



abrdn Asia Focus plc

Half Yearly Report 31 January 2024

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

asia-focus.co.uk

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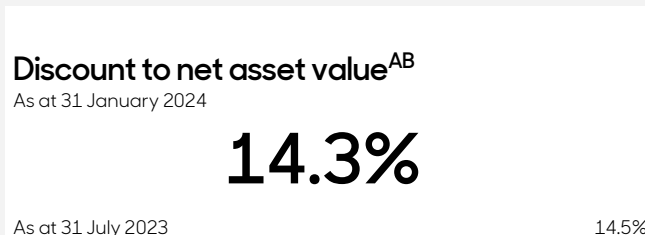
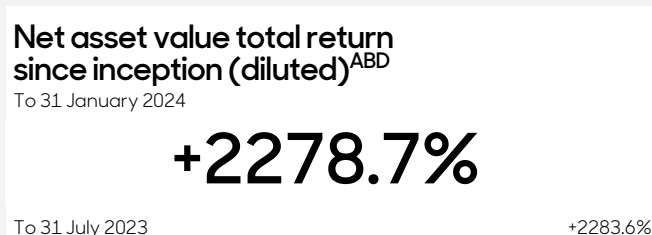
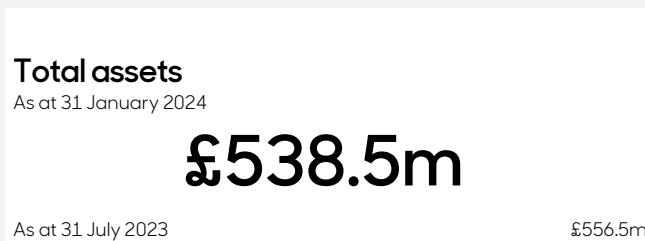
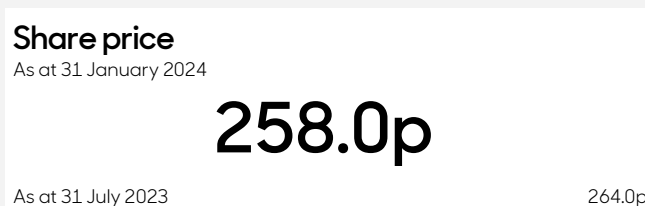
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"The Board plans to maintain the progressive policy of the last 28 years in order to provide shareholders with a regular dividend and dependable level of income alongside capital growth prospects."

Krishna Shanmuganathan, Chair

Performance Highlights



^A Considered to be an Alternative Performance Measure (see pages 31 to 33).

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

^C Currency adjusted, capital gains basis.

^D Inception being 19 October 1995.

Financial Highlights

Capital values	31 January 2024	31 July 2023	% change
Total assets less current liabilities ^A	£538,536,000	£556,466,000	-3.2
Net asset value per share (basic)	302.05p	310.49p	-2.7
Net asset value per share (diluted)	301.18p	308.93p	-2.5
Share price (mid market)	258.00p	264.00p	-2.3
Discount to net asset value (basic) ^B	14.6%	15.0%	
Discount to net asset value (diluted) ^B	14.3%	14.5%	
Net gearing ^B	10.3%	12.1%	
Ongoing charges ratio ^B	0.91%	0.92%	

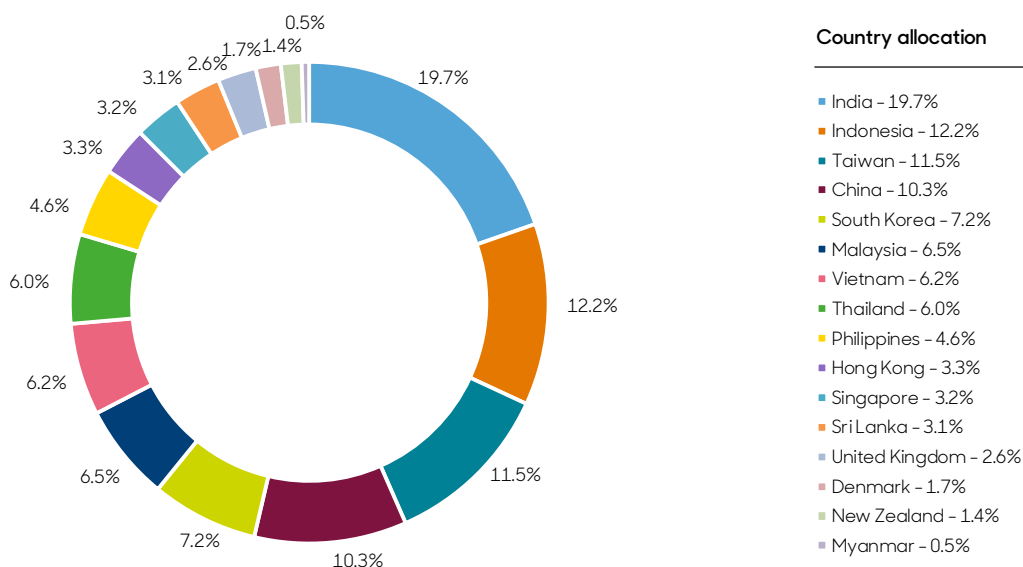
^A Total assets less current liabilities (excluding prior charges such as bank loans) as per the Statement of Financial Position.

^B Considered to be an Alternative Performance Measure (see pages 31 and 32).

Financial Calendar & Geographical Breakdown

CULS Conversion Date	31 May 2024
Financial year end	31 July 2024
Announcement of unaudited half yearly results for the six months ended 31 January 2024	28 March 2024
CULS Conversion Date	30 November 2024
Annual General Meeting (London)	December 2024
Payment of interim dividends	1st Interim 20 December 2023 2nd Interim 21 March 2024 3rd Interim 21 June 2024 4th Interim 20 September 2024

Geographical Breakdown of Portfolio



“The Board is firm in its conviction around Asia's long-term growth story, particularly within the small-cap universe. Your Manager’s disciplined, bottom-up stock picking approach, focused on identifying businesses with durable competitive advantages, healthy balance sheets and significant earnings growth should enable them to compound returns at an attractive rate over the long-term”

Chair's Statement

I am once again pleased to present to shareholders the half-yearly results for abrdn Asia Focus plc (the "Company"). Asian small-caps showed considerable resilience over the period despite continued worries over a potential global recession, with the MSCI AC Asia Pacific ex Japan Small Cap index delivering a total return of 4.5% compared to the wider MSCI AC Asia ex Japan index, which fell 7.3%. This extends the material outperformance of smaller companies in the region over their larger counterparts which over a 5 year period to the end of January 2024, has returned around 53% compared to the large cap index's 11% in total return terms. It is evidence of the inherent potential of the asset class.

Investment Performance

Over the period, the Company's net asset value (NAV) total return per share fell 0.7% in sterling terms, thereby lagging its closest comparator benchmark. In the short term, the active nature of the portfolio can often lead to divergence from the index. The share price total return was down 0.2%, with the discount to NAV narrowing over the period to 14.3% from 14.5% at end December 2023.

The Board is firm in its conviction around Asia's long-term growth story, particularly within the small-cap universe. Your Manager's disciplined, bottom-up stock picking approach, focused on identifying businesses with durable competitive advantages, healthy balance sheets and significant earnings growth should enable them to compound returns at an attractive rate over the long-term.

