



abrdn Asia Focus plc

(formerly Aberdeen Standard Asia Focus PLC)

Half Yearly Report 31 January 2022

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

asia-focus.com

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"By increasing the target dividend and aiming to maintain the Company's progressive dividend policy of the last 25 years (including with the flexibility to pay dividends out of capital reserves where merited in the future), investors will have an enhanced, regular level of income alongside capital growth prospects amid the current relatively low interest rate environment"

Nigel Cayzer, Chairman

Performance Highlights

Net asset value total return per Ordinary share (diluted)^{AB}

Six months ended 31 January 2022

+0.6%

Year ended 31 July 2021

+41.9%

Share price total return per Ordinary share^A

Six months ended 31 January 2022

+2.8%

Year ended 31 July 2021

+38.2%

MSCI AC Asia ex Japan Small Cap Index total return

Six months ended 31 January 2022

-0.8%

Year ended 31 July 2021

+39.6%

Discount to net asset value^{AB}

As at 31 January 2022

12.2%

As at 31 July 2021

13.9%

Ongoing charges ratio^A

As at 31 January 2022

0.87%

As at 31 July 2021

1.10%

Total assets

As at 31 January 2022

£556.4m

As at 31 July 2021

£557.2m

Net Asset Value per Ordinary share (diluted)

As at 31 January 2022

1,540.0p

As at 31 July 2021

1,545.1p

Share price per Ordinary share

As at 31 January 2022

1,352.5p

As at 31 July 2021

1,330.0p

^A Considered to be an Alternative Performance Measure as defined on pages 28 and 29.

^B Presented on a diluted basis as the Convertible Unsecured Loan Stock (CULS) is "in the money".

Financial Highlights

Capital values	31 January 2022	31 July 2021	% change
Total assets ^A	£556,429,000	£557,183,000	-0.1
Net asset value per share (basic)	1,548.64p	1,554.52p	-0.4
Net asset value per share (diluted)	1,540.03p	1,545.11p	-0.3
Share price (mid market)	1,352.50p	1,330.00p	+1.7
Discount to net asset value (basic) ^B	12.7%	14.4%	
Discount to net asset value (diluted) ^B	12.2%	13.9%	
Net gearing ^B	12.9%	10.0%	
Ongoing charges ratio ^B	0.87%	1.10%	

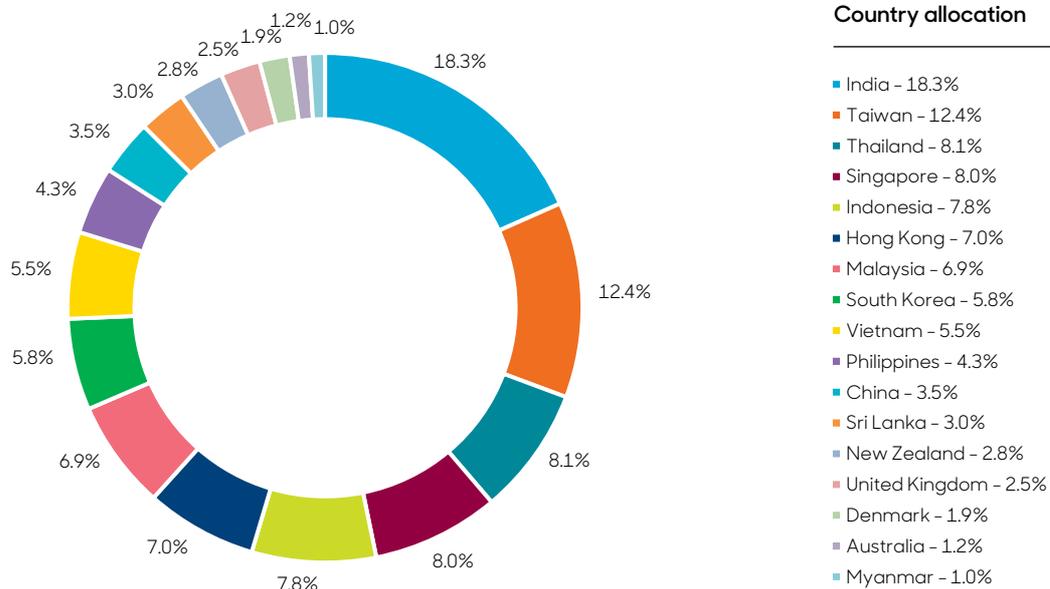
^A Total assets less current liabilities (excluding prior charges such as bank loans) as per the Statement of Financial Position.

^B Considered to be an Alternative Performance Measure as defined on pages 28 and 29.

Financial Calendar & Geographical Breakdown

Financial year end	31 July 2022
Announcement of unaudited half yearly results for the six months ended 31 January 2022	13 April 2022
Annual General Meeting (London)	December 2022
Payment of interim dividends	1st Interim 21 March 2022 2nd Interim 17 June 2022 3rd Interim 16 September 2022

Geographical Breakdown of Portfolio



"Your Company has built on last year's positive returns and delivered a resilient result. The net asset value ("NAV") total return was 0.6%, ahead of the recently adopted MSCI AC Asia ex-Japan Small Cap Index return of -0.8%. In previous Annual and Half Yearly Reports we have also compared performance to the MSCI AC Asia Pacific ex-Japan Small Cap Index, which declined by 1.2% over the period, and to the broader MSCI AC Asia Pacific ex-Japan Index, which fell by 3.1%"

Chairman's Statement

Background

Global markets have become extremely volatile at the time of writing, with Russia's war in Ukraine sending shock waves across the world. Events are still unfolding and remain highly unpredictable. Even before the onset of the conflict, global equities had experienced sharp bouts of volatility in the half year to 31 January 2022. Markets in Asia were not spared either. Smaller companies in the region outpaced their larger counterparts, extending their superior performance since the depths of the Covid-19 pandemic in early 2020. Nonetheless, they ended in negative territory as steep falls at the period-end amid heightened risk aversion erased all their earlier gains.

Under these conditions, your Company has built on last year's positive returns and delivered a resilient result. The net asset value ("NAV") total return was 0.6%, ahead of the recently adopted MSCI AC Asia ex-Japan Small Cap Index return of -0.8%. In previous Annual and Half Yearly Reports we have also compared performance to the MSCI AC Asia Pacific ex-Japan Small Cap Index, which declined by 1.2% over the period, and to the broader MSCI AC Asia Pacific ex-Japan Index, which fell by 3.1%. In the future, following the adoption of the new performance linked tender offer (see below) these two indices are now less relevant for the Company and so we will cease to use them for performance comparison purposes. The share price gained 2.8%. The commendable short-term result is mirrored by good long-term performance, with your Company's 10-year annualised return standing at 10.5%, compared with the new benchmark's return of 8.3%.

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The performance, despite choppy markets, is particularly encouraging given the changes undertaken by the Board following our comprehensive strategic review, which I outlined in the most recent Annual Report. These are also summarised below. The proposals were overwhelmingly endorsed by shareholders at the General Meeting. From a portfolio management perspective, the removal of the US\$1.5 billion market capitalisation limit is perhaps the most meaningful change as it will allow your Manager to

invest in high-growth companies, particularly in larger markets like China, India and South Korea. The Board is optimistic that the strengthening of the abrdn management team with the introduction of new talent will position your Company to continue the steady performance of the past quarter century.

