the above interests had been notified to the Company.

Accountability and Audit

The respective responsibilities of the Directors and the independent auditors in connection with the financial statements appear on pages 52 and 74 of the published Annual Report and Financial Statements for the year ended 31 August 2024.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that no non audit services were provided by the auditor during the year and the Directors remain satisfied that the auditor's objectivity and independence is being safeguarded.

Global Greenhouse Gas Emissions and Streamlined Energy and Carbon Reporting ("SECR")

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from 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. For the same reason as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information. Further information on the Manager's obligatory disclosures under the Taskforce on Climate-related Financial Disclosures ("TCFD") may be found on the Company's website.

Other Information

The rules concerning the appointment and replacement of Directors, amendments to the articles of association and powers to issue or buy back the Company's shares are contained in the articles of association of the Company and the Companies Act 2006. There are no agreements which the Company is party to that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the management agreement with the Manager, further details of which are set out on pages 49 and 50 of the published Annual

management agreement with the manager, certain details of which are set out on pages 12 and 13 of the previously issued Annual Report and Financial Statements for the year ended 31 August 2024 the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

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

By order of the Board,
abrdn Holdings Limited
Secretary
Edinburgh
22 November 2024

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

Statement of Directors' Responsibilities

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic report /Director's report include a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

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

For Asia Dragon Trust plc
James Will,
Chairman
22 November 2024

Statement of Comprehensive Income

Year ended 31 August 2024			Year ended 31 August 2023		
Revenue	Capital	Total	Revenue	Capital	Total

	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	10	-	59,862	59,862	-	(106,052)	(106,052)
Currency gains/(losses)		-	1,398	1,398	-	(1,140)	(1,140)
Income	3	14,289	-	14,289	11,829	-	11,829
Investment management fee	4	(876)	(2,629)	(3,505)	(960)	(2,879)	(3,839)
Administrative expenses	5	(1,184)	-	(1,184)	(1,054)	(2)	(1,056)
Net return/(loss) before finance costs and taxation		12,229	58,631	70,860	9,815	(110,073)	(100,258)
Interest payable and similar charges	6	(781)	(2,343)	(3,124)	(534)	(1,602)	(2,136)
Return/(loss) before taxation		11,448	56,288	67,736	9,281	(111,675)	(102,394)
Taxation	7	(1,233)	(6,673)	(7,906)	(1,015)	(334)	(1,349)
Return/(loss) after taxation		10,215	49,615	59,830	8,266	(112,009)	(103,743)
Return per share (pence)	9	6.73	32.71	39.44	7.06	(95.72)	(88.66)

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

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

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

Statement of Financial Position

	Notes	As at 31 August 2024 £'000	As at 31 August 2023 £'000
Non-current assets			
Investments at fair value through profit or loss	10	763,160	509,219
Current assets			
Debtors and prepayments	11	1,715	3,114
Cash and cash equivalents	12	27,443	10,942
		29,158	14,056
Creditors: amounts falling due within one year			
Bank loan	13(a)	(71,822)	(39,992)
Other creditors	13(b)	(1,865)	(2,040)
		(73,687)	(42,032)
Net current liabilities		(44,529)	(27,976)
Non-current liabilities			
Creditors: amounts falling due after more than one year			
Deferred tax liability on Indian capital gains	13(c)	(7,005)	(2,074)
Net assets		711,626	479,169
Share capital and reserves			
Called-up share capital	14	42,501	31,922
Share premium account		264,372	60,416
Capital redemption reserve		28,154	28,154
Capital reserve	15	332,685	317,532
Revenue reserve		43,914	41,145
Total shareholders' funds		711,626	479,169
Net asset value per Ordinary share (pence)	16	452.93	421.26

The financial statements were approved by the Board of Directors and authorised for issue on 22 November 2024 and were signed on its behalf by:

James Will
Chairman

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

Statement of Changes in Equity

For the year ended 31 August 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2023		31,922	60,416	28,154	317,532	41,145	479,169
Return after taxation		-	-	-	49,615	10,215	59,830
Buyback of Ordinary shares for treasury	14	-	-	-	(34,462)	-	(34,462)
Issue of shares in respect of transaction with New Dawn	22	10,579	204,150	-	-	-	214,729
Cost of shares issued in respect of transaction with New Dawn		-	(194)	-	-	-	(194)
Dividend paid	8	-	-	-	-	(7,446)	(7,446)
Balance at 31 August 2024		42,501	264,372	28,154	332,685	43,914	711,626

