abrdn Asia Focus plc

Half Yearly Report 31 January 2025

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

asia-focus.co.uk

Contents

"Your Company's share price delivered +8.8% while the net asset value ('NAV' diluted) grew by 7.1% in sterling terms, both on a total return basis including the reinvestment of dividends. This compared very favourably to the MSCI AC Asia ex Japan Small Cap Index's total return of -1.9% in sterling terms and the larger cap MSCI AC Asia ex Japan Index's total return of 6.4%.

Krishna Shanmuganathan, Chair

Performance Highlights

Net asset value total return (diluted)[AB]	
Six months ended 31 January 2025	
+7.1%	
Year ended 31 July 2024	+7.9%

Net Asset Value per share (diluted)	
As at 31 January 2025	
342.9p	
As at 31 July 2024	324.3p

Share price total return[A]	
Six months ended 31 January 2025	
+8.8%	
Year ended 31 July 2024	+8.8%

Share price	
As at 31 January 2025	
298.0p	
As at 31 July 2024	278.0p

MSCI AC Asia ex Japan Small Cap Index total return[C]	
Six months ended 31 January 2025	
–1.9%	
Year ended 31 July 2024	+14.1%

Total assets	
As at 31 January 2025	
£559.2m	
As at 31 July 2024	£542.5m

Net asset value total return since inception (diluted)[ABD]	
To 31 January 2025	
+2670.0%	
To 31 July 2024	+2472.6%

Discount to net asset value[AB]	
As at 31 January 2025	
13.1%	
As at 31 July 2024	14.3%

[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.
[D] Inception being 19 October 1995.

Financial Calendar & Geographical Breakdown

FINAL CULS Conversion Date	**31 May 2025**
Financial year end	**31 July 2025**
Announcement of unaudited half yearly results for the six months ended 31 January 2025	**31 March 2025**
Annual General Meeting (London)	**December 2025**
Payment of interim dividends	**1st Interim 20 December 2024** **2nd Interim 24 March 2025** **3rd Interim 23 June 2025** **4th Interim 22 September 2025**

Financial Highlights

Capital values	31 January 2025	31 July 2024	% change
Total assets less current liabilities[A]	**£595,663,000**	£578,825,000	+2.9
Net asset value per share (basic)	**347.13p**	326.94p	+6.2
Net asset value per share (diluted)	**342.93p**	324.26p	+5.8
Share price (mid market)	**298.00p**	278.00p	+7.2
Discount to net asset value (basic)[B]	**14.2%**	15.0%	
Discount to net asset value (diluted)[B]	**13.1%**	14.3%	
Net gearing[B]	**10.0%**	10.4%	
Ongoing charges ratio[B]	**0.88%**	0.89%	

[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).

Why choose abrdn Asia Focus plc?

1. **Outstanding long-term performance record**:
   Best performing Asia investment trust amongst the AIC's "ISA millionaires"*

2. **Unique portfolio of high-quality, fast-growing, businesses that are not represented in mainstream funds**

3. **Uncorrelated returns offering good diversification**

"*Smaller companies are poorly researched and less correlated to global markets. Our strategy has delivered better returns and lower volatility than the Asia large and small cap indices.*"
Gabriel Sacks, abrdn Asia Limited

* The Company is in 6th place (and the highest placed company investing in Asia) out of a total of 50 investment trusts that would have made investors more than £1 million if they had invested the full annual ISA allowance in the same trust each year, according to latest research from the Association of Investment Companies (AIC)

Chair's Statement

I am very pleased to announce that your Company delivered strong performance against both the Asian small-cap and large-cap market benchmarks over the six-month period to 31 January 2025.

Your Company's share price delivered +8.8% while the net asset value ('NAV' diluted) grew by 7.1% in sterling terms, both on a total return basis including the reinvestment of dividends. This compared very favourably to the MSCI AC Asia ex Japan Small Cap Index's total return of -1.9% in sterling terms and the larger cap MSCI AC Asia ex Japan Index's total return of 6.4%.