The market tumult may worry investors, but your Manager notes that Asia enters the current crisis in a strong position. Although the region will not be immune to the economic fallout from the Russia-Ukraine conflict, most Asian policymakers have monetary and fiscal room for manoeuvre. The Board would also like to reiterate its confidence in the long-term potential for the region and its smaller companies. Asia remains the world's fastest-growing region, underpinned by powerful structural trends such as increasing affluence, rising urbanisation and growing technology adoption. Exciting opportunities continue to abound in its small and mid-cap investment universe, where companies tend to be domestically oriented and low research coverage leaves considerable scope for market mispricing. I remain confident that your Manager's meticulous process of identifying well-run companies with superior growth prospects and strong financials will stand the Company in good stead for the next 25 years.

At the time of writing, after adjusting for the five for one share split on 4 February 2022, the NAV per share is 306.6p, the share price is 277.0p and the Company is trading at a discount of 9.6% to the NAV per share.

Overview

Three broad themes captured investor attention over the period. The first was the pandemic and its repercussions. The discovery of a fast-spreading Covid strain roiled markets, though fears subsided as the new variant appeared less severe than initially thought. Most Asian governments have since begun charting a careful return to normal life amid widening vaccine coverage. Also keeping investors on edge was China's regulatory upheaval, as well as its property and energy woes. Towards the end of the period, markets saw a big swing from growth-oriented to value stocks as major central banks pivoted to monetary tightening in view of rapidly rising inflation.

Against this backdrop, there was a marked divergence in small-cap performance by country. Markets in South-East Asia, where your Company has a heavy exposure, were broadly resilient as economic prospects brightened and corporate earnings rebounded. India, another large market for the Company, outperformed on optimism about the domestic economy. After the period-end, policymakers in India unveiled a pro-growth budget with

an emphasis on capital investment as well as incentives for domestic manufacturing and clean energy. The lack of big populist measures signalled a clear intent to cap social welfare spending and support growth through more sustainable capacity building.

In North Asian markets, Taiwan was helped by the strength of the semiconductor industry. Conversely, the tech-heavy market of South Korea, where your Company has a comparatively light exposure, suffered outsized losses amid the sector rotation. Stocks in China and Hong Kong were beset by regulatory noise and concerns about the mainland's economy. The People's Bank of China cut key lending rates to counter slowing economic momentum.

I would like to thank shareholders for supporting the Board's proposals at the General Meeting held on 27 January 2022

Outcome of Long Term Investment Strategy Review

On 11 January 2022 I wrote to shareholders to provide an update on the Board's comprehensive review of the Company's long-term strategy. This was initiated to ensure that the Company's investment policy continues to capture the immense opportunities that exist in the Asian small cap market in both South Asia and North Asia with the emergence of China as the world's second-largest economy. As part of the Strategic Review, the Board addressed the issue of how to make the Company more competitive whilst giving shareholders, and in particular retail investors, a more meaningful participation in the Company's ongoing success. I would like to thank shareholders for supporting the Board's proposals at the General Meeting held on 27 January 2022 and can now confirm that each of the following measures recommended by the Board have now been implemented:

- Amendment of the Company's Investment Policy (refer to page 8 for new policy);
- Adoption of a new Enhanced Dividend Policy;
- Amendment of the Company's Articles in order to provide flexibility to pay dividends out of capital profits in the future, and refresh the Articles more generally, including in connection with the running of Shareholder meetings following the recent pandemic; and

- A five for one Share split (with effect from 4 February 2022 each Ordinary share of 25p was sub-divided into five Ordinary shares of 5p each)

In addition, as part of the process, the following enhancements have now also successfully been implemented:

- Changes to the Company's management team, in particular the addition of Flavia Cheong, abrdn's Head of Equities, Asia Pacific, as joint lead manager, and Neil Sun as an investment manager directly responsible for managing the potential increased weighting in North Asia. They will work alongside Hugh Young and Gabriel Sacks to bolster the investment management team to reflect the increasing importance of China;
- Agreement with abrdn to amend the Company's management fee from 0.96% per annum of the Company's market capitalisation to a new, tiered management fee of 0.85% per annum for the first £250 million of the Company's market capitalisation, 0.6% per annum for the next £500 million, and 0.5% per annum for market capitalisation of £750 million and above, with effect from 1 August 2021; and
- The Board's commitment to introducing a performance-linked tender offer which shall provide that, in the event of underperformance of the NAV per Share versus the MSCI AC Asia ex Japan Small Cap Index over a five-year period commencing 1 August 2021, shareholders will be offered the opportunity to realise a proportion of their holding for cash at a level close to NAV less costs of the tender offer. The tender offer would be capped at a maximum of 25% of the issued share capital of the Company at that time.

These changes have provided the expanded management team at abrdn with much greater flexibility to invest in small growth companies across Asia. By increasing the target dividend and aiming to maintain the Company's progressive dividend policy of the last 25 years (including with the flexibility to pay dividends out of capital reserves where merited in the future), investors will have an enhanced, regular level of income alongside capital growth prospects amid the current relatively low interest rate environment. Furthermore, we have reduced the running costs of the Company through the new fee arrangements and hope to be able to increase the marketability of the Company's Ordinary Shares for small investors through the share split. And finally, by implementing the Future Tender Offer we have provided Shareholders with a partial exit opportunity if the Company's performance does not exceed the MSCI AC Asia ex Japan Small Cap Index over the five-year period commencing 1 August 2021.

Chairman's Statement

Continued

Dividend

On 17 February 2022 the Company declared a first interim dividend of 3.2p per Ordinary 5p share which was paid on 21 March 2022 to Ordinary shareholders on the register on 25 February 2022. In accordance with the enhanced dividend policy approved by shareholders, the Board has set a target dividend of 6.4p per Ordinary Share for the financial year ending 31 July 2022 (adjusted for the five for one share split that occurred on 4 February 2022) (2021 equivalent full-year dividend 3.2p after adjustment for the five for one share split). The 3.2p dividend declared in February represented the first two quarterly dividends for the initial six month period to 31 January 2022 and the Board expects to declare 1.6p per Ordinary share per quarter for the remainder of the Company's financial year.

In accordance with the enhanced dividend policy approved by shareholders, the Board has set a target dividend of 6.4p per Ordinary Share for the financial year ending 31 July 2022

Change of Company Name

In order to align the Company's name with the name of the Manager's business, which has changed to abr dn plc, the Board has resolved to change the Company's name to abr dn Asia Focus plc and the Company received confirmation from Companies House that the change became effective from 4 April 2022.

Portfolio Review

Your Company's outperformance was driven by both long-term holdings and relatively recent additions. Stock choice in the communication services sector proved prudent. Consumer marketing technology firm **Affle**, which was introduced in 2020, enjoyed solid gains on the back of healthy volume growth and pricing improvements. A dominant player in India, Affle is also well-placed to grow profitability in other emerging markets, as evident from its acquisition in Latin America.