For the year ended 31 August 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2022		31,922	60,416	28,154	453,273	40,604	614,369
Return after taxation		-	-	-	(112,009)	8,266	(103,743)
Buyback of Ordinary shares for treasury	14	-	-	-	(23,732)	-	(23,732)
Dividend paid	8	-	-	-	-	(7,725)	(7,725)
Balance at 31 August 2023		31,922	60,416	28,154	317,532	41,145	479,169

The capital reserve includes investment holding gains amounting to £147,445,000 (2023 - £32,413,000), as disclosed in note 10.

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

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

Statement of Cash Flows

	Notes	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Operating activities			
Net return before taxation		67,736	(102,394)
Adjustment for:			
(Gains)/losses on investments		(59,862)	106,052
Currency (gains)/losses		(1,398)	1,140
Increase in accrued dividend income		(63)	(125)
Decrease in other debtors		46	801
Increase/(decrease) in other creditors		56	(1,262)
Interest payable and similar charges	6	3,124	2,136
Overseas withholding tax		(1,111)	(689)
Cash from operations		8,528	5,659
Interest paid		(3,178)	(2,128)
Net cash inflow from operating activities		5,350	3,531

Investing activities			
Purchases of investments		(392,915)	(107,627)
Sales of investments		336,496	163,293
Capital gains tax on sales		(1,742)	(660)
Costs associated with the transaction with New Dawn		(800)	-
Net cash (outflow)/inflow from investing activities		(58,961)	55,006
Financing activities			
Equity dividends paid	8	(7,446)	(7,725)
Buyback of Ordinary shares		(34,640)	(23,824)
Cost of shares issued in respect of the transaction with New Dawn		(194)	-
Net cash acquired and received following the transaction with New Dawn	22	79,172	-
Repayment of bank loans		(15,000)	(20,000)
Drawdown of bank loans		46,822	-
Net cash raised from/(used in) financing activities		68,714	(51,549)
Increase in cash and cash equivalents		15,103	6,988
Analysis of changes in cash and cash equivalents during the year			
Opening balance		10,942	5,094
Effect of exchange rate fluctuations on cash held		1,398	(1,140)
Increase in cash and cash equivalents as above		15,103	6,988
Closing cash and cash equivalents		27,443	10,942
Represented by:			
Money market funds		12,001	5,001
Cash and short term deposits		15,442	5,941
		27,443	10,942

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

Notes to the Financial Statements

For the year ended 31 August 2024

1. Principal activities

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

2. Accounting policies

- (a) Basis of preparation. The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in 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 the assumption that approval as an investment trust will continue to be granted. The accounting policies applied are unchanged from the prior year and have been applied consistently.

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

Going concern. As set out in more detail in the Chairman's Statement it is proposed that the Company combines with Invesco Asia Trust plc ("Invesco Asia"). The combination, if approved by each company's shareholders, will be effected by way of a scheme of reconstruction and winding up of the Company under section 110 of the Insolvency Act 1986 and the associated transfer of part of the assets and undertaking of the Company to Invesco Asia in exchange for the issue of new ordinary shares in Invesco Asia (the "Scheme"). The outcome of the general meetings to make the Scheme effective represents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Notwithstanding this material uncertainty, the Board has concluded that it remains appropriate to continue to prepare the financial statements on a going concern basis. In reaching this conclusion, the Board has come to the view that, as the Scheme is contingent on shareholder approval and the Company is considered solvent in all other regards, there is no irrevocable path to liquidation and thus going concern remains the most appropriate basis for preparation. In reaching this conclusion, the Board has also given due consideration to the risks associated with the Proposal.