This is a differentiated portfolio made up of interesting, less well-known companies, often under researched in the market. The active share of the portfolio is 97.5% and the long-term performance of the Company remains impressive. According to the Association of Investment Companies (AIC), as the 25th anniversary of the inception of the Individual Savings Account (ISA) approaches, the Company is ranked third best performing investment trust. Based upon a single investment of the full £7,000 ISA allowance on 6 April 1999, the day ISAs came into existence, with dividends reinvested until 5 March 2024, an investment in the Company's shares would have generated a tax free pot of £273,758.

Revenue and Dividends

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

per share for the period amounted to 3.4p (2023: 4.3p) and revenue from the portfolio continues to comfortably cover the Ordinary dividend, with the shares yielding 2.5%, as of 31 January 2024 (3.5% including special dividends).

Two interim dividends have been paid in the first six months of the Company's financial year. These interim dividends of 1.6p per Ordinary share were paid on 20 December 2023 and 21 March 2024. The Board has set a target dividend of at least 6.41p per Ordinary Share for the financial year ending 31 July 2024. The Board plans to maintain the progressive policy of the last 28 years in order to provide shareholders with a regular dividend and dependable level of income alongside capital growth prospects.

Share Capital Management and Gearing

The Board is pleased to note the current abrdn initiative to reinvest six months' worth of its management fees back into the Company by purchasing shares in the market, in an effort to further align itself with the shareholder base and to demonstrate the significant on-going commitment to its listed closed end funds business which currently ranks third globally.

The Board is conscious that the discount to NAV remains wide and has stepped up share buybacks during the period, in the belief that this is in the best interest of shareholders. During the period the Ordinary shares have traded at an average discount of 15.75% and we have bought back 2,022,500 Ordinary shares in the market at a discount to the prevailing NAV per share (six months to 31 January 2023: nil). The Board will continue to consider the judicious use of share buybacks to both reduce the volatility of any discount and to modestly enhance the NAV per share for shareholders.

The Company's net gearing at 31 January 2024 was 10.3% with the debt provided by the £30 million unsecured Loan Notes 2035 and the £36.6m Convertible Unsecured Loan Stock. The Board is very aware of the 31 May 2025 maturity date for the CULS and is actively considering available options for replacing or retiring that debt. As at 27 March 2024, the latest practicable date, the Company's net gearing stood at 13.4%.

Your Investment Manager

The Board would like to thank Hugh Young for his long service to the Company, which he leaves in good hands: Flavia Cheong, abrdn's Head of Equities, Asia Pacific, Gabriel Sacks and Xin-Yao Ng. Your Manager's extensive on-the-ground coverage, experienced management team, and commitment to delivering long-term value amid the dynamic and varied Asian small-cap universe

should lend confidence in the continued long-term prospects for the Company. Indeed, at a time when many asset managers are making cuts, the Board is very pleased that abrdn has strengthened the investment team in Asia during the reporting period with the recruitment of four new research analysts.

Responsible Investing

While the Company's investment objective does not specifically include environmental, social and governance ("ESG") and the investment process does not exclude exposure to certain industries, your Manager firmly believes that the best companies are also sustainable companies, and hence it integrates a comprehensive assessment of ESG factors into its bottom-up stock picking investment process. Informed and constructive engagement also helps foster better companies, protecting and enhancing the value of the Company's investments.

This is clearly reflected in the carbon footprint of the Company's portfolio, for example, which compares favourably against that of the benchmark. The portfolio's relative carbon intensity (as at 31 December 2023, including scope 1 and 2 emissions) was only 23.3% of the benchmark. Further detailed information can be found in the 31 December 2023 Taskforce on Climate-related Financial Disclosures (TCFD) Report in the Literature section of the Company's website.

Board Composition

I would like to re-iterate my thanks to Randal McDonnell, the Earl of Antrim, who stepped down from the Board at the last AGM and has been a great asset to us with his wise contributions over the last nine years. We also welcome two new Board members, Lucy Macdonald who replaces Randal, and Davina Curling who joined with effect from 1 March 2024 as Senior Independent Director. Both bring considerable investment management experience to the Board.

Outlook

Asia's distinct growth story, with so much untapped potential for long-term investors, remains intact. Asia is projected to contribute more than two thirds of global growth, underscoring its undeniable economic might. Although there may be political uncertainty, with 2024 being a significant year for elections in Asia, you are likely to see relative stability and calm in the largest democracies potentially in stark contrast to the upcoming US presidential elections.

In India, renewed capex, real estate and credit cycles are driving strong economic growth. Should Prime Minister Modi win the upcoming elections in India, he is likely to continue to proceed with his vision for India as a leading global economy. China's post-Covid recovery has not been as smooth nor as fast as hoped, but there are signs of positive momentum including official policy shifts towards domestic demand, while the country's huge consumer base and advances in technology remain pillars of its long-term potential.

South East Asia is often overlooked as a rich source of quality smaller companies. Your Manager continues to regard these countries as beneficiaries of shifting global supply chains with supportive government policies and favourable cost structures, and they also represent a large consumer market of about 700 million people on a combined basis. Vietnam is an emerging powerhouse in apparel and electronics manufacturing and is seeing rapid urbanisation, while Indonesia is gaining traction in areas of the commodity supply chain that creates increasing value for the local economy.

Asia's rising middle classes and advancing technology provide fertile ground for innovative small-cap companies, offering substantial potential for value creation. As ever, your Company is focused on high-quality companies with excellent long-term track records and strong fundamentals, exploring thematic opportunities in structural growth trends like domestic consumption, digitisation and the green energy transition. The future is bright for smaller companies in Asia and we expect that shareholders will benefit from this via their investment in abrdn Asia Focus.



Krishna Shanmuganathan

Chair
27 March 2024

Investment Manager's Review

Overview

Asian small caps posted positive returns over the six month review period whilst proving more resilient than their large-cap peers to a volatile backdrop of concerns around the global economy, geopolitical tensions and US monetary policy developments

Indian small-caps were the best performers by a large margin, boosted by a positive domestic economic backdrop, a buoyant property sector and state election outcomes that strengthened Modi's ruling government. Taiwanese small caps also performed remarkably well, leveraging off the strength of the US technology giants and rising momentum around the development of artificial intelligence (AI). In contrast, small caps in China and Hong Kong were among the heaviest losers, bearing the brunt of consumer and property concerns, together with regulatory noise both domestically and externally, with newsflow around more US trade curbs on its biotech and tech sectors. This was despite targeted policy and liquidity support from the central bank and government.

Portfolio Review

The portfolio underperformed its closest reference benchmark over the review period by 5.2% partly due to the strength of the Indian rally. India is the biggest country position in the portfolio at 19%, though this is less than its weight in the benchmark.

The Indian market is home to many attractive companies with competitive business models, high returns and fantastic long-term growth prospects. We have high conviction in our holdings, which overall performed better than the market average, but we intend to maintain valuation discipline in our purchases. **Prestige Estates** posted solid earnings results with pre-sales growth in its residential projects more than doubling year-on-year. We see the business continuing to cement its position as one of the country's most prominent developers amid a clear trend towards industry consolidation. Engineering and IT services provider **Cyient** continued to execute well with its operating margins expanding on the back of productivity improvements and utilisation gains, along with healthy order flows. Healthcare diagnostics group **Vijaya Diagnostics Centre** also added to relative performance, given its superior delivery against peers both in terms of revenue and profit growth.