The performance of your Company's real estate holdings was equally pleasing. Notable mentions include two relatively new additions, **Nam Long** in Vietnam and **Prestige Estates** in India. The former rallied on the property market recovery and expectations of continued loose monetary

policy in Vietnam, while the latter reported record quarterly pre-sales. Both property developers are backed by decent land banks.

The investments in healthcare and industrials also did well. Thailand-based **Mega Lifesciences**, which manufactures and sells pharmaceutical and nutraceutical products, posted sharply higher quarterly earnings. The company stands to gain from its increasing exposure to key frontier markets that are structurally attractive over the long term. In industrials, the outlook for our long-held holding **John Keells** has improved, with the Sri Lankan conglomerate announcing a strong set of results despite the country's extremely challenging macroeconomic environment.

The information technology sector, which had contributed to the portfolio's prior outperformance, was hit by the shift from growth to value stocks. Not all holdings fared poorly. Singapore-based testing and handling solutions provider **AEM** and Taiwanese integrated circuit maker **ASPEED Technology** bucked the trend, and growth prospects for both companies remain promising.

Some of the portfolio's technology holdings tracked the broader market lower, however. Among these were **Taiwan Union Technology** as well as **Park Systems** and **Koh Young Technology** in Korea. It is worth noting that despite weaker share prices, there is little fundamental change to the companies' earnings potential and growth opportunities. Copper-clad laminate maker Taiwan Union Technology and Koh Young Technology, a global leader in 3D inspection for circuit boards, remain beneficiaries of favourable structural trends such as 5G telecommunications and demand for connectivity. Software company Park Systems' earnings are poised to grow when orders roll in.

Other detractors included Singapore-based advanced materials supplier **Nanofilm Technologies**, which fell after its major clients postponed projects due to semiconductor chip shortages, and Indian oil and gas logistics provider **Aegis Logistics**, which was pressured by worries over Covid-related disruptions. Also impeding performance were consumer holdings, **Momo.com** and **Godrej Agrovet**. Taiwanese online retailer Momo.com was another casualty of the switch from growth to value, while Indian diversified agri-business Godrej Agrovet weakened on muted results.

Turning to portfolio activity, two new holdings were initiated over the period. The first was Taiwanese computer chip maker **Andes Technology**, one of the top three companies globally for RISC-V, an open-source instruction set architecture that defines the way software 'talks' to a processor. Your Manager sees RISC-V gaining market share given its simplicity and efficiency. Another introduction was Australian intellectual property services

provider **IPH**, which has performed steadily and is attractively valued at period end.

Your Manager also participated in the IPOs of two Indian companies. **Vijaya Diagnostic Centre** is a leading medical diagnostic chain in south India. Your Manager is impressed with its focus on service and experience, and sees Vijaya as a high-growth company in a very fragmented market. **CE Info Systems (MapmyIndia)**, a pioneer of digital mapping in India, is a beneficiary of the country's revamped geospatial regulations, which subject foreign players to restrictions that limit their competitiveness. Your Manager sees this clear competitive advantage sustaining its growth prospects, as growing smartphone penetration and 5G adoption lead to rising investment in digital maps and location services technology.

Among the disposals were AEON Credit Service Asia and ORIX Leasing Pakistan. Ujjivan Financial Services and AEON Thana Sinsap were also divested owing to their challenging outlooks.

Share Capital Management and Gearing

During the period we have not bought back any Ordinary shares in the market. The Board will continue to consider the use of share buy backs to both reduce the volatility of any discount and to modestly enhance the NAV for shareholders.

The Company's net gearing at 31 January 2021 was 12.9% with the majority of the debt provided by the Loan Notes. Gearing is also provided by the Convertible Unsecured Loan Stock redeemable in 2025, of which approximately £36.6m million remains outstanding. As at 11 April 2022, the latest practicable date, the net gearing stood at 12.2%.

Directorate

Debby Guthrie has decided to resign from the Board with effect from 13 April 2022 and I would like to thank her for her contribution to not only the Board but also as Chairman of the Audit Committee. As was announced at the time of the 2021 Annual Report, with the help of outside consultants, the Board is in the process of appointing two new independent non-executive Directors. Once these new appointments are made, the Board will then choose my successor so that I can retire from the Board at the conclusion of the AGM in December 2022.

During the period Viscount Dunluce succeeded to the title Earl of Antrim following the death of his father.

Outlook

As ever, predicting the macroeconomic and geopolitical outlook is tricky. Big market swings in early 2022 have given us a foretaste of things to come as the US raises interest rates to tame inflation. The Russia-Ukraine conflict also creates further headwinds to the global recovery, not to mention the potential for a devastating loss of lives. Your Manager is keeping a watchful eye on developments, particularly on inflation and the impact of monetary policy on borrowing costs, companies and the wider economy. At the same time, the Covid shadow still lingers and further flare-ups cannot be ruled out. That said, Asia's vaccination drive could see a return to some normality, which is positive for consumption, businesses and overall growth.

The other big question in Asia and indeed globally is China, which faces a property-led slowdown. Stringent Covid controls could put further stress on the economy. Beijing has responded to the risks, however, moving toward policy loosening to stabilise growth. Meanwhile, relations with the US remain fraught. Your Manager believes this will continue to drive China's push for self-sufficiency, which in turn offers ample investment opportunities across diverse sectors such as consumption, technology and green energy.

As I mentioned at the outset, the attractions of Asia and its smaller companies are many and obvious. Economic growth should continue to outstrip the US and Europe, while corporate balance sheets remain broadly resilient. Global volatility seems inevitable, however. That is why it is imperative to underpin investment decisions with rigorous discipline, which is embedded in your Manager's process. Given our holdings' sound businesses and robust financials, I am cautiously optimistic that your Company can weather the choppy months ahead.



Nigel Cayzer
Chairman
13 April 2022

Disclosures

Revised Investment Objective and Policy (from 27 January 2022)

Investment Objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan.

Investment Policy

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

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

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

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

Risk Diversification

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

Gearing

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

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the Company are set out in detail on pages 17 to 19 of the Annual Report and Financial Statements for the year ended 31 July 2021 and these have not changed.

They can be summarised under the following headings:

- Investment Strategy and Objectives;
- Investment Portfolio and Investment Management Risks;
- Financial Obligations (Gearing);
- Financial and Regulatory;
- Operational;
- Investment in Unlisted Securities; and
- Market and F/X Risks.

The Board is monitoring the current geo-political risks, market volatility and uncertainty associated with Russia's invasion of Ukraine, which are evolving day by day. The Board continues to note that there are a number of contingent risks stemming from the Covid-19 pandemic that may impact the operation of the Company and world markets. The Board is also very conscious of the risks emanating from increased environmental, social and governance challenges and mounting climate change pressure. The Board continues to monitor, through its Manager, the potential risk that investee companies may fail to keep pace with the rates of ESG and Climate Change adaptation required. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the 2021 Annual Report.

Going Concern

The Directors have conducted a thorough review of the Company's ability to continue as a going concern with particular focus on the impact of world events as well as the Covid-19 pandemic. During the review period the Board has been regularly updated by the Manager on the resilience of the Manager's systems as well as those of the other key third party service providers. The Board is satisfied that suitable business interruption plans are in place and working from home arrangements have proved effective throughout the course of the pandemic.