The Board has also given consideration to the liquidity of the investment portfolio. The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board regularly reviews income and expenditure projections and has set limits for borrowing and reviews compliance with banking covenants, including the headroom available. At the year end, the Company's borrowings were £71.8 million in aggregate drawn down from its £75 million multi-currency revolving loan facility maturing on 29 March 2025. In the event of the Company being unable to renew the facility on maturity, it is anticipated that it would be repaid from the proceeds of investment sales. In considering the going concern basis of accounting, the Directors have also taken into account the potential requirement of the Board to propose a resolution to approve the continuation of the Company at future Annual General Meetings (earliest being 2026). The financial statements do not include the adjustments that would result if the company were unable to continue as a going

concern.

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

- (b) Investments. Listed investments have been designated upon initial recognition as held at fair value through profit or loss. Investments are recognised and de-recognised on the trade date at fair value, which is generally deemed to be the cost of the investment at that point. Subsequent to initial recognition, investments are valued at fair value, which for listed investments is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included as a capital item in the Income Statement and are ultimately recognised in the capital reserve.
- (c) Income. Dividends (other than special dividends), including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the foregone cash dividend is recognised as income. Any excess in the value of the shares received over the amount of cash dividend foregone is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.
- (d) Expenses. All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:
 - expenses directly relating to the acquisition or disposal of an investment, which are charged to the capital column of the Statement of Comprehensive Income and are separately identified and disclosed in note 10; and
 - the Company charges 75% of investment management fees and finance costs to the capital column and 25% to the revenue column of the Statement of Comprehensive Income, in accordance with the Board's expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company.
- (e) Taxation. The tax expense represents the sum of the tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

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

- (f) Nature and purpose of reserves

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

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

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

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

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend. The amount of the revenue reserve as at 31 August 2024 may not be available at the time of any future distribution due to movements between 31 August 2024 and the date of distribution.

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

- (g) Foreign currency. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the reporting date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve. Unrealised and realised gains and losses on foreign currency movements on investments held through profit or loss are recognised in the capital column of the Statement of Comprehensive Income.
- (h) Dividends payable. Final dividends are recognised in the financial statements in the period in which Shareholders approve them.
- (i) Treasury shares. When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the capital reserve. When

these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.

- (j) Cash and cash equivalents. Cash comprises cash at bank and in hand. Cash equivalents are short-term, comprising money market funds and highly-liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.
- (k) Borrowings. Bank loans are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, they are measured at amortised cost using the effective interest method. Finance charges are accounted for on an accruals basis using the effective interest rate method and are charged 25% to revenue and 75% to capital.

3. Income

	2024 £'000	2023 £'000
Income from investments		
Overseas dividend income	13,508	11,618
UK dividend Income	434	-
Stock dividends	27	-
	13,969	11,618
Other income		
Deposit interest	281	140
Interest from money market funds	39	71
	320	211
Total income	14,289	11,829

4. Investment management fee

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	876	2,629	3,505	960	2,879	3,839

Management fees paid to abrdn Fund Managers Limited ("aFML" or "the Manager") are calculated at 0.75% per annum on net assets up to £350 million and 0.50% per annum thereafter. For the period 8 November 2023 to 7 May 2024, there was a management fee waiver in place as a result of the transaction with abrdn New Dawn Investment Trust plc ("New Dawn"). For this period the fee was calculated at 0.51% on net assets up to the value of £350 million and 0.34% on the remaining assets above this threshold. Prior to this date, the management fees were calculated at 0.85% per annum on net assets up to £350 million and 0.50% per annum thereafter. Management fees are calculated and payable on a quarterly basis. Should the Company terminate the management agreement within three years of the date of the transaction with New Dawn, then the Company undertakes to repay all or a proportion of the management fees waived by the Manager based on the time elapsed since completion of the transaction.

Net assets, per the management agreement, and for the purposes of the management fee calculation exclude (i) the value of any investment funds managed by the Manager and (ii) 50% of the value of any investment funds managed or advised by investment managers other than the Manager. During the year and at the year end, the Company held £12,001,000 (2023 - £5,001,000) in Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund, which is managed and administered by abrdn. The Company pays a management fee on the value of these holdings but no fee is chargeable at the underlying fund level. The Company also held investments in abrdn New India Investment Trust of £10,571,000 (2023 - £nil) and abrdn Asia Focus of £3,346,000 (2023 - £nil) which are managed and administered by abrdn plc. The value of these holdings is excluded from the management fee calculation.

The balance due to the Manager at the year end was £1,097,000 (2023 - £905,000).