Elsewhere, with Chinese consumption recovering slower than expected, sentiment towards local equity markets deteriorated further and valuations de-rated. Electric Vehicle (EV) gear maker **Zhejiang Shuanghuan Driveline** sold-off on concerns over slowing demand for EVs, as did **Sinoma Science & Technology Co**, an advanced materials business involved in the broader renewable energy supply chain. We remain positive on both companies' prospects as we expect Shuanghuan to be a key beneficiary of the trends towards electrification, with customer diversification and potential overseas expansion likely to offset any domestic slowdown in sales. Sinoma, on the other hand, is well-placed to benefit from the growth of wind energy capacity globally, supported by the company's strong technology and research and development capabilities. Renewable energy is a key area of development for the Chinese government and Sinoma has a diversified business that caters to this demand. Some of our other mainland holdings in other sectors also lagged on the back of broader industry concerns. **Joinn Laboratories**, a company that specialises in drug safety evaluation for the pharmaceutical industry, fell alongside the broader healthcare sector. While we are positive on Joinn's leading position in the pre-clinical drug assessment space and its solid financial position, the company has been affected by policy uncertainty and the softer domestic funding environment which has led to slower growth in its order book. It is fair to say that investors are now incorporating a higher risk premium for Chinese equities given uncertainty over the broad direction of government policy and the role of the private sector in the economy. Overall, including companies listed in Hong Kong, our Chinese holdings performed marginally better than the local market.

Meanwhile, from a sectoral perspective, technology was among the best performing sectors through the review period, driven by optimism over AI and a turnaround in the semiconductor cycle. This lifted the tech-heavy market of Taiwan, and our lighter exposure there detracted from portfolio returns. While the market is home to several interesting businesses, particularly in IT, we have been highly selective in our approach and focused on owning only the best-quality small-cap companies that we can find. We are optimistic about the future of technology in Asia and the portfolio is well-positioned to exploit opportunities emerging from the advancement of AI. This includes one of our technology hardware holdings, **Taiwan Union Technology**, which is among the leading suppliers of high-speed copper clad laminates, a core material used for printed circuit boards. The company is seeing a pick-up in orders from AI-related customers which in turn is driving a change in their sales mix towards higher-margin products. Elsewhere in Singapore, on the other hand, semiconductor equipment maker **AEM Holdings**' share price fell after the company indicated that it would adjust its inventory and pre-tax profit downwards for the fourth quarter of 2023. We immediately engaged with the company on this issue and believe it is a one-off incident.

ASEAN is an often overlooked part of the region amid the significant attention given to China and India. But it is nevertheless a rich source of good-quality small-caps. Some of our ASEAN holdings were among the key contributors to performance over the review period. In Indonesia, logistics and supply chain company **AKR Corporindo**, a main player in industrial fuel, was boosted by greater clarity around potential acceleration in land sales in the Java Integrated Industrial and Ports Estate. Elsewhere, our Vietnamese holding, **FPT Corp**, a software services company, continued to deliver impressive earnings. We feature a deeper case study on FPT Corp on page 17.

Since 2022, we no longer have a market cap restriction on new additions to the portfolio though we remain focused on finding smaller companies that are at the bottom quartile of our investible universe. Our intention is to invest in a diversified portfolio of around 50 companies that have an exceptional industry position. To this end, we continue to refresh the portfolio by reducing smaller, legacy positions to those with better growth prospects and clearer earnings visibility.

In the technology sector, for instance, we switched from Korea's Koh Young Technology to Taiwan-based **Chroma ATE**, a strong player that excels in the core power testing industry with high entry barriers, growing exposure to exciting industries like electric vehicles, 3D testing and semiconductors. Similarly, we sold our holding in Taiwan-based manufacturer of bicycle and motorcycle chains KMC Kuei Meng International in favour of better opportunities elsewhere.

Meanwhile, we refined our India positioning by selling out of healthcare company Sanofi India and taking profits on other Indian holdings that have performed well. In their place, we introduced three new holdings with attractive growth prospects. **Aptus Value Housing Finance** offers loans in the affordable housing segment, a growing market with a strong foothold in south India. It fares well against peers in asset quality, loan yields and return ratios, supported by a conservative management team. We also participated in a share placement offered at a considerable discount by **Apar Industries**. Apar produces conductors, specialty oil lubricants and cables primarily to the power industry. We view Apar as a play on the electrification of the Indian economy and rising investment in transmission and renewables globally, with half of its revenues from India and the rest from exports to the US, Europe and Australia. Finally, we invested in **KFin Technologies**, a registrar and transfer agent for local mutual funds that should benefit from deepening capital markets in India. As a duopoly, the industry structure is highly attractive with high barriers to entry and significant growth potential.

Investment Manager's Review

Continued

Elsewhere, in Vietnam we initiated a new holding in **Military Commercial Joint Stock Bank (MBB)**, given its strong profitability metrics, excellent track record in managing asset quality and robust outlook for loan growth. MBB is one of the leading domestic banks in Vietnam and we regard it as well-managed with its prudent culture stemming from its military background, but dynamic enough to innovate and capitalise on opportunities. The bank enjoys a key competitive edge with its lower funding cost, which is a result of its strong brand and quasi state-owned enterprise status. The share prices of banks in Vietnam have generally been weak as a result of an anti-corruption probe in the property sector, which gave us the opportunity to buy a quality franchise at an attractive valuation.

Outlook

The investment climate remains one of sluggish global economic growth, inflationary risks and concerns over the impact of policy moves by major central banks. China continues to be a key source of worry, amid a slow-moving recovery. Against this prevailing uncertain backdrop, the portfolio is well-positioned, exhibiting strong fundamentals and a return profile that should stand it in good stead. Dividend yield, growth and return on equity metrics are higher than the reference benchmark, while the debt-to-equity ratio is comparatively lower also. Our stock-specific insights are derived from our rigorous bottom-up due diligence, backed by our in-house research capabilities and well-resourced team across Asia. The profile of the portfolio also reflects our belief that quality small-cap companies with solid balance sheets and sustainable earnings prospects will emerge stronger in tougher times.

More broadly, we are finding the best opportunities around key structural drivers of growth across Asia. Domestic consumption, especially in the premium segment, is set to grow in line with rising affluence. Infrastructure spending and urbanisation will boost real estate and financials. The rapid advance of all things tech, including AI, means a bright future for both direct and ancillary plays on gaming, internet, fintech, semiconductors and tech services like the cloud and software-as-a-service. ASEAN, meanwhile, has been a winner of the China-plus-one strategy, in which multinationals are moving their supply chains away from China due to geopolitical tensions. Asia is also at the forefront of the green transition with plays on renewable energy, batteries, EVs, its related infrastructure and environmental management. In this context, we see smaller companies as the more direct beneficiaries of some of these key trends, with the portfolio well placed to deliver sustainable returns for shareholders over the long run.



**Gabriel Sacks, Flavia Cheong &
Xin Yao Ng**

abrdn Asia Limited
27 March 2024

Disclosures

Investment Objective and Policy

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, South 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 1216 and 22 of the Annual Report and Financial Statements for the year ended 31 July 2023 and these have not changed.

They can be summarised under the following headings:

- Shareholder and Stakeholder Risk;
- Investment Risk;
- Operational Risk
- Governance & Regulatory risk; and
- Major Events and Geo Political risk.

Macroeconomic risk arising from geo political uncertainty during the year continues to be a significant area of focus for the Board. In addition to the risks listed above, the Board is also very conscious of the risks emanating from increased environmental, social and governance challenges. As climate change pressures mount, the Board continues to monitor, through its Manager, the potential risk that investee companies may fail to keep pace with the appropriate rates of change and adaption. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the 2023 Annual Report.