The Board monitors the Company's covenant compliance and gearing levels regularly and is satisfied that there is sufficient headroom in place and flexibility if required.

The Company's assets consist of a diverse portfolio of listed equities which in most circumstances are realisable within a short timescale. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

Directors' Responsibility Statement

The Directors are responsible for preparing this half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- the Interim Board Report (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the UK Listing Authority Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related-party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could so do).

Nigel Cayzer

Chairman

13 April 2022

Ten Largest Investments

As at 31 January 2022

4.8%

Total assets

Affle India

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

3.6%

Total assets

Park Systems Corporation

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

3.5%

Total assets

Pacific Basin Shipping

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

3.2%

Total assets

MOMO.com

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

3.2%

Total assets

Nam Long Invst Corporation

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

3.1%

Total assets

AEM Holdings

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

3.0%

Total assets

John Keells Holdings

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

2.9%

Total assets

Cyient

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

2.8%

Total assets

Dah Sing Financial Holdings

Dah Sing provides banking, insurance, and related services, primarily in Hong Kong, Macau, and mainland China. Its outlook is underpinned by economic recovery, the border re-opening between Hong Kong and China, and the upside to margins amid rising rates. At the same time, valuations remain undemanding. This limits the downside risks, while we could see a re-rating if the macro environment continues to improve.

2.5%

Total assets

Mega Lifesciences (Foreign)

The Thai group produces, sells and distributes health supplements and pharmaceutical products, mostly in the under-penetrated but fast-growing frontier and emerging markets. Its first mover advantage in these markets, coupled with a strong brand, has enabled Mega to maintain its high margins over the past several years, while growing revenue.

Investment Portfolio

As at 31 January 2022

Company	Industry	Country	Valuation £'000	Total assets %
Affle India	Media	India	26,650	4.8
Park Systems Corporation	Electronic Equipment, Instruments & Components	South Korea	19,946	3.6
Pacific Basin Shipping	Marine	Hong Kong	19,777	3.5
MOMO.com	Internet & Direct Marketing Retail	Taiwan	17,966	3.2
Nam Long Invst Corporation	Real Estate Management & Development	Vietnam	17,929	3.2
AEM Holdings	Semiconductors & Semiconductor Equipment	Singapore	17,122	3.1
John Keells Holdings	Industrial Conglomerates	Sri Lanka	16,570	3.0
Cyient	Software	India	16,265	2.9
Dah Sing Financial Holdings	Banks	Hong Kong	15,358	2.8
Mega Lifesciences (Foreign)	Pharmaceuticals	Thailand	13,905	2.5
Top ten investments			181,488	32.6
M.P. Evans Group	Food Products	United Kingdom	13,773	2.5
Cebu Holdings	Real Estate Management & Development	Philippines	13,469	2.4
Hana Microelectronics (Foreign)	Electronic Equipment, Instruments & Components	Thailand	13,381	2.4
FPT Corporation	IT Services	Vietnam	12,764	2.3
Bank OCBC NISP	Banks	Indonesia	12,493	2.2
Precision Tsugami China Corporation	Machinery	China	12,083	2.2
Sunonwealth Electric Machinery Industry	Machinery	Taiwan	11,801	2.1
Medikaloka Hermina	Health Care Providers & Services	Indonesia	11,415	2.1
United International Enterprises	Food Products	Denmark	10,652	1.9
Aegis Logistics	Oil, Gas & Consumable Fuels	India	10,310	1.9
Top twenty investments			303,629	54.6
Asian Terminals	Transportation Infrastructure	Philippines	10,247	1.8
AKR Corporindo	Oil, Gas & Consumable Fuels	Indonesia	10,090	1.8
Taiwan Union	Electronic Equipment, Instruments & Components	Taiwan	9,889	1.8
Millennium & Copthorne Hotels New Zealand ^A	Hotels, Restaurants & Leisure	New Zealand	9,768	1.8
Oriental Holdings	Automobiles	Malaysia	9,693	1.7
AEON Credit Service (M)	Consumer Finance	Malaysia	9,580	1.7
Ultrajaya Milk Industry & Trading	Food Products	Indonesia	9,263	1.7
Godrej Agrovet	Food Products	India	9,258	1.7
Sporton International	Professional Services	Taiwan	9,039	1.6
Bukit Sembawang Estates	Real Estate Management & Development	Singapore	8,630	1.5
Top thirty investments			399,086	71.7

Investment Portfolio

Continued

As at 31 January 2022

Company	Industry	Country	Valuation £'000	Total assets %
Raffles Medical	Health Care Providers & Services	Singapore	8,341	1.5
Vijaya Diagnostic Centre	Health Care Providers & Services	India	8,278	1.5
Prestige Estates Projects	Real Estate Management & Development	India	8,148	1.5
Sanofi India	Pharmaceuticals	India	7,803	1.4
Yantai China Pet Foods – A	Food Products	China	7,492	1.4
Koh Young Technology	Semiconductors & Semiconductor Equipment	South Korea	6,900	1.2
IPH	Professional Services	Australia	6,899	1.2
Nazara Technologies	Entertainment	India	6,623	1.2
Nanofilm Technologies International	Chemicals	Singapore	6,343	1.1
Absolute Clean Energy (Foreign)	Independent Power and Renewable Electricity Producers	Thailand	6,286	1.1
Top forty investments			472,199	84.8
Tisco Financial Group (Foreign)	Banks	Thailand	5,918	1.1
Pentamaster International	Semiconductors & Semiconductor Equipment	Malaysia	5,800	1.0
NZX	Capital Markets	New Zealand	5,791	1.0
Shangri-La Hotels Malaysia	Hotels, Restaurants & Leisure	Malaysia	5,709	1.0
United Plantations	Food Products	Malaysia	5,498	1.0
Yoma Strategic Holdings	Real Estate Management & Development	Myanmar	5,472	1.0
Thai Stanley Electric (Foreign)	Auto Components	Thailand	5,343	1.0
KMC Kuei Meng International	Leisure Products	Taiwan	5,329	1.0
Andes Technology	Semiconductors & Semiconductor Equipment	Taiwan	5,316	1.0
Aspeed Technology	Semiconductors & Semiconductor Equipment	Taiwan	5,065	0.9
Top fifty investments			527,440	94.8
Douzone Bizon	Software	South Korea	5,013	0.9
Ecloudvalley Digital Technology	IT Services	Taiwan	4,291	0.8
Syngene International	Life Sciences Tools & Services	India	3,680	0.6
Convenience Retail Asia	Food & Staples Retailing	Hong Kong	3,312	0.6
Credit Bureau Asia	Professional Services	Singapore	3,192	0.5
Tatva Chintan Pharma	Chemicals	India	2,938	0.5
Manulife Holdings	Insurance	Malaysia	1,698	0.3
CE Info Systems	Software	India	1,594	0.3
AEON Stores Hong Kong	Multiline Retail	Hong Kong	311	0.1
Goodyear Thailand (Foreign)	Auto Components	Thailand	293	0.1
Top sixty investments			553,762	99.5

As at 31 January 2022

Company	Industry	Country	Valuation £'000	Total assets %
First Sponsor Group (Warrants 21/03/2029)	Real Estate Management & Development	Singapore	279	0.1
First Sponsor Group (Warrants 30/05/2024)	Real Estate Management & Development	Singapore	139	-
YNH Property	Real Estate Management & Development	Malaysia	50	-
G3 Exploration	Oil, Gas & Consumable Fuels	China	-	-
Total investments			554,230	99.6
Net current assets			2,199	0.4
Total assets^B			556,479	100.0

^A Holding includes investment in both common and preference lines.