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

5. Administrative expenses

	2024 £'000	2023 £'000
Promotional activities	252	240
Directors' fees	228	180
Custody fees	317	219
Depository fees	63	53
Auditors remuneration: Fees payable to the Company's auditors for		
- audit of the Company's annual report	54	45
Legal and professional fees	4	49
Other expenses ^A	266	270
	1,184	1,056

^A Includes £nil (2023 - £2,000) paid in relation to costs associated with the combination with abrdn New Dawn Investment Trust PLC and charged to capital.

The Company has an agreement with abrdn Fund Managers Limited for the provision of promotional activities. The total fees paid and payable under the agreement were £248,000 (2023 - £240,000) and the sum due to the Manager at the year end was £42,000 (2023 - £160,000).

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

The Company does not have any employees.

6. Interest payable and similar charges

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	780	2,340	3,120	533	1,600	2,133
Bank interest paid	1	3	4	1	2	3
	781	2,343	3,124	534	1,602	2,136

7. Taxation

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Indian capital gains tax charge on sales	-	1,742	1,742	-	660	660
Overseas tax suffered	1,233	-	1,233	1,015	-	1,015
Total current tax charge for the year	1,233	1,742	2,975	1,015	660	1,675
Movement of deferred tax liability on Indian capital gains	-	4,931	4,931	-	(326)	(326)
Total tax charge for the year	1,233	6,673	7,906	1,015	334	1,349

On 1 April 2018, the Indian Government withdrew an exemption from capital gains tax on investments held for twelve months or longer. Accordingly, the Company has recognised a deferred tax liability of £7,005,000 (2023 - £2,074,000) on capital gains which may arise if Indian investments are sold.

The Company has not recognised a deferred tax asset of £29,031,000 (2023 - £27,361,000) arising as a result of excess management expenses and non-trading loan relationship deficits. These expenses will only be utilised if the Company has profits chargeable to UK corporation tax in the future. The Finance Act 2021 received Royal Assent on 10 June 2021 and the rate of Corporation Tax of 25% effective from 1 April 2023 has been used to calculate the potential deferred tax asset.

- (b) Factors affecting the tax charge for the year. The tax assessed for the year is lower (2023 - lower) than the effective rate of corporation tax in the UK.

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	11,448	56,288	67,736	9,281	(111,675)	(102,394)
Effective rate of corporation tax at 25% (2023 - 21.5%)	2,862	14,072	16,934	1,996	(24,010)	(22,014)
Effects of:						
(Gains)/losses on investments not taxable	-	(15,170)	(15,170)	-	22,801	22,801
Currency (gains)/losses not taxable	-	(349)	(349)	-	245	245
Other non-taxable income	(3,492)	-	(3,492)	(2,498)	-	(2,498)
Expenses not deductible for tax purposes	1	204	205	14	-	14
Increase in excess expenses and loan relationship deficit	579	1,092	1,671	488	964	1,452
Corporate interest restriction	50	151	201	-	-	-
Indian capital gains tax charge on sales	-	1,742	1,742	-	660	660
Movement in deferred tax liability on Indian capital gains	-	4,931	4,931	-	(326)	(326)
Net overseas tax suffered	1,233	-	1,233	1,015	-	1,015
Total tax charge for year	1,233	6,673	7,906	1,015	334	1,349

8. Dividends

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the

requirements of Sections 1158 - 1159 are considered. The revenue available for distribution by way of dividend for the year is £10,215,000 (2023 - £8,266,000).

	2024 £'000	2023 £'000
Interim dividend for 2024 - 6.60p per Ordinary share (2023 - final - 6.60p)	10,311	7,443

The interim dividend will be paid on 31 December 2024 to shareholders who were on the register at the close of business on 6 December 2024.