The performance was even more welcome considering what a turbulent six months it was for global markets. Significant noise around geopolitics, tariffs and the interest rate outlook resulted in heightened volatility over this period.

Investment Performance

Your Company's portfolio is unique and it is not possible to replicate the exposure to these fast-growing, often unheard of, smaller companies through passive investing. It's where active stock picking really delivers genuine alpha through unearthing these hidden gems. Indeed, the Manager's stock selection contributed the bulk of the underlying portfolio's outperformance against the benchmark. Here, I would highlight India, where your Manager's stock choices performed well; especially **Vijaya Diagnostics** in the healthcare space and **KFin Technologies**, a capital markets infrastructure business, given their robust results, good margins and continued prospects for growth.

Korea also merits a mention, where your Manager navigated a challenging environment of extreme political turmoil, including a declaration of martial law followed by a swift impeachment of the President. Again, stock selection was strong, with notable contributions from **Park Systems**, which develops highly specialised microscopes primarily for advanced chip manufacturing, and **Hyundai Marine Solutions**, a business that provides maintenance services for the shipping industry.

In China your Company saw some strong stock performances, including positive contributions from **Zhejiang Shuanghuan Driveline**, an industrials business focused on gear manufacturing for electric vehicles and **Tongcheng Travel**, one of China's leading online travel platforms.

Your Investment Manager

All of the above is a testament to your Manager's stock-picking approach of identifying high-quality companies with robust business models and sustainable growth prospects. The investment team continues to leverage their deep local insights and rigorous research process to uncover opportunities to deliver attractive returns over the long term.

In line with this, your Manager continues to add depth to its small-cap capabilities in Asia, with the recent hires of two further research analysts with a primary focus on small and mid-cap companies in India as well as a senior technology analyst. These new additions provide further confidence in your Manager's commitment to Asia, where it is well known for its expertise.

More detail on the portfolio and the Manager's views on the markets and outlook for Asia are contained in the Investment Manager's Report on pages 6 to 8.

Protecting Shareholders' Interests

The Board believes that your Company's discount to NAV is wider than merited by its future prospects. This is despite proactive steps taken as part of the strategic review in 2021, in particular the introduction of a five-year conditional tender opportunity, the linking of investment management fees to market cap rather than NAV and the move to progressive and more frequent dividends.

In order to show continued commitment to Shareholders' interests, the Board has now significantly stepped-up share buybacks over the past half-year to not only provide additional liquidity but seek to limit the share price volatility for shareholders. During the period the Ordinary shares have traded at an average discount of 16.4% and we have bought back 3,355,000 Ordinary shares (2.2% of the Company's outstanding shares) in the market at a discount to the prevailing NAV per share (six months to 31 January 2024: 2,022,500), ending the period on a discount of 13.1%.

We will continue to look for opportunities to improve the market perception of the Company, while believing that this will over time be primarily determined by the investment performance achieved.

We are pleased that performance remains well ahead of the benchmark since 1 August 2021, when the conditional tender offer was put in place covering the five years to August 2026, with the portfolio's NAV total return per share 7.2% ahead of the benchmark as at the end of January 2025.

Over the longer term, your Company's NAV total return per share has returned an outstanding 2,667% in absolute terms since inception, reflecting your Manager's excellent investment track record of delivering sustained returns to shareholders. This compares very favourably against returns of 632.6% for the large-cap benchmark (MSCI AC Asia Pacific ex Japan Index), and 573.4% for the blended small-cap benchmark index.