^B Total assets less current liabilities excluding bank loans.

Investment Case Studies

Nam Long Investment Corporation

In which year did we first invest?	2019
Where is their head office?	Ho Chi Minh City, Vietnam
What is their website?	namlongvn.com
Holding at period end:	3.2%

What does the company do?

Nam Long started out as the first non-state owned enterprise in Vietnam's construction sector in 1992. Since then, it has grown into a reputable property developer in Ho Chi Minh City, with a decent land bank and promising project pipeline.

Why do we like the investment?

Nam Long has the attributes that we like in a quality property developer. It is positioned in the affordable to mid-level segments of Vietnam's housing market where the structural growth is. Its affordable housing brand, Ehome, is well established. The company also develops reasonably priced mid-end housing in Ho Chi Minh City under the brands Flora and Valora, together with Japanese partners Hankyu Realty and Nishin Nippon.

While Nam Long continues to focus on affordable housing, its property mix has been shifting up to the mid-level segment through the years. This is partly due to rising affluence. It also reflects Nam Long's ambitions to become the leading integrated real estate group by 2030. The group is developing more integrated townships with offerings in the suburbs of large urban centres instead of single projects on smaller land parcels. Its multiple brands mean that it can be more flexible depending on the location and target market. This is supported by a large land bank of around 680 hectares in south Vietnam, mainly in Can Tho, Long An and Ho Chi Minh City.



The integrated townships satisfying the need to "live, work, play, shop and learn" are key to the Dragon Growth Transformation journey that Nam Long undertook in 2021. The company aims to increase its market penetration by developing new segments in priority districts in Ho Chi Minh City on top of its familiar products like EHome, Flora and Valora. Geographic expansion is also in the works. Nam Long is looking at Hanoi and priority Tier 2 cities that have potential for economic growth, attracting a large workforce who would need homes to live in.

Overseeing all this is a progressive management team with a strong track record. The performance-driven culture is aligned with minority interests, with checks and balances through its key shareholder, Singapore's Keppel Land, and Japanese project partners, which also provide the necessary skill and expertise in construction.

Meanwhile, Nam Long sits well with sustainability development, given its focus on providing affordable housing in a market where it is very much needed. It has three focus areas: sustainable business operations, protecting the environment and contributing to society. For instance its supplier Nam Long sets regulations on environmental standards and requires its contractors to use construction techniques that minimise environmental damage. As for sustainable urban planning, in the areas that Nam Long develops, the proportion of green habitats from low building density planning is 30% or higher, with most of such space given over to rivers, trees, landscape lakes and the like.

Finally, Nam Long's affordable housing product line has enabled nearly 3,300 low-income households in Ho Chi Minh City the opportunity to own their own apartments. The group has also donated about VND8 billion (£260,000) to support over 20,000 people through corporate social responsibility activities such as Support for Covid-19, support for flash floods in the central region, an education fund, and maintaining the "Swing for Dreams" scholarship fund.

Mega Lifesciences

In which year did we first invest?	2017
Where is their head office?	Bangkok, Thailand
What is their website	megawecare.com
Holding at period end:	2.5%

What does the company do?

This Thai company produces and sells nutritional products and prescription drugs domestically and across frontier markets, with a leading position in Indochina. Its Maxxcare brand covers prescription and OTC drugs, while its Mega We Care brand offers nutritional products.

Why do we like the investment?

Strong brand equity counts for a lot. The company has built a strong brand in Southeast Asia for its Mega We Care brand, making it a trusted producer of supplements and pharmaceutical products in the region, in the same league as Australia's Blackmores. Several of Mega's brands are ranked no. 1 in their respective categories, while others were consistently ranked in the top five in the home market of Thailand as well as in countries like Myanmar and Vietnam.

Mega focuses on being the first mover into a market for both its We Care and Maxxcare businesses, and niche markets at that. This discourages competitors from entering once there is an incumbent of its size. For instance, its long-established distribution network in Myanmar and Vietnam gives access to more than 50,000 and 26,500 retail outlets, respectively. In such frontier markets, regulations are getting tougher and it is becoming harder to get regulatory approvals from various countries, but in a way this benefits Mega, as it raises the entry barriers for new competitors.

Branding is even more important in the pharmaceutical space and it also translates into high pricing power. Mega has maintained high margins over the past several years, while growing revenue. This is because it is able to charge relatively attractive prices versus pharmacies, hospitals, clinics, health practitioners and physicians, yet still at a cheaper level than imported pharmaceutical products. Mega's operating cash flow has been positive over the years, underpinning a net-cash balance sheet.

In the wake of the pandemic, demand for immunity-boosting products, such as supplements, has risen sharply. Although such sales are likely to normalise somewhat as pandemic effects recede and economies recover, Covid-19 has increased awareness of nutraceutical products and we would expect some of the higher demand to be sustained. There are also broader structural trends in Asia that support demand, as an increasingly affluent middle class turns more health conscious on the back of rapidly ageing populations. We see Mega's businesses benefiting from these longer-term trends.

For a company that sells products promoting health and well-being, Mega prides itself on being a people-centric organisation, too, with a "People First" culture listed as one of its competitive strengths. In addition to regular salaries, bonuses and provident funds, Mega provides staff awards based on years of service and medical insurance, along with diet and healthy living planning.

It also pays heed to environmental laws in its production process and in dealing with hazardous materials, receiving green industry certification for its facilities in Thailand. Its green initiatives include the move to more energy-efficient lamps, as well as the use of chilled chlorofluorocarbon-free water for its air-conditioning units and solar power in its operations.



Condensed Statement of Comprehensive Income (unaudited)

	Notes	Six months ended 31 January 2022			Six months ended 31 January 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	2,033	2,033	-	74,934	74,934
Income	2	6,023	-	6,023	3,591	-	3,591
Exchange losses		-	(60)	(60)	-	(287)	(287)
Investment management fees		(413)	(1,239)	(1,652)	(1,651)	-	(1,651)
Administrative expenses	3	(582)	(390)	(972)	(576)	-	(576)
Net return before finance costs and taxation		5,028	344	5,372	1,364	74,647	76,011
Finance costs		(252)	(755)	(1,007)	(746)	-	(746)
Net return before taxation		4,776	(411)	4,365	618	74,647	75,265
Taxation	4	(225)	(963)	(1,188)	(107)	(2,109)	(2,216)
Return attributable to equity shareholders		4,551	(1,374)	3,177	511	72,538	73,049
Return per share (pence)	5						
Basic		14.50	(4.38)	10.12	1.60	226.87	228.47
Diluted		13.56	n/a	9.91	n/a	210.39	212.13

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company.