9. Return per share

	2024		2023	
	£'000	pence	£'000	pence
Revenue return	10,215	6.73	8,266	7.06
Capital return	49,615	32.71	(112,009)	(95.72)
Total return	59,830	39.44	(103,743)	(88.66)
Weighted average Ordinary shares in issue	151,699,426		117,009,550	

10. Investments at fair value through profit or loss

	2024 £'000	2023 £'000
Opening book cost	476,806	527,477
Opening investment holding gains	32,413	144,902
Opening fair value	509,219	672,379
Analysis of transactions made during the year		
Assets acquired in respect of the New Dawn transaction	135,557	-
Costs associated with the New Dawn transaction ^A	816	-
Purchases at cost	392,888	107,610
Sales - proceeds	(335,182)	(164,718)
Gains/(losses) on investments	59,862	(106,052)
Closing fair value	763,160	509,219
Closing book cost	615,715	476,806
Closing investment gains	147,445	32,413
Closing fair value	763,160	509,219

^A Costs associated with the acquisition of assets from abrdn New Dawn Investment Trust plc, comprising £138,000 relating to stamp duty and financial transaction taxes and £678,000 relating to professional fees. These costs have been included, together with the gains/(losses) on investments of £60,678,000 above, in the gains/(losses) on investments of £59,862,000 in the Statement of Comprehensive Income.

	2024 £'000	2023 £'000
Investments listed on an overseas investment exchange	740,545	509,219
Investments listed on the UK investment exchange	22,615	-
Total investments	763,160	509,219

The Company received £335,182,000 (2023 - £164,718,000) from investments sold in the period. The book cost of these investments when they were purchased was £390,351,000 (2023 - £158,281,000). These investments have been revalued over time and until they were sold any unrealised gain/(losses) were included in the fair value of investments.

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

	2024 £'000	2023 £'000
Purchases	402	165
Sales	572	301
	974	466

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information

11. Debtors and prepayments

	2024 £'000	2023 £'000
Accrued income	472	443
Overseas withholding tax recoverable	1,062	1,148
Amounts due from brokers	111	1,425
Other debtors and prepayments	70	98
	1,715	3,114

12. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	15,442	5,941
Money market funds	12,001	5,001
	27,443	10,942

13. Creditors

	2024 £'000	2023 £'000
(a) Bank loans		
Falling due within one year	71,822	40,000
Unamortised expenses	-	(8)
	71,822	39,992

The Company has a £75,000,000 multi-currency revolving facility with The Royal Bank of Scotland International Limited, London Branch. The agreement was entered into on 29 July 2022 with a termination date of 29 July 2024, subsequently extended to 29 March 2025. Under this facility, £15,000,000 was repaid on the 24 November 2023 and subsequently a balance was drawn down in HKD. At the year end HKD 480,000,000 of this facility had been drawn down at a rate of 5.123% which matured on 30 September 2024 and £25,000,000 at a rate of 6.15% which matured on 30 September 2024. At the date of this Report the Company had drawn down HKD 480,000,000 at a rate of 5.28% and £25,000,000 at a rate of 6.15%.

On 29 July 2022, the Company entered into a fixed loan facility agreement of £25,000,000 at an interest rate of 3.5575% with The Royal Bank of Scotland International Limited, London Branch, with a termination date of 29 July 2024, at which point the loan was repaid. The agreement of this facility incurred an arrangement fee of £18,140, which was amortised over the life of the loan.

The agreements contains the following covenants:

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

All covenants have been complied with throughout the year.

	2024 £'000	2023 £'000
(b) Other creditors - falling due within one year		
Amounts due for the purchase of own shares to treasury	-	178
Other amounts due	1,865	1,862
	1,865	2,040

	2024 £'000	2023 £'000
(c) Deferred tax liability on Indian capital gains	7,005	2,074

14. Called-up share capital

	2024 £'000	2023 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 20p (2023: 20p)	31,423	22,749
Treasury shares	11,078	9,173
	42,501	31,922

	Ordinary shares Number	Treasury shares Number	Total shares Number
At 1 September 2023	113,745,386	45,866,291	159,611,677
Issue of ordinary shares	52,895,670	-	52,895,670
Buyback of own shares	(9,524,539)	9,524,539	-
At 31 August 2024	157,116,517	55,390,830	212,507,347

During the year 52,895,670 Ordinary shares were issued in exchange for £214,729,000 of net assets following on from the transaction with abrdn New Dawn Investment Trust plc (note 22).

During the year 9,524,539 Ordinary shares of 20p each were purchased to be held in treasury by the Company (2023 - 5,940,615) at a total cost of £34,462,000 (2023 - £23,732,000). At the year end 55,390,830 (2023 - 45,866,291) Ordinary shares of 20p each were held in treasury, which represents 26% (2023 - 29%) of the Company's total issued share capital at 31 August 2024.