Meanwhile, for holders of the Company's convertible unsecured loan stock (CULS) that are soon to be maturing in May 2025, I would draw your attention to the fact that the CULs have been 'in the money' (ie the share price has traded at above the level of the conversion price) since the turn of the year, given the conversion price of £2.93 and with the share price at £2.98 as of 31 January 2025. Hence, I would welcome holders of the CULS who opt to convert their CULS to equity and urge them to consider the benefits of remaining longer term equity shareholders in the Company given its compelling track record and continued prospects for growth. The Board is also considering overall gearing levels in light of the CULS maturity on 31 May 2025 and is actively considering available options for replacing or retiring that debt. You should expect more information on this in due course. As at 27 March 2025, the latest practicable date, the Company's net gearing stood at 10.5%.

More broadly, the Board maintains its view that many investors are still underestimating the benefits of allocating part of their capital to Asian small caps which have proven to be less correlated to mainstream equities and have offered superior returns to Asian large caps. Indeed, it is quite telling that abrdn Asia Focus was recently once again included among the top 6 investment trusts in the UK that would have returned more than £1 million for ISA savers who invested their entire allowance each year since 1999, as announced by the Association of Investment Companies.

Revenue and Dividends

Your Board continues to be firmly committed to the enhanced and progressive dividend policy recognising the importance of the Company's dividend income for many shareholders in addition to its strong capital growth. Underlying earnings per share for the period amounted to 2.6p (2024: 3.4p), slightly down as the portfolio is further tilted towards growth stocks, but revenue from the portfolio continues to cover the Ordinary dividend, with the shares yielding 2.2%, as of 31 January 2025 (2.5% 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 2024 and 21 March 2025. The Board has set a target dividend of at least 6.42p per Ordinary Share for the financial year ending 31 July 2025. The Board plans to maintain the progressive policy of the last 29 years in order to provide shareholders with a regular dividend and dependable level of income alongside the Company's capital growth prospects.

Outlook

Investors may very well be feeling unsure about markets at the moment. However, the fundamentals of the portfolio remain solid, growth in Asia is still healthy and companies continue to offer exceptional potential for outsized returns.

The attractions of Asian small companies continue to be compelling. These companies often operate in niche markets with high growth potential and are less exposed to global tensions. The diverse economic landscape of Asia, coupled with the increasing consumer base, provides a fertile ground for smaller companies to thrive. Furthermore, valuations are a supporting factor for continued investment, which appear reasonable relative to historical levels and when compared to other major markets elsewhere, particularly the US.

Your Manager continues to focus on the quality of the businesses in the portfolio and their earnings potential and in these two respects, your Manager and the Board continue to see great opportunities for growth and compounding wealth creation, just as we have in the past.

Krishna Shanmuganathan
Chair,
28 March 2025

Investment Manager's Review

Overview

After ending on a strong note in the previous financial year, Asian small caps retreated by 1.9% in sterling terms over a challenging six months to January 2025. A triumvirate of macroeconomic concerns, geopolitical uncertainty after Donald Trump's US presidential election win and tariff risks for China, as well as US monetary policy developments were brought to bear on investor sentiment. Some markets also faced the added complication of idiosyncratic or country-specific factors, such as Korea which was thrown into political turmoil.

Across the region, we would highlight a reversal in fortunes for two of the region's biggest markets – China and India. Small caps in China were by far the best performers, after a tough prior 12 months as hopes of a rapid post-pandemic rebound faded and domestic macroeconomic challenges came to the fore. The central government made a major policy pivot in September towards targeted stimulus measures to stabilise a still-weak property sector as well as support domestic consumption and the broader economy. This resulted in a sharp rally. Towards the end of the review period, news of a low-cost Chinese artificial intelligence (AI) model, DeepSeek, led to a rally in AI-related stocks and boosted sentiment in China, while triggering a sell-off in US tech and the associated supply chain in Taiwan as expectations for data centre capex and tech hardware demand came under scrutiny.

In contrast, after a stellar prior run on a buoyant economy, growth in the corporate sector, and substantial foreign capital inflows, Indian small caps were among the biggest losers during this period on the back of profit-taking and a continued sell-off in small- and mid-cap stocks. The main reasons for the pullback have been a weakness in consumer demand and a slowdown in capital expenditure, amid the shifting policy priorities for the government following elections in calendar 2024. Most importantly, earnings growth started to moderate in the last few quarters.