There is no other comprehensive income and therefore the return attributable to equity shareholders is also the total comprehensive income for the period.

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

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

Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 January 2022 £'000	As at 31 July 2021 (*Restated) £'000
Non-current assets			
Investments at fair value through profit or loss		554,230	540,921
Current assets			
Debtors and prepayments		608	5,107
Cash and short-term deposits		3,974	14,577
		4,582	19,684
Creditors: amounts falling due within one year			
Other creditors		(2,383)	(3,422)
Net current assets		2,199	16,262
Total assets less current liabilities		556,429	557,183
Non-current liabilities			
2.25% Convertible Unsecured Loan Stock 2025	8	(35,819)	(35,708)
3.05% Senior Unsecured Loan Note 2035	7	(29,889)	(29,886)
Deferred tax liability on Indian capital gains		(4,594)	(3,631)
		(70,302)	(69,225)
Net assets		486,127	487,958
Capital and reserves			
Called-up share capital	9	10,435	10,435
Capital redemption reserve		2,062	2,062
Share premium account		60,426	60,412
Equity component of 2.25% Convertible Unsecured Loan Stock 2025	8	1,057	1,057
Capital reserve (*restated)	3,16	399,750	401,124
Revenue reserve (*restated)	3,16	12,397	12,868
Equity shareholders' funds		486,127	487,958
Net asset value per share (pence)			
	10		
Basic		1,548.64	1,554.52
Diluted		1,540.03	1,545.11

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

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 January 2022

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity component CULS 2025 £'000	Capital reserve (*Restated) £'000	Revenue reserve (*Restated) £'000	Total £'000
Balance at 31 July 2021 (*Restated - see note 16)	10,435	2,062	60,412	1,057	401,124	12,868	487,958
Conversion of 2.25% Convertible Unsecured Loan Stock 2025 (note 8)	-	-	14	-	-	-	14
Return after taxation	-	-	-	-	(1,374)	4,551	3,177
Dividends paid (note 6)	-	-	-	-	-	(5,022)	(5,022)
Balance at 31 January 2022	10,435	2,062	60,426	1,057	399,750	12,397	486,127

Six months ended 31 January 2021

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity component CULS 2025 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 July 2020	10,434	2,062	60,377	1,057	268,750	16,276	358,956
Purchase of own shares to treasury	-	-	-	-	(8,093)	-	(8,093)
Conversion of 2.25% Convertible Unsecured Loan Stock 2025 (note 8)	-	-	16	-	-	-	16
Return after taxation	-	-	-	-	72,538	511	73,049
Dividends paid (note 6)	-	-	-	-	-	(6,043)	(6,043)
Balance at 31 January 2021	10,434	2,062	60,393	1,057	333,195	10,744	417,885

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

Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000
Operating activities		
Net gain before finance costs and taxation	5,372	76,011
Adjustments for:		
Dividend income	(6,023)	(3,591)
Dividends received	6,599	4,396
Interest paid	(871)	(480)
Gains on investments	(2,033)	(74,934)
Currency losses	60	287
Decrease/(increase) in prepayments	11	(21)
Decrease in other debtors	8	9
Increase/(decrease) in other creditors	165	(30)
Stock dividends included in investment income	(157)	(74)
Overseas withholding tax suffered	(355)	(121)
Net cash inflow from operating activities	2,776	1,452
Investing activities		
Purchases of investments	(44,447)	(37,146)
Sales of investments	36,150	41,074
Net cash (outflow)/inflow from investing activities	(8,297)	3,928
Cash flows from financing activities		
Purchase of own shares to treasury	-	(8,190)
Repayment of loan	-	(11,200)
Issue of 3.05% Senior Unsecured Loan Note 2035	-	29,883
Equity dividends paid	(5,022)	(6,043)
Net cash (outflow)/inflow from financing activities	(5,022)	4,450
(Decrease)/increase in cash and cash equivalents	(10,543)	9,830
Analysis of changes in cash and cash equivalents during the period		
Opening balance	14,577	10,919
(Decrease)/increase in cash and cash equivalents as above	(10,543)	9,830
Effect of exchange rate fluctuations on cash held	(60)	(287)
Closing balance	3,974	20,462

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

Notes to the Financial Statements

1. Accounting policies

Basis of accounting. The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice (SORP) for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued in April 2021 (The AIC SORP). They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

With effect from 1 August 2021, management fees and finance costs are charged 25% to revenue and 75% to capital. With this exception, the interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

2. Income

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000
Income from investments		
Overseas dividends	5,697	3,432
Stock dividends	157	74
UK dividend income	169	85
Total income	6,023	3,591

3. Administrative expenses

During the period from January 2021 through to 31 January 2022 the Board undertook a detailed and exhaustive review of the Company's long term investment strategy which culminated in shareholders approving a number of significant changes to the Company's investment objective and policy. Costs of £650,000 were incurred during this period in connection with the long term investment strategy review. In accordance with the guidelines provided by the AIC's SORP, £640,000 of these expenses have been adjudged by the Board to have been incurred, wholly or partly, in connection with the maintenance or enhancement of the value of the investments in the portfolio, and as a result these costs have properly been allocated to capital.

4. Taxation

The taxation charge for the period allocated to revenue represents withholding tax suffered on overseas dividend income. The taxation charge for the period allocated to capital represents capital gains tax arising on the sale of Indian equity investments.

5. Return per Ordinary share

	Six months ended 31 January 2022 p	Six months ended 31 January 2021 p
Basic		
Revenue return	14.50	1.60
Capital return	(4.38)	226.87
Total return	10.12	228.47

The figures above are based on the following:

	£'000	£'000
Revenue return	4,551	511
Capital return	(1,374)	72,538
Total return	3,177	73,049

Weighted average number of shares in issue^A	31,389,933	31,973,225
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	Six months ended 31 January 2022 p	Six months ended 31 January 2021 p
Diluted^B		
Revenue return	13.56	n/a
Capital return	n/a	210.39
Total return	9.91	212.13

The figures above are based on the following:

	£'000	£'000
Revenue return	4,596	599
Capital return	(1,237)	72,538
Total return	3,359	73,137

Number of dilutive shares	2,501,986	2,504,428
Diluted shares in issue^{AB}	33,891,919	34,477,653

^A Calculated excluding shares held in treasury.

^B The calculation of the diluted total, revenue and capital returns per Ordinary share is carried out in accordance with IAS 33, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 2.25% Convertible Unsecured Loan Stock 2025 (CULS). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 2,501,986 (31 January 2021 - 2,504,428) to 33,891,919 (31 January 2021 - 34,477,653) Ordinary shares.

For the six months ended 31 January 2022 the assumed conversion for potential Ordinary shares was dilutive to the revenue return per Ordinary share (31 January 2021 - non-dilutive) and non-dilutive to the capital return per Ordinary share (31 January 2021 - dilutive). Where dilution occurs, the net returns are adjusted for interest charges and issue expenses relating to the CULS (31 January 2022 - £182,000; 31 January 2021 - £88,000). Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted.