Since the year end a further 891,234 Ordinary shares of 20p each have been purchased by the Company at a total cost of £3,679,000 all of which were held in treasury.

15. Capital reserve

	2024 £'000	2023 £'000
At 1 September 2023	317,532	453,273
Movement in fair value gains/(losses)	59,862	(106,052)
Foreign exchange movement	1,398	(1,140)
Buyback of Ordinary shares for treasury	(34,462)	(23,732)
Expenses allocated to capital	(4,972)	(4,483)
Movement in capital gains tax charge	(6,673)	(334)
As at 31 August 2024	332,685	317,532

The capital reserve includes investment holding gains amounting to £147,445,000 (2023 - £32,413,000), as disclosed in note 10.

16. Net asset value Ordinary per share

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

	2024	2023
Net assets attributable to the Ordinary shareholders (£'000)	711,626	479,169
Number of Ordinary shares in issue ^A	157,116,517	113,745,386
Net asset value per share (p)	452.93	421.26

^A Excluding shares held in treasury.

17. Analysis of changes in net debt

	At 1 September 2023 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2024 £'000
Cash and short term deposits	10,942	1,398	15,103	-	27,443
Debt due within one year	(39,992)	-	(46,822)	(8)	(86,822)
	(29,050)	1,398	(31,719)	(8)	(59,379)

	At 1 September 2022 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2023 £'000
Cash and short term deposits	5,094	(1,140)	6,988	-	10,942
Debt due within one year	(35,000)	-	20,000	(24,992)	(39,992)
Debt due after one year	(24,983)	-	-	24,983	-
	(54,889)	(1,140)	26,988	(9)	(29,050)

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

18. Financial instruments

Risk management. The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash

balances, bank loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

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

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) Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

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

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

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

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

Market risk. The fair value of, or future cash flows from a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements - interest rate risk, currency risk and other price risk. The Company is exposed to gearing risk which has the effect of exacerbating market falls and gains. The level of net gearing is shown on page 4 of the published Annual Report and Financial Statements for the year ended 31 August 2024. Details of the loan facilities the Company has in place can be found in note 13.

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

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

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

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 August 2024				
<i>Assets</i>				
Sterling	-	2.00	-	23,381
Chinese Yuan	-	-	-	3
Hong Kong Dollar	-	-	-	50
Indian Rupee	-	-	-	3,825
Taiwanese Dollar	-	-	-	178
USDollar	-	-	-	4
Vietnamese Dong	-	-	-	2
Total assets	n/a	n/a	-	27,443
<i>Liabilities</i>				
Short-term loan - HKD 480,000,000	0.91	5.12	46,822	-
Short-term loan - £25,000,000	0.07	6.15	25,000	-
	-	-	71,822	-
At 31 August 2023				
	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000

As at August 2023	£'000	£'000	£'000	£'000
<i>Assets</i>				
Sterling	-	2.27	-	10,809
US Dollar	-	-	-	8
Vietnamese Dong	-	-	-	125
Total assets	n/a	n/a	-	10,942
<i>Liabilities</i>				
Short-term loan - £15,000,000	0.07	6.18	15,000	-
Long-term loan - £25,000,000	0.91	3.56	24,992	-
	-	-	39,992	-

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

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

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

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

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

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

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

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

	31 August 2024			31 August 2023		
	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000
Australian Dollar	14,175	-	14,175	-	-	-
Chinese Yuan ^A	149,417	3	149,420	162,736	-	162,736
Hong Kong Dollar ^A	38,400	50	38,450	53,957	-	53,957
Indian Rupee	166,103	3,825	169,928	93,524	1,253	94,777
Indonesian Rupiah	39,172	-	39,172	10,953	-	10,953
Korean Won	91,950	-	91,950	58,001	-	58,001
Netherlands Euro	34,241	-	34,241	5,184	-	5,184
Philippine Peso	9,056	-	9,056	13,154	172	13,326
Singapore Dollar	16,128	-	16,128	21,414	-	21,414
Taiwanese Dollar	153,427	289	153,716	76,989	-	76,989
Thailand Baht	9,647	-	9,647	-	-	-
US Dollar ^A	-	4	4	-	8	8
Vietnamese Dong	18,829	2	18,831	13,307	125	13,432
	740,545	4,173	744,718	509,219	1,558	510,777
Sterling	22,615	23,381	45,996	-	10,631	10,631
Total	763,160	27,554	790,714	509,219	12,189	521,408