Disclosures

Continued

Going Concern

The Directors have conducted a thorough review of the Company's ability to continue as a going concern and have also considered the revenue and ongoing expenses forecasts for the current year.

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 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).











Krishna Shanmuganathan

Chair

27 March 2024

Ten Largest Investments

As at 31 January 2024

 <p>Park Systems Corporation</p> <p>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.</p> <p>4.4%</p> <p>Total assets</p>	 <p>Bank OCBC NISP</p> <p>An Indonesian listed banking and financial services company, which is a steady consistent performer backed by healthy asset quality.</p> <p>4.4%</p> <p>Total assets</p>
 <p>AKR Corporindo</p> <p>AKR is one of the main players in industrial fuel in Indonesia, which has a high entry barrier. Its key strength is its extensive infrastructure and logistic facilities throughout the country.</p> <p>3.7%</p> <p>Total assets</p>	 <p>Cyient</p> <p>The Indian company provides engineering and IT services to clients in developed markets, competing primarily on quality of service and cost of delivery.</p> <p>3.6%</p> <p>Total assets</p>
 <p>FPT Corporation</p> <p>FPT is a diversified technology group with a fast-growing software outsourcing business. It also owns a telecoms unit, an electronics retailing company, and has interests in other sectors, such as education.</p> <p>3.4%</p> <p>Total assets</p>	 <p>Aegis Logistics</p> <p>A strong and conservative player in India's gas and liquids logistics sector, with a first mover advantage in key ports and a fair amount of capacity expansion to come. The government's push for the adoption of cleaner energy is also boosting its liquefied natural gas business.</p> <p>3.1%</p> <p>Total assets</p>
 <p>John Keells Holdings</p> <p>A respected and reputable Sri Lanka conglomerate with a healthy balance sheet and good execution, John Keells has a hotels and leisure segment that includes properties in the Maldives. It has other interests in consumer, transportation and financial services.</p> <p>3.0%</p> <p>Total assets</p>	 <p>Prestige Estates Projects</p> <p>Prestige is one of the leading property developers in India with a significant land bank and benefitting from a positive residential upcycle that should still have some years to run. It has a stronghold in Bangalore, India's leading IT hub, but it has also been successful expanding into other top-tier cities.</p> <p>2.9%</p> <p>Total assets</p>
 <p>Mega Lifesciences</p> <p>The Thai group produces, sells and distributes health supplements and pharmaceutical products, mostly in the under-penetrated but fast-growing frontier and emerging markets.</p> <p>2.8%</p> <p>Total assets</p>	 <p>Taiwan Union</p> <p>Taiwan Union Technology Corp is a leading maker of copper clad laminate (CCL), a key base material used to make printed circuit boards. With a strong commitment to R&D, it has moved up the value chain through the years.</p> <p>2.7%</p> <p>Total assets</p>

Overview

Portfolio

Financial Statements

General Information

Portfolio

As at 31 January 2024

Company	Industry	Country	Valuation £'000	Total assets %
Park Systems Corporation	Electronic Equipment, Instruments & Components	South Korea	23,911	4.4
Bank OCBC NISP	Banks	Indonesia	23,520	4.4
AKR Corporindo	Oil, Gas & Consumable Fuels	Indonesia	19,726	3.7
Cyient	IT services	India	19,452	3.6
FPT Corporation	IT Services	Vietnam	18,568	3.4
Aegis Logistics	Oil, Gas & Consumable Fuels	India	16,707	3.1
John Keells Holdings	Industrial Conglomerates	Sri Lanka	16,286	3.0
Prestige Estates Projects	Real Estate Management & Development	India	15,651	2.9
Mega Lifesciences (Foreign)	Pharmaceuticals	Thailand	14,845	2.8
Taiwan Union	Electronic Equipment, Instruments & Components	Taiwan	14,717	2.7
Top ten investments			183,383	34.0
Nam Long Invest Corporation	Real Estate Management & Development	Vietnam	13,515	2.5
M.P. Evans Group	Food Products	United Kingdom	13,392	2.5
LEENO Industrial	Semiconductors & Semiconductor Equipment	South Korea	13,224	2.5
Sporton International	Professional Services	Taiwan	13,022	2.4
Affle India	Media	India	12,276	2.3
Cebu	Real Estate Management & Development	Philippines	12,209	2.3
Asian Terminals	Transportation Infrastructure	Philippines	11,601	2.2
Precision Tsugami China	Machinery	China	11,477	2.1
AEM Holdings	Semiconductors & Semiconductor Equipment	Singapore	10,926	2.0
Medikaloka Hermina	Health Care Providers & Services	Indonesia	10,763	2.0
Top twenty investments			305,788	56.8

As at 31 January 2024

Company	Industry	Country	Valuation £'000	Total assets %
Autohome – ADR	Interactive Media & Services	China	10,270	1.9
Dah Sing Financial	Banks	Hong Kong	10,106	1.9
Ultrajaya Milk Industry & Trading	Food Products	Indonesia	9,510	1.8
Oriental Holdings	Automobiles	Malaysia	9,107	1.7
Hana Microelectronics (Foreign)	Electronic Equipment, Instruments & Components	Thailand	9,043	1.7
Vijaya Diagnostic Centre	Health Care Providers & Services	India	9,037	1.7
UIE	Food Products	Denmark	8,857	1.6
ChaCha Food – A	Food Products	China	8,761	1.6
Sinoma Science & Technology – A	Chemicals	China	8,608	1.6
Apar Industries	Industrial Conglomerates	India	8,541	1.5
Top thirty investments			397,628	73.8
Zhejiang Shuanghuan Driveline – A	Auto Components	China	7,888	1.5
Chroma ATE	Electronic Equipment, Instruments & Components	Taiwan	7,883	1.5
Sunonwealth Electric Machinery Industry	Machinery	Taiwan	7,776	1.4
Millenium & Copthorne Hotels New Zealand (A)	Hotels, Restaurants & Leisure	New Zealand	7,445	1.4
AEON Credit Service (M)	Consumer Finance	Malaysia	7,246	1.4
United Plantations	Food Products	Malaysia	7,227	1.3
Joinn Laboratories China – H	Life Sciences Tools & Services	China	6,685	1.2
CE Info Systems	Software	India	6,271	1.2
MOMO.com	Broadline Retail	Taiwan	6,107	1.1
Pentamaster International	Semiconductors & Semiconductor Equipment	Malaysia	6,061	1.1
Top forty investments			468,217	86.9

Portfolio

Continued

As at 31 January 2024

Company	Industry	Country	Valuation £'000	Total assets %
Syngene International	Life Sciences Tools & Services	India	5,914	1.1
KFin Technologies	Capital Markets	India	5,744	1.1
SINBON Electronics	Electronic Equipment, Instruments & Components	Taiwan	5,298	1.0
Andes Technology	Semiconductors & Semiconductor Equipment	Taiwan	4,938	0.9
Kerry Logistics	Air Freight & Logistics	Hong Kong	4,146	0.8
Thai Stanley Electric (Foreign)	Auto Components	Thailand	3,503	0.7
Shangri-La Hotels Malaysia	Hotels, Restaurants & Leisure	Malaysia	2,989	0.6
Convenience Retail Asia	Consumer Staples Distribution	Hong Kong	2,963	0.5
Aptus Value Housing Finance	Financial Services	India	2,941	0.5
Credit Bureau Asia	Professional Services	Singapore	2,851	0.5
Top fifty investments			509,504	94.6
Bukit Sembawang Estates	Real Estate Management & Development	Singapore	2,812	0.5
Tisco Financial (Foreign)	Banks	Thailand	2,765	0.5
Yoma Strategic	Real Estate Management & Development	Myanmar	2,719	0.5
Manulife	Insurance	Malaysia	1,320	0.3
Humanica (Foreign)	Professional Services	Thailand	794	0.2
First Sponsor Group (Warrants 21/03/2029)	Real Estate Management & Development	Singapore	223	-
Military Commercial Joint Stock Bank	Banks	Vietnam	123	-
AEON Stores Hong Kong	Multiline Retail	Hong Kong	98	-
First Sponsor Group (Warrants 30/05/2024)	Real Estate Management & Development	Singapore	-	-
G3 Exploration	Oil, Gas & Consumable Fuels	China	-	-
Total investments			520,358	96.6
Net current assets			18,178	3.4
Total assets^B			538,536	100.0

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

^B Total assets less current liabilities.