Notes to the Financial Statements

Continued

6. Dividends

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000
Final dividend for 2021 - 15.0p (2020 - 14.50p)	4,708	4,612
Special dividend for 2021 - 1.00p (2020 - 4.50p)	314	1,431
	5,022	6,043

7. Senior Unsecured Loan Note

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

The fair value of the Senior Unsecured Loan Note as at 31 January 2022 was £29,930,000, the value being based on a comparable quoted debt security.

8. 2.25% Convertible Unsecured Loan Stock 2025 ("CULS")

	Nominal £'000	Liability component £'000	Equity component £'000
Balance at beginning of period	36,658	35,708	1,057
Conversion of CULS into Ordinary shares	(14)	(14)	-
Notional interest on CULS	-	77	-
Amortisation of issue expenses	-	48	-
Balance at end of period	36,644	35,819	1,057

The 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") can be converted at the election of holders into Ordinary shares during the months of May and November each year throughout its life until 31 May 2025 at a rate of 1 Ordinary share for every 1,465.0p nominal of CULS. Interest is paid on the CULS on 31 May and 30 November each year. With effect from 1 August 2021, 25% of the interest will be charged to revenue and 75% to capital (31 July 2021 - 100% to revenue) in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

In the event of a winding-up of the Company the rights and claims of the Trustee and CULS holders would be subordinate to the claims of all creditors in respect of the Company's secured and unsecured borrowings, under the terms of the Trust Deed.

During the period ended 31 January 2022 the holders of £13,764 of 2.25% CULS 2025 exercised their right to convert their holdings into Ordinary shares. Following the receipt of the exercise instructions, the Company converted £13,764 (31 July 2021 - £36,476) nominal amount of CULS into 935 (31 July 2021 - 2,475) Ordinary shares.

As at 31 January 2022, there was £36,643,991 (31 July 2021 - £36,657,755) nominal amount of CULS in issue.

9. Called-up share capital

During the six months ended 31 January 2022 no (31 January 2021 – 782,500) Ordinary shares were bought back to be held in treasury at a total cost of £nil (31 January 2021 – £8,093,000). During the six months ended 31 January 2022 an additional 935 (31 July 2021 – 2,475) Ordinary shares were issued after £13,764 nominal amount of 2.25% Convertible Unsecured Loan Stock 2025 were converted at 1465.0p each (31 July 2021 – £36,476). The total consideration received was £nil (31 July 2021 – £nil). At the end of the period there were 41,739,537 (31 July 2021 – 41,738,602) Ordinary shares in issue, of which 10,348,918 (31 July 2021 – 10,348,918) were held in treasury.

Subsequent to the period end, no Ordinary shares have been bought back.

10. Net asset value per equity share

	As at 31 January 2022	As at 31 July 2021
Basic		
Net assets attributable	£486,127,000	£487,958,000
Number of Ordinary shares in issue ^A	31,390,619	31,389,684
Net asset value per Ordinary share	1,548.64p	1,554.52p
Diluted^B		
Net assets attributable	£521,946,000	£523,666,000
Number of Ordinary shares	33,891,915	33,891,920
Net asset value per Ordinary share	1,540.03p	1,545.11p

^A Excludes shares in issue held in treasury.

^B The diluted net asset value per Ordinary share has been calculated on the assumption that £36,643,991 (31 July 2021 – £36,657,755) 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") are converted at 1,465.0p per share, giving a total of 33,891,915 (31 July 2021 – 33,891,920) Ordinary shares. Where dilution occurs, the net assets are adjusted for items relating to the CULS.

Net asset value per share – debt converted. In accordance with the Company's understanding of the current methodology adopted by the AIC, convertible bond instruments are deemed to be 'in the money' if the cum income (debt at fair value) net asset value ("NAV") exceeds the conversion price of 1,465.0p per share. In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 January 2022 the NAV was 1,548.64p and thus the CULS were 'in the money' (31 July 2021 – same).

Notes to the Financial Statements

Continued

11. Transaction costs

During the period 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 Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000
Purchases	46	114
Sales	81	69
	127	183

12. Analysis of changes in net debt

	At 31 July 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2022 £'000
Cash and short-term deposits	14,577	(60)	(10,543)	-	3,974
Debt due after more than one year	(65,594)	-	-	(114)	(65,708)
	(51,017)	(60)	(10,543)	(114)	(61,734)

	At 31 July 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2021 £'000
Cash and short-term deposits	10,919	(287)	9,830	-	20,462
Debt due within one year	(11,200)	-	11,200	-	-
Debt due after more than one year	(35,497)	-	(29,883)	(109)	(65,489)
	(35,778)	(287)	(8,853)	(109)	(45,027)

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.

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

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

The financial assets measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 January 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	537,142	-	13,469	550,611
Quoted preference shares	-	3,201	-	3,201
Quoted warrants	-	418	-	418
Net fair value	537,142	3,619	13,469	554,230

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

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

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

Notes to the Financial Statements

Continued

	Six months ended 31 January 2022 £'000	Year ended 31 July 2021 £'000
Level 3 Financial assets at fair value through profit or loss		
Opening fair value	-	-
Transfers from level 2	13,469	-
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
- assets disposed of during the year	-	-
- assets held at the end of the year	-	-
Closing balance	13,469	-

During the period, the Company changed the basis for valuing its holding in Cebu Holdings. The investee company is due to merge with another company, Ayala Land, in the near future and the transaction will be satisfied by a share conversion. The valuation methodology employed is based on the underlying quoted price of Ayala Land and the implied conversion ratio.

14. Related party disclosures

Mr Young is a director of abrdn Asia Limited, which has been delegated, under an agreement with ASFML, to provide management services to the Company. Mr Young is not a director of ASFML.

Transactions with the Manager. The investment management fee is payable monthly in arrears based on the market capitalisation of the Company multiplied by the number of shares in issue (less those held in treasury) at the month end. With effect from 1 August 2021 the annual management fee has been charged at 0.85% for the first £250,000,000, 0.60% for the next £500,000,000 and 0.50% over £750,000,000. Previously, the monthly management fee was charged at 0.08%. During the period £1,652,000 (31 January 2021 - £1,651,000) of investment management fees were charged, with a balance of £586,000 (31 January 2021 - £594,000) being payable to ASFML at the period end. Investment management fees are charged 25% to revenue and 75% to capital (31 January 2021 - 100% to revenue).

The Company also has a management agreement with ASFML for, inter alia, the provision of both administration and promotional activities services which are, in turn, delegated to Aberdeen Asset Managers Limited ('AAML') respectively. The administration fee is payable quarterly in advance and is adjusted annually to reflect the movement in the Retail Price Index. It is based on a current annual amount of £105,000 (31 January 2021 - £99,000). During the period £51,000 (31 January 2021 - £49,000) of fees were charged, with a balance of £26,000 (31 January 2021 - £49,000) payable to AAML at the period end. The promotional activities costs are based on a current annual amount of £219,000 (31 January 2021 - £219,000), payable quarterly in arrears. During the period £110,000 (31 January 2021 - £110,000) of fees were charged, with a balance of £73,000 (31 January 2021 - £122,000) being payable to AAML at the period end.