^A If currency denomination of overseas investments is used then exposure for Chinese Yuan is £42,244,000 (2023 - £61,709,000), for Hong Kong Dollar £145,572,000 (2023 - £151,283,000) and for US Dollar £nil (2023 - £3,701,000).

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

	2024 £'000	2023 £'000
Australian Dollar	1,418	-
Chinese Yuan	14,942	16,274
Hong Kong Dollar	3,845	5,396
Indian Rupee	16,993	9,478

	2024	2023
Indonesian Rupiah	3,917	1,095
Korean Won	9,195	5,800
Netherlands Euro	3,424	518
Philippine Peso	906	1,333
Singapore Dollar	1,613	2,141
Taiwanese Dollar	15,372	7,699
Thailand Baht	965	-
US Dollar	-	1
Vietnamese Dong	1,883	1,343
	74,473	51,078

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

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets and the stock selection process, as detailed on pages 17 and 18 of the published Annual Report and Financial Statements for the year ended 31 August 2024, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Other price risk sensitivity. If market prices at the reporting date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 August 2024 would have increased/decreased by £76,316,000 (2023 - increased/decreased by £50,922,000) and equity reserves would have increased/decreased by the same amount.

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

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

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

Liquidity risk exposure. At 31 August 2024, the Company had drawn down HKD 480,000,000 from a £75,000,000 Revolving Facility Agreement with The Royal Bank of Scotland International Limited, London Branch, which matured on 30 September 2024. At the date of this Report the Company had drawn down HKD 480,000,000 at a rate of 5.28% and £25,000,000, which matured on 30 September 2024. At the date of this Report the Company had drawn down £25,000,000 at a rate of 6.15% details of which are disclosed in note 13.

Management of the risk

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

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

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

	2024		2023	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Loans and receivables	1,715	1,715	3,092	3,092
Cash and cash equivalents	27,443	27,443	10,942	10,942
	29,158	29,158	14,034	14,034

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

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

	2024 £'000	2023 £'000
In less than one year	73,687	42,032
	73,687	42,032

Fair value of financial assets and liabilities. The £25,000,000 term loan was repaid on 29 July 2024 (2023 - fair value £25,000,000 compared to an accounts value £24,992,000) (note 13). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. The carrying values of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices.

19. Fair value hierarchy

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

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

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

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

All of the Company's investments are in quoted equities (2023 - same) which are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments as at 31 August 2024 of £763,160,000 (31 August 2023 - £509,219,000) has therefore been deemed as Level 1.

20. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on page 63 of the published Annual Report and Financial Statements for the year ended 31 August 2024.

The Company had an agreement in place with aFML for the provision of management and administration services, promotional activities and secretarial services during the year. Potential changes to the provision of these services subsequent to the year end are noted in the Chairman's Statement and in note 23. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 4 and 5.

At the year end the Company had £12,001,000 (2023 - £5,001,000) invested in Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund which is managed and administered by abrdn plc. The Company pays a management fee on the value of these holdings but no fee is chargeable at the underlying fund level. The Company also held investments in abrdn New India Investment Trust of £10,571,000 (2023 - £nil) and abrdn Asia Focus of £3,346,000 (2023 - £nil) which are managed and administered by abrdn plc. The value of these holdings is excluded from the management fee calculation.

21. Capital management policies and procedures

The Company's capital management objectives are:

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

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

The Company has no externally imposed capital requirements.

22. Transaction with abrdn New Dawn Investment Trust plc ("New Dawn").

On 8 November 2023, the Company announced that it had acquired £214,729,000 of net assets from New Dawn in consideration for the issue of 52,895,670 new Ordinary shares based on the respective formula asset values of the two entities on 2 November 2023.

Net assets acquired	£'000
Investments	135,557
Cash	79,172
Net assets	214,729
Satisfied by the value of new Ordinary shares issued	214,729

There were no fair value adjustments on completion of the combination made to the above figures.