Investment Case Studies



Prestige Estates (India)

In which year did we first invest?

April, 2019

How has Prestige Estates done since we invested in it?

Since we invested in it on April 2019, the share price of Prestige Estates has risen close to about 340% in GBP terms (total returns), compared to the MSCI AC Asia ex Japan Small Cap Index's gain of about 47%.

% Holding:

2.92%

Where is their head office?

Bengaluru, Karnataka, India

What is their web address?

prestigeconstructions.com

What does the company do?

It is a leading South Indian developer with a good reputation for executing and completing projects, covering segments such as residential, commercial, retail, hospitality and property management.

Why do we like the company?

We regard Prestige Estates as a quality developer with a strong track record of residential housing development and a growing investment property portfolio. Founded in 1986, the group has completed more than 290 projects through the years. It has continued to show decent growth in pre-sales, completions, launches and rental income. Having been a leading player in South India, Prestige is looking to drive growth by diversifying from its base in Bangalore to other parts of India, such as Mumbai and New Delhi. Its expansion strategy has been sensible, as it is opting to add new projects through tie-ups with developers in other regions.

Investment Case Studies

Continued

Prestige has more than 150 million sq ft of real estate space in its pipeline and around a quarter of this is in locations outside south India. Its most recent updates have highlighted a new asset creation cycle as the company is planning an aggressive scaling up across all its business segments over the next five years, including the rebuilding of its office and shopping mall pipeline. Capital discipline is key and we closely monitor how the company has been executing its plans so that it does not compromise its balance sheet, albeit operating cash flows have been strong and pre-sales momentum remains positive. There is also support from a substantial improvement in the company's liquidity position, following a spin-off of assets to Blackstone and a stake sale in one of its office blocks.

More broadly, the government's bold housing programme is taking shape with affordable homes being built across the country, while sector reform such as the Real Estate (Regulation and Development) Act (RERA) has triggered large-scale consolidation in the industry, with the strongest impact on the residential segment. We expect good quality developers with strong balance sheets and brands, such as Prestige Estates, to benefit the most. The consolidation theme is happening at pace with Prestige getting good land deals from banks offloading their assets. We also see urbanisation and population growth, combined with increasing disposable income and the increase in nuclear families, as fuelling the overall demand for housing over the longer term.

When did we last engage Prestige on ESG?

We last met Prestige in June 2023.

What were the key areas of engagement?

We have been engaging Prestige on its environmental impact, including efforts in green building and water management. We also continue to engage with management around its board composition and gaps in skillsets, as well as employee welfare and improvements in disclosure.

What is the result of our engagement?

Prestige Estates has yet to have an MSCI ESG rating, but we are encouraged by the company's efforts towards a greener planet. The company is committed to designing and delivering assets with "green building" certification, while also incorporating water conservation and waste recycling. For instance, the company has installed rainwater harvesting mechanisms at all its project locations. Compared with conventional buildings, overall Prestige has conserved more than 30% of water in its portfolio of green buildings. Its freshwater consumption also fell by 19% in FY2022. The company also recycled 22% of its overall waste in FY2023.

As for the social aspect, in terms of talent management, Prestige uses online learning resources to enhance the skills of its workforce, with a learning platform that has videos, articles, podcasts and TED Talks on various topics and interests. In addition, it has in place an employee well-being policy and Prevention of Sexual Harassment policy that applies to all employees. We have also seen some progress in corporate governance. Independent representation on the board of directors is about 56%, while Prestige increased the number of female directors on the nine-member board to two in FY2020 from one previously.

When do we next meet the company and what will be on the ESG agenda?

We plan to meet Prestige in mid-2024 for a business update and to check on progress on the material ESG issues highlighted above.

FPT Corporation

In which year did we first invest?

2019

How has FPT Corp done since we invested in it?

Since we invested in it on 5 April 2019, the share price of FPT Corp has risen close to 350% in GBP terms (total returns), compared to the MSCI AC Asia Pacific ex Japan Small Cap Index's gain of about 44%.

% Holding:

3.44%

Where is their head office?

Hanoi, Vietnam

What is their web address?

FPT.com

What does the company do?

FPT is the biggest technology and IT services group in Vietnam with three core businesses in IT services, telecommunications, as well as education and investment.

Why do we like the company?

FPT exemplifies the type of company that we like. Despite operating in what is still deemed to be a frontier market, FPT has been entrepreneurial in capitalising on growth opportunities while at the same time demonstrating prudence in building diversified revenue streams without compromising its balance sheet. A number of the company's original founders remain core shareholders and are highly involved in the business and we believe they deserve credit for their vision, execution and transparency with investors. We also like the governance structure that has been put in place where key management personnel rotate across the different divisions and develop a deep understanding of each business before joining the board.

FPT's technology arm is the key driver of its revenue and profits. Their IT services division has become a global business and saw its revenue top US\$1 billion for the first time in 2023 on the back of rising demand for digital transformation. FPT originally found its niche in serving Japanese multinationals but has been successful in growing its client base elsewhere in the Asia-Pacific, US and European Union. The company aims to be in the top 50 global leading digital transformation (DX) solutions and services providers by 2030, with a revenue target of US\$5 billion, and it has been instrumental in putting Vietnam on the map for technology outsourcing services.

The industry is attractive with structural growth tailwinds and a huge market. FPT believes demand growth will ride on new technologies, such as cloud, AI, big data analytics and robotic process automation. Most recently, it acquired an 80% stake in AOSIS, a French IT consulting firm, that will increase its customer base and improve its capabilities in offering solutions to the aerospace, aviation and logistics sectors. It also launched its automotive technology subsidiary FPT Automotive in Texas in the US, in view of rising global demand for software-defined vehicles (SDVs).

Across its other businesses, the education segment is the most profitable and management expects this division to continue to deliver consistently strong revenue growth. Most of the software engineers in Vietnam hail from FPT's university, which also offers synergies with its broader IT business. Elsewhere, its telecom business is stable and defensive, supported by growth in broadband services.

This should provide a good buffer and healthy cash-flows in times of weak macroeconomic conditions.

The group is generally well aligned with the growth story of Vietnam. Investments are flowing into higher-tech sectors, while the population is becoming more educated and productive. The country is also gaining in importance as an alternative production base amid the diversification of global supply chains on the back of geopolitics. It is emerging as a manufacturing powerhouse, especially in textiles, electronics, and footwear, with competitive labour costs among its key competitive advantages. As one of the country's leading conglomerates and most forward-thinking enterprises, FPT is well-placed to benefit from these trends and capitalise on emerging business opportunities, such as the development of local datacentre capabilities or semiconductor manufacturing.