Elsewhere, in South Korea, political turmoil resulted in extreme market volatility, and the market was among the key laggards. The country saw then-president Yoon Suk Yeol declare martial law, the first ever imposition since Korea became a democracy in 1987. This sparked public anger and street protests but proved short-lived as the National Assembly vetoed Yoon's imposition. Yoon's impeachment and suspension from office followed soon after.

Portfolio Review

The portfolio significantly outperformed its closest reference benchmark by 8.8% over the review period. This was due to a few key areas of relative strength.

In India, our underweight to the market, a laggard, and our stock selection there contributed significantly to performance. Among our holdings, the share price of **Vijaya Diagnostic Centre**, a leading healthcare services company, hit an all-time high in August following robust quarterly results. Vijaya's good showing reflected its strong execution and differentiated integrated business model that led to the company maintaining its growth lead over its peers. Another solid performer was **KFin Technologies**, buoyed by continued momentum in investor flows and excitement about the potential for overseas expansion of its core registrar services. Its fundamentals remain sound, and its recent results exceeded expectations with continued prospects for growth.

Elsewhere in Korea, our underweight to the market relative to the benchmark benefited performance, given the above-mentioned political woes. Our holdings also contributed to returns. Specialised microscope maker **Park Systems Corp**'s share price outperformed the local market despite lower-than-expected revenues for the third quarter, as sentiment remained positive on the company's ability to continue to grow equipment sales. Demand for industrial-use atomic force microscopy is accelerating from a low base, driven by the transitioning to more advanced and smaller semiconductor manufacturing technologies in the foundry and memory industry. **Hyundai Marine Solution**, an engineering services company that caters to the shipping industry, also did well, as its results tracked well ahead of previous estimates. Its aftermarket division drove robust growth with volume, pricing, and mix all trending positively. The retrofit business, although in transition mode, showed a building backlog with multiple projects in the pipeline.

Finally, China including Hong Kong was also a key performance driver. Strong stock selection drove returns. Gear and reducer manufacturer **Zhejiang Shuanghuan Driveline** rallied on anticipation that it will be a key beneficiary of demand from humanoid robotics. Dah Sing Financial also outperformed as it delivered a beat on its first-half earnings, with resilient net interest margins and an outsized contribution from its insurance partnership with Sun Life. It also announced a substantially higher interim dividend, reinforcing its robust financials despite the challenging economic environment in Hong Kong as well as management's commitment to improving shareholder returns. Another contributor was **Precision Tsugami (China) Corp**, which sells high-end computer numerical control (CNC) machine tools. The company is benefiting from higher CNC adoption, market share gains, and margin expansion, with recent revenue and operating profit exceeding consensus expectations while the order momentum remained very strong.

Meanwhile, we remain focused on our objective of investing in a diversified portfolio of around 50 well-run companies with industry-leading positions. Over the review period, we continue to refine and refresh our portfolio towards holdings with better growth prospects, steadier cash flow and clearer earnings visibility amid a still-uncertain backdrop.

In India, we continue to find smaller companies across various sectors that merit a place in the portfolio. India is home to many attractive companies with competitive business models, high returns and appealing long-term growth prospects. We initiated a position in **Cholamandalam Financial Holdings**, a diversified financial services group. The stock trades at a substantial discount to its subsidiary, Cholamandalam Investment and Finance, which is a high-quality lender in India that is rapidly broadening its product portfolio and loan exposures.

We also introduced **Newgen Software Technologies**, which helps companies organise their digital documents, streamline their workflows, and enhance how they communicate with customers. We view it as a niche software company backed by a solid product offering that is highly rated by industry consultants. Execution has been strong, evident from its successful track record in onboarding and retaining clients in its core markets, namely India and the Middle East.