15. Segmental information

The Company is engaged in a single segment of business, which is to invest in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

16. Prior year adjustment

The financial statements for the year to 31 July 2021 have been restated to reallocate costs of £250,000 associated with the long term investment strategy review from revenue to capital.

17. Subsequent events

On 4 February 2022 there was a sub-division of each existing Ordinary 25p share into five Ordinary shares of 5p each. As a result the conversion price of the CULS decreased from 1,465p to 293p.

18. Half-Yearly Report

The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 - 436 of the Companies Act 2006. The financial information for the year ended 31 July 2021 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and contained no statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The condensed interim financial statements have been prepared using the same accounting policies as the preceding annual accounts.

PricewaterhouseCoopers LLP has reviewed the financial information for the six months ended 31 January 2022 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

19. This Half-Yearly Report was approved by the Board and authorised for issue on 13 April 2022.

Alternative Performance Measures ("APMs")

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. This has been presented on a diluted basis as the Convertible Unsecured Loan Stock ("CULS") is "in the money".

	31 January 2022	31 July 2021
Share price	1,352.50p	1,330.00p
Net Asset Value per share	1,540.03p	1,545.11p
Discount	12.2%	13.9%

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 amounts due from and to brokers at the period end as well as cash and short-term deposits.

		31 January 2022	31 July 2021
Borrowings (£'000)	a	65,708	65,594
Cash (£'000)	b	3,974	14,577
Amounts due to brokers (£'000)	c	784	1,997
Amounts due from brokers (£'000)	d	26	4,060
Shareholders' funds (£'000)	e	486,127	487,958
Net gearing	$(a-b+c-d)/e$	12.9%	10.0%

Ongoing charges ratio

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 daily net asset values with debt at fair value published throughout the year. The ratio as at 31 January 2022 is based on forecast ongoing charges for the year ending 31 July 2022.

	31 January 2022	31 July 2021
Investment management fees (£'000)	3,238	3,570
Administrative expenses (£'000)	1,502	1,386
Less: non-recurring charges (£'000) ^A	(390)	(297)
Ongoing charges (£'000)	4,350	4,659
Average net assets (£'000)	497,539	422,440
Ongoing charges ratio	0.87%	1.10%

^A Professional fees comprising corporate and legal fees incurred associated with proposals approved by shareholders on 27 January 2022.

The ongoing charges ratio differs from the other costs figure reported in the Company's Key Information Document calculated in line with the PRIIPs regulations, which includes the ongoing charges ratio and the financing 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 Reference Index, respectively.

Six months ended 31 January 2022		NAV	Share Price
Opening at 1 August 2021	a	1,545.11p	1,330.00p
Closing at 31 January 2022	b	1,540.03p	1,352.50p
Price movements	$c=(b/a)-1$	-0.3%	1.7%
Dividend reinvestment ^A	d	0.9%	1.1%
Total return	c+d	+0.6%	+2.8%

Year ended 31 July 2021		NAV	Share Price
Opening at 1 August 2020	a	1,106.45p	980.00p
Closing at 31 July 2021	b	1,545.11p	1,330.00p
Price movements	$c=(b/a)-1$	39.6%	35.7%
Dividend reinvestment ^A	d	2.3%	2.5%
Total return	c+d	+41.9%	+38.2%

^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.

How to Invest in abrdn Asia Focus plc

Keeping You Informed

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

Twitter: @abrdnTrusts

LinkedIn: abrdn Investment Trusts

AIFMD

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

Website

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

Investor Warning

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

These callers do not work for abrdn and any third party making such offers has no link with abrdn. abrdn does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details below.

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

Shareholder Enquiries

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

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

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

Direct

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

abrdrn Investment Plan for Children

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

abrdrn Share Plan

abrdrn runs an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing abrdrn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

abrdrn Investment Trusts ISA

abrdrn operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2022/2023.

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

ISA Transfer

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

Literature Request Service

For literature and information on the Investment Plan for Children, Investment Trust Share Plan, ISA or ISA Transfer including application forms for the Company and the Manager's investment trust products, please contact abrdrn Investment Trust Administration, PO Box 11020, Chelmsford, Essex, CM99 2DB Telephone: 0808 500 00 40 (free when dialling from a UK landline). Terms and conditions for the abrdrn-managed savings products can also be found under the literature section of invtrusts.co.uk.

How to Invest in abrdn Asia Focus plc

Continued

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include: AJ Bell Youinvest; Barclays Smart Investor; Charles Stanley Direct; Fidelity; Halifax Share Dealing; Hargreaves Lansdown; Interactive Investor; Novia; Transact; Standard Life.

Discretionary Private Client Stockbrokers

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

Independent Financial Advisers

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

Regulation of Stockbrokers

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

Tel: **0800 111 6768** or
visit <https://register.fca.org.uk>
Email: register@fca.org.uk

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking exposure to smaller companies in Asia, and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, in order that the shares issued by abrdn Asia Focus plc can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs).

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

Note

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

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

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

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, London EC4M 9HH which is authorised and regulated by the Financial Conduct Authority

Corporate Information

Directors

Nigel Cayzer, Chairman
Charlotte Black
The Earl of Antrim (*previously Viscount Dunluce*)
Debby Guthrie (*resigned 13 April 2022*)
Krishna Shanmuganathan

Registered in England as an Investment Company

Registration Number 03106339

Manager

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

Alternative Investment Fund Manager*

Aberdeen Standard Fund Managers Limited
Authorised and regulated by the Financial
Conduct Authority

Bow Bells House
1 Bread Street
London EC4M 9HH
(* appointed as required by EU Directive 2011/61/EU)

Secretaries and Registered Office

Aberdeen Asset Management PLC
Bow Bells House
1 Bread Street
London EC4M 9HH

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

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Overseas helpline number: **+44 (0)121 415 7047**
Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday
(excluding bank holidays)
shareview.co.uk

Stockbrokers

Panmure Gordon & Co
1 New Change
London EC4M 9AF

Solicitors

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

Independent Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street,
Glasgow, G2 7EQ

CULS Trustee

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

Depository

BNP Paribas Securities Services, London Branch
10 Harewood Avenue
London NW1 6AA

Website

asia-focus.co.uk

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

51TCFT.99999.SL.826

Legal Entity Identifier

5493000FBZP1J92OQY70



Important Information

The Company

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

Investment Objective

From 27 January 2022:

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

Up to 27 January 2022:

The Company aimed to maximise total return to shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan, by following the investment policy. When it was in shareholders' interests to do so, the Company reserved the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling.

Five-Year Performance Linked Tender

On 27 January 2022 shareholders approved the introduction of a performance-linked tender offer, which provides that, in the event of underperformance of the NAV per Share versus the MSCI AC Asia ex Japan Small Cap Index over a five-year period commencing 1 August 2021, Shareholders will be offered the opportunity to realise a proportion of their holding for cash at a level close to NAV less costs of the tender offer. The tender offer would be capped at a maximum of 25% of the issued share capital of the Company at that time.

Comparative Index

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

Investment Manager and Alternate Investment Fund Manager

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

For more information visit

asia-focus.co.uk