When did we last engage FPT on ESG?

We last met FPT in May 2023.

What were the key areas of engagement?

We view cybersecurity, talent management and the company's broader environmental impact as some of the material risks for the company. As such, we continue to engage with management around better disclosure on data privacy, employee welfare – given the stiff competition for tech talent – as well as the setting of targets to track its progress around its carbon footprint and renewable energy mix.

Investment Case Studies

Continued



What is the result of our engagement?

Although FPT has yet to set up an ESG board committee, the company has implemented ESG initiatives for its business sustainability. It has also started to embed its ESG reporting within its annual reports from 2021. The board approves ESG policies, with specific goals established and then cascaded down to the subsidiary level. It also oversees the implementation of sustainable goals.

FPT's environmental record is clean. FPT has fully complied with waste and emissions management regulations, with no related violations recorded in the 30 years since its establishment. However, FPT has not set any trackable carbon emissions reduction or renewable energy targets. That said, it is working to increase the use of renewable energy, such as solar, as well as ground water and rain water in its buildings. FPT Complex Danang, for instance, has been awarded the EDGE by the World Bank for reducing energy, water and material usage by 20%. We are also urging the company to track its carbon footprint better.

Meanwhile, cybersecurity and talent management are key areas of focus. Given that cybersecurity is a major operating risk, FPT has developed cybersecurity products such as CyRadar and FPT. EagleEye to supplement outsourced systems. However, disclosures about data privacy and cybersecurity are limited, and we continue to engage with the company on better transparency.

In talent management, we think the company has done a good job in managing employee welfare so far. FPT also maintains good diversity in its workforce. Female employees accounted for 38.1% in 2022 vs 36.1% in 2017. At the executive level, women made up 34.6%.

FPT has one of the most developed board structures in Vietnam. Its seven-member board has three independent directors and one female. Inside shareholders and major shareholders hold only 17.8% and 12.8% stake respectively. In response to shareholders' feedback, FPT changed auditor to PwC from Deloitte in 2021.

While MSCI has yet to rate FPT Corp for its ESG standards, overall we regard the company as a good ESG stewardship example in Vietnam.

When do we next meet the company and what will be on the ESG agenda?

We plan to meet FPT in the first half of 2024 to discuss its business and progress on the material ESG issues highlighted above.

Condensed Statement of Comprehensive Income (unaudited)

	Notes	Six months ended 31 January 2024			Six months ended 31 January 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments		-	(5,499)	(5,499)	-	9,989	9,989
Income	2	6,989	-	6,989	8,162	-	8,162
Exchange losses		-	(337)	(337)	-	(181)	(181)
Investment management fees		(377)	(1,131)	(1,508)	(376)	(1,128)	(1,504)
Administrative expenses		(714)	-	(714)	(601)	(16)	(617)
Net return before finance costs and taxation		5,898	(6,967)	(1,069)	7,185	8,664	15,849
Finance costs		(249)	(746)	(995)	(252)	(755)	(1,007)
Net return before taxation		5,649	(7,713)	(2,064)	6,933	7,909	14,842
Taxation	3	(362)	(3,118)	(3,480)	(249)	(588)	(837)
Net return after taxation		5,287	(10,831)	(5,544)	6,684	7,321	14,005
Return per share (pence)	4						
Basic		3.40	(6.96)	(3.56)	4.26	4.66	8.92
Diluted		3.20	(6.28)	(3.08)	3.99	4.44	8.43

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

There is no other comprehensive income and therefore the net return after taxation is also the total comprehensive income for the 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 2024 £'000	As at 31 July 2023 £'000
Fixed assets			
Investments at fair value through profit or loss		520,358	549,672
Current assets			
Debtors and prepayments		2,133	2,237
Cash and cash equivalents		17,812	5,807
		19,945	8,044
Creditors: amounts falling due within one year			
Other creditors		(1,767)	(1,250)
Net current assets		18,178	6,794
Total assets less current liabilities		538,536	556,466
Non-current liabilities			
2.25% Convertible Unsecured Loan Stock 2025	7	(36,276)	(36,175)
3.05% Senior Unsecured Loan Note 2035	6	(29,902)	(29,898)
Deferred tax liability on Indian capital gains		(5,857)	(4,609)
		(72,035)	(70,682)
Net assets		466,501	485,784
Capital and reserves			
Called up share capital	8	10,436	10,435
Capital redemption reserve		2,062	2,062
Share premium account		60,464	60,441
Equity component of 2.25% Convertible Unsecured Loan Stock 2025	7	1,057	1,057
Capital reserve		377,145	393,238
Revenue reserve		15,337	18,551
Equity shareholders' funds		466,501	485,784
Net asset value per share (pence)	9		
Basic		302.05	310.49
Diluted		301.18	308.93

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

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 January 2024

	Notes	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 2023		10,435	2,062	60,441	1,057	393,238	18,551	485,784
Conversion of 2.25% Convertible Unsecured Loan Stock 2025	8	1	-	23	-	-	-	24
Return after taxation		-	-	-	-	(10,831)	5,287	(5,544)
Return of Ordinary shares for treasury	8	-	-	-	-	(5,262)	-	(5,262)
Dividends paid	5	-	-	-	-	-	(8,501)	(8,501)
Balance at 31 January 2024		10,436	2,062	60,464	1,057	377,145	15,337	466,501

Six months ended 31 January 2023

	Notes	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 2022		10,435	2,062	60,428	1,057	375,450	14,964	464,396
Conversion of 2.25% Convertible Unsecured Loan Stock 2025	8	-	-	6	-	-	-	6
Return after taxation		-	-	-	-	7,321	6,684	14,005
Dividends paid	5	-	-	-	-	-	(7,533)	(7,533)
Balance at 31 January 2023		10,435	2,062	60,434	1,057	382,771	14,115	470,874

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

Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 January 2024 £'000	Six months ended 31 January 2023 £'000
Cash flows from operating activities		
Return before finance costs and tax	(1,069)	15,849
Adjustments for:		
Dividend income	(6,735)	(8,125)
Interest income	(109)	(37)
Dividends received	6,075	8,260
Interest received	121	37
Interest paid	(870)	(871)
Losses/(gains) on investments	5,499	(9,989)
Foreign exchange movements	337	181
Increase in prepayments	(2)	(8)
Decrease in other debtors	20	10
Increase/(decrease) in other creditors	74	(975)
Overseas withholding tax suffered	(2,258)	(297)
Net cash inflow from operating activities	1,083	4,035
Cash flows from investing activities		
Purchase of investments	(46,982)	(28,361)
Sales of investments	71,833	24,739
Net cash inflow/(outflow) from investing activities	24,851	(3,622)
Cash flows from financing activities		
Equity dividends paid	(8,501)	(7,533)
Buyback of Ordinary shares	(5,091)	-
Net cash outflow from financing activities	(13,592)	(7,533)
Increase/(decrease) in cash and cash equivalents	12,342	(7,120)
Analysis of changes in cash and short term deposits		
Opening balance	5,807	9,471
Increase/(decrease) in cash and cash equivalents	12,342	(7,120)
Foreign exchange movements	(337)	(181)
Closing balance	17,812	2,170
Represented by:		
Money market funds	11,432	-
Cash and short term deposits	6,380	2,170
	17,812	2,170

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

Notes to the Financial Statements

For the six months ended 31 January 2024

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 July 2022 (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.