Another new holding was **Phoenix Mills**, a leading retail-led developer and operator, following a correction in its share price that made its valuation more palatable. The company has quality malls in top-tier and state capital cities as well as a good pipeline of new assets to be launched over the next few years. This provides a healthy stream of current recurring income for the business that should steadily grow.

The last addition was **Poly Medicure** (PLMD), a founder-owned business that sells consumable medical devices. PLMD has a broad product portfolio, with infusion therapy being the largest segment, but it is also looking to expand further in cardiology and critical care. The company is on track for double-digit revenue growth in fiscal year 2025 and beyond with management expecting strong growth in India due to new launches and an expanded marketing team. It is also investing in several new facilities for export to Europe and the US. To fund these initiations, we sold out of a few companies in India including Map My India, Cyient and Medanta.

Elsewhere in China, we introduced **Kingdee International**, which is the leader in enterprise resource planning (ERP) software products for SMEs in China. The company has first mover advantage and is poised to benefit from the rapid adoption of ERP software and cloud solutions, as SMEs become increasingly open to utilising home-grown digital technology. We also like the company's move to a subscription-based revenue model which is relatively unique among leading Chinese ERP software players and provides greater earnings resilience.

In Southeast Asia, we added a new holding in **Philippine Seven Corp** as a proxy for consumer exposure in the Philippines. The company runs 7-Eleven's dominant convenience store chain network in the Philippines, with scale, strong execution over the years and healthy cash generation. Competition exists but the industry has a good runway for growth given low levels of penetration. The retail format of convenience store chains has also worked well across the country, driven by rising urbanisation and a growing middle class. Its management seems forward-looking and has the benefit of being able to leverage off innovations across the global 7-Eleven network.

In addition, we bought Vietnam-based **Mobile World**, a consumer electronics retailer which has branched out into grocery. It is the country's biggest retailer with a broad store network and a first mover advantage in a country where informal food markets are still prevalent. We view it as an attractively valued company that is well placed to capitalise on the underpenetrated modern retail and e-commerce sectors, given the exciting growth dynamics as well as rising wealth levels in Vietnam.

Against this, we exited **Alchip Technologies**, **Bangkok Chain Hospital**, **Credit Bureau Asia** and **Millennium & Copthorne Hotels (New Zealand)**.

Investment Manager's Review

Continued

Outlook

As we look ahead, the consensus is that Asia and emerging markets may face challenges due to Donald Trump's policies, tariffs, and interest rates. US deregulation and tax cuts could bolster the US dollar, which is unfavourable for Asia.

On the flip side, Asia's attractive valuations offer potential for upside surprises, driven by structural tailwinds. It is also encouraging to see a greater appreciation for shareholders, with the value-up theme being promoted by shareholders and authorities in South Korea and China. This has positively impacted our engagement efforts with companies across the region.

We remain positive on Asia, expecting that China may adopt more aggressive stimulus policies to mitigate the tariff impact. At the Two Sessions parliamentary meeting held in early March 2025, the Chinese leadership reiterated their pro-growth policy agenda with a particular focus on stimulating household consumption which should help unlock excess savings accumulated during the pandemic.

Elsewhere, Asian corporates are in good shape with low debt levels, strong competitive positions and a broadly favourable macroeconomic backdrop with little inflationary pressure. Challenges remain but the companies held in the portfolio have dynamic management teams, robust financials and high barriers to entry with globally competitive business models. They have fared well against several shocks in the past and we are very excited about their growth prospects looking ahead.