23. Subsequent events

On 28 October 2024, the Company announced that it had concluded its strategic review and had agreed heads of terms with Invesco Asia Trust plc ("Invesco Asia") in respect of a proposed combination.

The combination, if approved by each company's shareholders, will be effected by way of a scheme of reconstruction and winding up of the Company under section 110 of the Insolvency Act 1986 and the associated transfer of part of the assets and undertaking of the Company to Invesco Asia in exchange for the issue of new ordinary shares in Invesco Asia.

A circular providing further details of the scheme and convening general meetings to approve the proposals, and a prospectus in respect of the issue of new Invesco Asia shares in connection with the scheme, are expected to be published in due course. The proposals are anticipated to become effective by early 2025.

Contingent liability. On 26 July 2024 the Company entered into a deemed notice agreement ("Agreement") with abrdn Fund Managers Limited ("aFML"). Under the Agreement, it was agreed that, inter alia, in the event of a termination notice being served by the Company under the management agreement within twelve months of the date of the Agreement, aFML would deem such notice to have been served on 26 July 2024, without prejudice to the repayment provisions linked to the contribution by aFML in connection with the combination with abrdn New Dawn Investment Trust set out in the management agreement as amended. Accordingly, in the event that the Company

serves a termination notice on aFML in connection with the Invesco Asia combination prior to 8 November 2025 (being the second anniversary of the effective date of the combination with abrdn New Dawn Investment Trust), a sum of £468,000 will be repayable to aFML, representing two thirds of the management fee waived by aFML in connection with the Company's combination with abrdn New Dawn Investment Trust in November 2023.

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. The highest and lowest discount during the year is shown on page 29 of the published Annual Report and Financial Statements for the year ended 31 August 2024.

		31 August 2024	31 August 2023
NAV per Ordinary share (p)	a	452.93	421.26
Share price (p)	b	404.00	353.00
Discount	(a-b)/a	10.8%	16.2%

Net gearing

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

		31 August 2024	31 August 2023
Borrowings (£'000)	a	71,822	39,992
Cash (£'000)	b	27,443	10,942
Amounts due from brokers (£'000)	d	111	1,425
Shareholders' funds (£'000)	e	711,626	479,169
Net gearing	(a-b+c-d)/e	6.2%	5.8%

Ongoing charges

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

	2024 ^A	2024 ^B	2023
Investment management fees (£'000)	3,505	4,206	3,839
Administrative expenses (£'000)	1,184	1,184	1,056
Less: non-recurring charges ^C (£'000)	-	-	(7)
Ongoing charges (£'000)	4,689	5,390	4,888
Average net assets (£'000)	650,028	650,028	538,331
Ongoing charges ratio (excluding look-through costs)	0.72%	0.83%	0.91%
Look-through costs ^D	0.03%	0.03%	-
Ongoing charges ratio (including look-through costs)	0.75%	0.86%	0.91%

^A Calculated including the investment management fee waiver agreed between the Company and the Manager following the combination with abrdn New Dawn Investment Trust PLC during the period (see note 4 for further details).

^B Calculated on the assumption that the investment management fee waiver agreement between the Company and the Manager following the combination with abrdn New Dawn Investment Trust PLC during the period (see note 4 for further details) is excluded.

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

^D Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

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

Total return

NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored

against open-ended and closed-ended competitors, and the Benchmark Index, respectively.

Year ended 31 August 2024		NAV	Share Price
Opening at 1 September 2023	a	421.26p	353.00p
Closing at 31 August 2024	b	452.93p	404.00p
Price movements	$c=(b/a)-1$	7.5%	14.4%
Dividend reinvestment ^A	d	1.8%	2.3%
Total return	c+d	+9.3%	+16.7%

Year ended 31 August 2023		NAV	Share Price
Opening at 1 September 2022	a	513.32p	446.00p
Closing at 31 August 2023	b	421.26p	353.00p
Price movements	$c=(b/a)-1$	-17.9%	-20.9%
Dividend reinvestment ^A	d	1.2%	1.4%
Total return	c+d	-16.7%	-19.5%

^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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rs@seg.com or visit www.rs.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR UUVNRSRUAAUA