2. Income

	Six months ended 31 January 2024 £'000	Six months ended 31 January 2023 £'000
Income from investments		
Overseas dividends	6,514	7,914
UK dividend income	221	211
	6,735	8,125
Other income		
Deposit interest	111	37
Interest from money market funds	143	-
	254	37
Total income	6,989	8,162

3. 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.

Notes to the Financial Statements

Continued

4. Return per share

	Six months ended 31 January 2024	Six months ended 31 January 2023
	p	p
Basic		
Revenue return	3.40	4.26
Capital return	(6.96)	4.66
Total return	(3.56)	8.92

The figures above are based on the following:

	£'000	£'000
Revenue return	5,287	6,684
Capital return	(10,831)	7,321
Total return	(5,544)	14,005
Weighted average number of shares in issue^A	155,633,556	156,954,206

	Six months ended 31 January 2024	Six months ended 31 January 2023
	p	p
Diluted^B		
Revenue return	3.20	3.99
Capital return	(6.28)	4.44
Total return	(3.08)	8.43

The figures above are based on the following:

	£'000	£'000
Revenue return	5,376	6,753
Capital return	(10,563)	7,529
Total return	(5,187)	14,282
Number of dilutive shares	12,499,408	12,505,379
Diluted shares in issue^{AB}	168,132,964	169,459,585

^A Calculated excluding shares held in treasury.

^B The calculation of the diluted total, revenue and capital returns per Ordinary share is carried out in accordance with IAS 33, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 2.25% Convertible Unsecured Loan Stock 2025 (CULS). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 12,499,408 (31 January 2023 – 12,505,379) to 168,132,964 (31 January 2023 – 169,459,585) Ordinary shares.

For the six months ended 31 January 2024 the assumed conversion for potential Ordinary shares was dilutive to the revenue return per Ordinary share (31 January 2023 – dilutive) and non-dilutive to the capital return per Ordinary share (31 January 2023 – dilutive). Where dilution occurs, the net returns are adjusted for interest charges and issue expenses relating to the CULS (31 January 2024 – £357,000; 31 January 2023 – £277,000). Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted.

5. Dividends

	Six months ended 31 January 2024 £'000	Six months ended 31 January 2023 £'000
Special dividend for 2023 – 2.25p (2022 – 1.6p)	3,498	2,511
Interim dividend for 2023 – 1.61p (2022 – 1.6p)	2,515	2,511
Interim dividend for 2024 – 1.6p (2023 – 1.6p)	2,488	2,511
	8,501	7,533

6. 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 2024 was £27,070,000, the value being based on a comparable quoted debt security.

Notes to the Financial Statements

Continued

7. 2.25% Convertible Unsecured Loan Stock 2025 ("CULS")

	Nominal £'000	Liability component £'000	Equity component £'000
Balance at beginning of period	36,629	36,175	1,057
Conversion of CULS into Ordinary shares	(24)	(24)	-
Notional interest on CULS	-	77	-
Amortisation of issue expenses	-	48	-
Balance at end of period	36,605	36,276	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 293.0p nominal of CULS. Interest is paid on the CULS on 31 May and 30 November each year.

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 2024 the holders of £24,012 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 £24,012 (31 July 2023 - £12,753) nominal amount of CULS into 8,191 (31 July 2023 - 4,347) Ordinary shares.

As at 31 January 2024, there was £36,605,647 (31 July 2023 - £36,629,659) nominal amount of CULS in issue.

8. Called-up share capital

During the six months ended 31 January 2024 2,022,500 Ordinary shares were bought back to be held in treasury at a total cost of £5,262,000 (31 January 2023 - £nil). During the six months ended 31 January 2024 an additional 8,191 (31 July 2023 - 4,347) Ordinary shares were issued after £24,012 nominal amount of 2.25% Convertible Unsecured Loan Stock 2025 were converted at 293.0p each (31 July 2023 - £12,753). The total consideration received was £nil (31 July 2023 - £nil). At the end of the period there were 208,710,759 (31 July 2023 - 208,702,568) Ordinary shares in issue, of which 54,267,090 (31 July 2023 - 52,244,590) were held in treasury.

Subsequent to the period end, 495,000 Ordinary shares have been bought back to be held in treasury at a cost of £1,297,000.

9. Net asset value per share

	As at 31 January 2024	As at 31 July 2023
Basic		
Net assets attributable	£466,501,000	£485,784,000
Number of shares in issue ^A	154,443,669	156,457,978
Net asset value per share	302.05p	310.49p
Diluted^B		
Net assets attributable	£502,776,000	£521,959,000
Number of shares	166,937,064	168,959,568
Net asset value per share	301.18p	308.93p

^A Excludes shares in issue held in treasury.

^B The diluted net asset value per Ordinary share has been calculated on the assumption that £36,605,647 (31 July 2023 – £36,629,659) 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") are converted at 293.0p per share, giving a total of 166,937,064 (31 July 2023 – 168,959,568) Ordinary shares. Where dilution occurs, the net assets are adjusted for items relating to the CULS.

Net asset value per share – debt converted. In accordance with the Company's understanding of the current methodology adopted by the AIC, convertible financial instruments are deemed to be 'in the money' if the cum income net asset value ("NAV") exceeds the conversion price of 293.0p per share. In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 January 2024 the cum income NAV was 302.07p and thus the CULS were 'in the money' (31 July 2023 – same).

10. 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 2024 £'000	Six months ended 31 January 2023 £'000
Purchases	49	49
Sales	131	61
	180	110

Notes to the Financial Statements

Continued

11. Analysis of changes in net debt

	At 31 July 2023 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2024 £'000
Cash and cash equivalents	5,807	(337)	12,342	-	17,812
Debt due after more than one year	(70,682)	-	-	(1,353)	(72,035)
	(64,875)	(337)	12,342	(1,353)	(54,223)

	At 31 July 2022 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2023 £'000
Cash and cash equivalents	9,471	(181)	(7,120)	-	2,170
Debt due within one year	(68,516)	-	-	(662)	(69,178)
	(59,045)	(181)	(7,120)	(662)	(67,008)

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.

12. 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 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	505,249	-	12,209	517,458
Quoted preference shares	-	-	2,677	2,677
Quoted warrants	-	223	-	223
Net fair value	505,249	223	14,886	520,358

As at 31 July 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	536,515	-	9,958	546,473
Quoted preference shares	-	-	2,835	2,835
Quoted warrants	-	247	117	364
Net fair value	536,515	247	12,910	549,672

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.

	Six months ended 31 January 2024 £'000	Year ended 31 July 2023 £'000
Level 3 Financial assets at fair value through profit or loss		
Opening fair value	12,910	9,664
Transfer from level 2	-	2,952
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
- assets held at the end of the year	1,976	294
Closing balance	14,886	12,910

At the period end, the Company's investee, CEBU Holdings was awaiting final regulatory approval to merge with another company, Ayala Land, and new shares are expected to be issued in Ayala Land in due course to satisfy the transaction by a share conversion. The valuation methodology employed is based on the underlying quoted price of Ayala Land and the implied conversion ratio providing a value of £12,209,000 (31 July 2023 – £9,958,000). Subsequent to the period, final regulatory approval was received and the Company's holding in CEBU merged into Ayala Land, which is classified as a Level 1 asset.