Gabriel Sacks, Flavia Cheong & Xin Yao Ng
abrdn Asia Limited
28 March 2025

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 20 and 21 of the Annual Report and Financial Statements for the year ended 31 July 2024 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 risks arising from geopolitical uncertainty such as the ongoing conflict in Ukraine and tensions in the Middle East and Taiwan continue to present a significant risk to world markets. In addition to the risks listed below, the Board is also very conscious of the risks emanating from increased environmental, social and governance challenges. As climate change pressures mount, the Board continues to monitor, through its Manager, the potential risk that investee companies may fail to keep pace with the appropriate rates of change and adaption. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the 2024 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 Board is mindful that the Convertible Unsecured Loan Stock 2025 ("CULS") is due to mature on 31 May 2025. The Board expects to be able to refinance the CULS if desired, by arranging a new bank facility, drawing down under the Loan Note Shelf Facility (which is uncommitted and subject to lender credit committee approval) or by arranging alternative finance. In the event that the Board chooses not to refinance the maturing CULS the Company will repay the CULS from portfolio sales.

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
28 March 2025

Ten Largest Investments

As at 31 January 2025

FPT Corporation

4.3%

Total assets

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.

Aegis Logistics

3.8%

Total assets

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.

Zhejiang Shuanghuan Driveline - A

3.4%

Total assets

Zhejiang Shuanghuan is a leading manufacturer of gears and other transmission systems. Its strong engineering capabilities and commitment to quality have earned it a solid reputation in the market where it is the leading supplier to China's electric vehicle industry.

Taiwan Union

3.4%

Total assets

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 over the years and should be a key beneficiary of rising demand for advanced chips.

Chroma ATE

3.3%

Total assets

Chroma ATE is a leading provider of precision test and measurement instruments. The company has a strong market position due to its innovative products and solutions, which are widely used in various industries such as electronics, automotive, and renewable energy.

KFin Technologies

3.2%

Total assets

KFin is a prominent player in the financial services sector. Its robust technology platform and extensive client base in the asset management industry provide a recurring revenue stream tied to the growth of India's capital markets.

Precision Tsugami China

3.2%

Total assets

The company is an established maker of high-precision machine tools and its emphasis on innovation and quality, along with its strong customer relationships, positions it well for sustained growth in the Chinese market.

Park Systems Corporation

3.0%

Total assets

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.

Dah Sing Financial

2.7%

Total assets

A diversified financial services group with a strong market presence in Hong Kong, supported by prudent risk management as well as a focus on customer service and innovation.

Affle India

2.6%

Total assets

Affle India operates a data platform that helps direct digital advertising. It is dominant in India where digitalisation has reached an inflection point. The company has also pursued a broader emerging markets growth strategy and now has a meaningful presence in Southeast Asia and Latin America.

Portfolio

As at 31 January 2025

Company	Industry	Country	Valuation £'000	Total assets %
FPT Corporation	IT Services	Vietnam	23,858	4.3
Aegis Logistics	Oil, Gas & Consumable Fuels	India	21,026	3.8
Zhejiang Shuanghuan Driveline – A	Auto Components	China	19,292	3.4
Taiwan Union Technology Corp	Electronic Equipment, Instruments & Components	Taiwan	18,847	3.4
Chroma ATE	Electronic Equipment, Instruments & Components	Taiwan	18,416	3.3
KFin Technologies	Capital Markets	India	18,015	3.2
Precision Tsugami China	Machinery	China	17,875	3.2
Park Systems Corporation	Electronic Equipment, Instruments & Components	South Korea	16,822	3.0
Dah Sing Financial	Banks	Hong Kong	15,344	2.7
Affle India	Media	India	14,704	2.6
Top ten investments			**184,199**	**32.9**
John Keells Holdings	Industrial Conglomerates	Sri Lanka	14,704	2.6
United Plantations	Food Products	Malaysia	13,609	2.4
HD Hyundai Marine Solution	Industrial Transportation	South Korea	13,516	2.4
M.P. Evans Group	Food Products	United Kingdom	13,263	2.4
J.B. Chemicals & Pharmaceuticals	Pharmaceuticals	India	12,971	2.3
AKR Corporindo	Oil, Gas & Consumable Fuels	Indonesia	12,558	2.3
Vijaya Diagnostic Centre	Health Care Providers & Services	India	12,426	2.2
Medikaloka Hermina	Health Care Providers & Services	Indonesia	12,085	2.2
Asian Terminals	Transportation Infrastructure	Philippines	11,799	2.1
Mega Lifesciences (Foreign)	Pharmaceuticals	Thailand	11,717	2.1
Top twenty investments			**312,847**	**55.9**
Tongcheng Travel Holdings	Hotels, Restaurants & Leisure	China	11,650	2.1
360 One Wam	Capital Markets	India	11,307	2.0
Sporton International	Professional Services	Taiwan	11,137	2.0
Bharti Hexacom	Telecommunications Service Providers	India	11,123	2.0
Proya Cosmetics – A	Personal Care Products	China	10,514	1.9
Newgen Software Technologies	Software	India	9,955	1.8
LEENO Industrial	Semiconductors & Semiconductor	South Korea	9,887	1.8

As at 31 January 2025

Company	Industry	Country	Valuation £'000	Total assets %
	Equipment			
HD Korea Shipbuilding & Offshore Engineering	Machinery	South Korea	9,822	1.8
Makalot Industrial	Textiles, Apparel & Luxury Goods	Taiwan	9,211	1.6
UNO Minda	Auto Components	India	9,171	1.6
Top thirty investments			**416,624**	**74.5**
Bank OCBC NISP	Banks	Indonesia	9,020	1.6
Sunonwealth Electric Machine Industry	Machinery	Taiwan	8,917	1.6
Century Pacific Food	Food Products	Philippines	8,476	1.5
Aptus Value Housing Finance	Financial Services	India	8,408	1.5
Autohome ADR	Interactive Media & Services	China	8,255	1.5
Military Commercial Joint Stock Bank	Banks	Vietnam	8,012	1.4
Phoenix Mills	Real Estate Management & Development	India	7,991	1.4
Cholamandalam Financial	Consumer Finance	India	7,816	1.4
Mobile World Investment Corporation	Specialty Retail	Vietnam	7,812	1.4
Prestige Estates Projects	Real Estate Management & Development	India	7,544	1.4
Top forty investments			**498,875**	**89.2**
Kingdee International Software	Software	Hong Kong	7,348	1.3
SINBON Electronics	Electronic Equipment, Instruments & Components	Taiwan	7,340	1.3
Philippine Seven	Consumer Staples Distribution	Philippines	7,318	1.3
Ultrajaya Milk Industry & Trading	Food Products	Indonesia	6,980	1.3
Pentamaster International	Semiconductors & Semiconductor Equipment	Malaysia	6,885	1.2
Apar Industries	Industrial Conglomerates	India	6,440	1.2
Asia Vital Components	Technology Hardware, Storage & Peripherals	Taiwan	6,382	1.1
Nam Long Invest Corporation	Real Estate Management & Development	Vietnam	5,591	1.0
MOMO.com	Internet & Direct Marketing Retail	Taiwan	5,087	0.9
Hang Lung Properties	Real Estate Management & Development	Hong Kong	4,859	0.9
Top fifty investments			**563,105**	**100.7**