Notes to the Financial Statements

Continued

13. Related party disclosures

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. 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. During the period £1,508,000 (31 January 2023 – £1,504,000) of investment management fees were charged, with a balance of £510,000 (31 January 2023 – £990,000) being payable to aFML at the period end. Investment management fees are charged 25% to revenue and 75% to capital.

The Company also has a management agreement with aFML for the provision of both administration and promotional activities services. 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 £119,000 (31 January 2023 – £105,000). During the period £60,000 (31 January 2023 – £52,000) of fees were charged, with a balance of £60,000 (31 January 2023 – £52,000) payable to aFML at the period end. The promotional activities costs are based on a current annual amount of £219,000 (31 January 2023 – £219,000), payable quarterly in arrears. During the period £110,000 (31 January 2023 – £128,000) of fees were charged, with a balance of £128,000 (31 January 2023 – £128,000) being payable to aFML at the period end.

14. 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.

15. 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 2023 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 financial statements.

16. This Half-Yearly Report was approved by the Board and authorised for issue on 27 March 2024.

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 2024	31 July 2023
NAV per Ordinary share (p)	a	301.18	308.93
Share price (p)	b	258.00	264.00
Discount	(a-b)/a	14.3%	14.5%

Net gearing

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

		31 January 2024	31 July 2023
Borrowings (£'000)	a	66,178	66,073
Cash and cash equivalents (£'000)	b	17,812	5,807
Amounts due to brokers (£'000)	c	445	-
Amounts due from brokers (£'000)	d	583	1,343
Shareholders' funds (£'000)	e	466,501	485,784
Net gearing	(a-b+c-d)/e	10.3%	12.1%

Alternative Performance Measures ("APMs")

Continued

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average published daily net asset values with debt at fair value throughout the year. The ratio as at 31 January 2024 is based on forecast ongoing charges for the year ending 31 July 2024.

	31 January 2024	31 July 2023
Investment management fees (£'000)	3,016	3,012
Administrative expenses (£'000)	1,324	1,328
Less: non-recurring charges (£'000) ^A	(23)	(67)
Ongoing charges (£'000)	4,317	4,273
Average net assets (£'000)	472,964	462,127
Ongoing charges ratio	0.91%	0.92%

^A Professional fees comprising corporate and legal fees considered unlikely to recur.

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

Total return

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

Six months ended 31 January 2024		NAV	Share Price
Opening at 1 August 2023	a	308.93p	264.00p
Closing at 31 January 2024	b	301.18p	258.00p
Price movements	$c=(b/a)-1$	-2.5%	-2.3%
Dividend reinvestment ^A	d	1.8%	2.1%
Total return	$c+d$	-0.7%	-0.2%

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

NAV total return from inception (19 October 1995) to		31 January 2024	31 July 2023
Opening NAV	a	20.00p	20.00p
Closing NAV	b	301.18p	308.93p
Price movements	$c=(b/a)-1$	1405.9%	1444.7%
Dividend reinvestment ^A	d	872.8%	838.9%
Total return	c+d	+2278.7%	+2283.6%

^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.com).

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

LinkedIn: [abrdn Investment Trusts](https://www.linkedin.com/company/abrdn-investment-trusts)

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



AIFMD

The Company has appointed abrdn 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.

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 and end the call.

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.

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

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

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

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

In June 2023, abrdn notified existing investors in the abrdn Investment Trusts ISA, Share Plan and Investment Plan for Children that these plans would be closing in December 2023. The Plans are no longer open to new investors.

Platform Providers

Platforms featuring abrdn Asia Focus plc as well as other abrdn managed investment trusts include:

- interactive investor: www.ii.co.uk/investment-trusts (an abrdn group company)
- AJ Bell: www.ajbell.co.uk/markets/investment-trusts
- Barclays Smart Investor: www.barclays.co.uk/smart-investor
- Charles Stanley Direct: www.charles-stanley-direct.co.uk
- Fidelity: www.fidelity.co.uk
- Halifax: www.halifax.co.uk/investing
- Hargreaves Lansdown: www.hl.co.uk/shares/investment-trusts

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

Flexibility

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

Costs and service

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

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

Yes, you should be able to exercise your right to vote by contacting your platform provider. Procedures differ, but some platforms will automatically alert you when new statutory documents are available and then allow you to vote online. Others will require you to contact them to vote. Your chosen platform provider will provide further guidance. The Association of Investment Companies has provided information on how to vote investment company shares held on some of the major platforms. This information can be found at: www.theaic.co.uk/how-to-vote-your-shares.

Discretionary Private Client Stockbrokers

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

Independent Financial Advisers

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

Regulation of Stockbrokers

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

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

Getting advice

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

How to Invest in abrdn Asia Focus plc

Continued

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 on pages 34 to 36 has been Issued by abrdn Investments Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. abrdn Investments Limited is entered on the Financial Services Register under registration number 121891

Contact Addresses

Directors

Krishna Shanmuganathan, Chair
Charlotte Black
Davina Curling (*appointed 1 March 2024*)
Lindsay Cooper
Alex Finn
Lucy Macdonald (*appointed 5 December 2023*)

Registered in England as an Investment Company

Registration Number 03106339

Manager

abrdrn Asia Limited
7 Straits View
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Singapore 018936

Alternative Investment Fund Manager*

abrdrn Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority

280 Bishopsgate
London EC2M 4AG
(* appointed as required by EU Directive 2011/61/EU)

Secretaries and Registered Office

abrdrn Holdings Limited
280 Bishopsgate
London
EC2M 4AG

Registrars

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Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday
(excluding bank holidays)
shareview.co.uk

Stockbrokers

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Solicitors

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9 Haymarket Square
Edinburgh EH3 8RY

Independent Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street,
Glasgow G2 7EQ

CULS Trustee

The Law Debenture Corporation p.l.c.
8th Floor, 100 Bishopsgate
London EC2N 4AG

Depository

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

Website

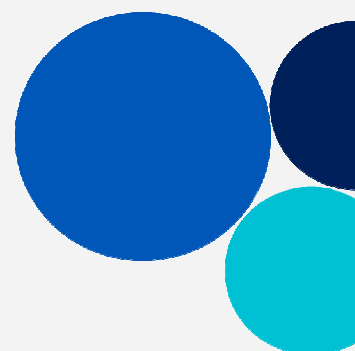
asia-focus.co.uk

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

5ITCFT.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

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

Five-Year Performance Linked Tender

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

Comparative Index

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 abrdrn Fund Managers Limited ("aFML") which is authorised and regulated by the Financial Conduct Authority. Day to day management of the portfolio is delegated to abrdrn Asia Limited ("abrdrn Asia", the "Manager" or the "Investment Manager"). aFML and abrdrn Asia are wholly owned subsidiaries of abrdrn plc.

CULS Conversion Date

The 2.25% Convertible Unsecured Loan Stock 2025 was originally issued on 29 May 2018. The CULS is convertible at any time during the periods of 28 days ending on 30 November and 31 May in each year from November 2018 to May 2025 (each such period and any other period during which Conversion Rights may be exercised being a "Conversion Period") on the basis of 293.0p nominal of CULS for one Ordinary share of 5p. Conversion requests must be received by 5.00 p.m. on the last day of the relevant Conversion Period (each such last day being a "Conversion Date" and the Conversion Date falling on 31 May 2025 or Final Repayment Date being the "Final Conversion Date").

For more information visit asia-focus.co.uk

abrdrn.com