Portfolio

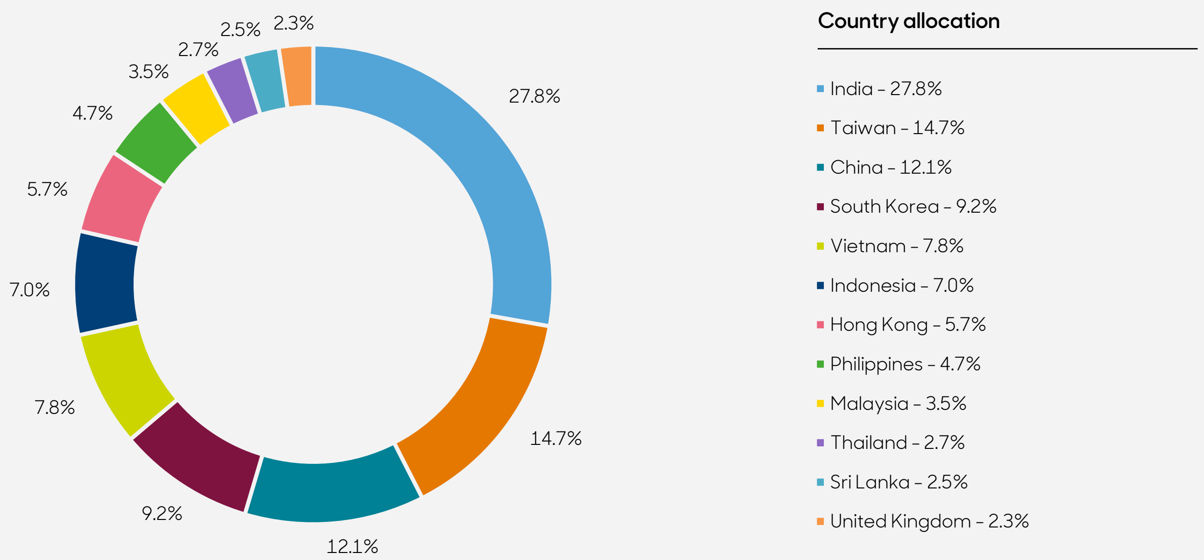
Continued

As at 31 January 2025

Company	Industry	Country	Valuation £'000	Total assets %
ASMPT Ltd	Semiconductors & Semiconductor Equipment	Hong Kong	4,343	0.8
Humanica (Foreign)	Professional Services	Thailand	3,984	0.7
Hansol Chemical	Chemicals	South Korea	3,337	0.6
Chacha Food – A	Food Products	China	3,025	0.6
Poly Medicure	Health Care Equipment & Supplies	India	2,738	0.5
Convenience Retail Asia	Consumer Staples Distribution	Hong Kong	1,112	0.2
AEON Credit Service (M)	Consumer Finance	Malaysia	227	–
First Sponsor Group (Warrants 21/03/2029)	Real Estate Management & Development	Singapore	63	–
Total investments			**581,934**	**104.1**
Net current liabilities			**(22,718)**	**(4.1)**
Total assets[B]			**559,216**	**100.0**

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

Geographical Breakdown of Portfolio



Investment Case Studies

Proya

In which year did we first invest?

April 2024

% Holding:

1.9%

Where is their head office?

Hangzhou, China

What does the company do?

It is a domestic player in the Chinese cosmetics market, known for its innovative products and strong market presence.

Why do we like the company?

Proya has established itself as one of the leading brand platforms in the Chinese cosmetics industry with a well-diversified product portfolio that includes skincare, make-up, and body and hair care products. We like it for its ability to adapt to market trends and consumer preferences with a strong commitment to Research & Development (R&D). The company has successfully developed a range of innovative products that specifically cater to the dynamic and evolving needs of mainland consumers. This has been a key driver of its success.

In addition, the company has a very strong online presence across various distribution channels, which gives it a significant advantage over peers and has helped to entrench its brand perception among younger consumers, particularly during Covid. Proya's core brand, which makes up the bulk of overall sales, is often ranked as the best-selling cosmetics brand across a number of e-commerce websites, which is testament to its strong market position. Management's strategy involves breaking down the core brand into niche skincare segments and focusing on "hero products" or bestsellers in each category.

Investment Case Studies

Continued

The company's focus on innovation also sets it apart from its domestic peers. It operates a shared R&D platform with key R&D centres locally in Shanghai and Hangzhou and an overseas centre in Paris. This one platform allows Proya to maintain its agility in product innovation and to use resources efficiently.

Regarding growth, China's cosmetics market has become the world's largest and Proya is well-positioned to continue gaining market share. Localisation trends have meant that their brands have gained traction at the expense of luxury Western brands such as L'Oreal or Estee Lauder which are more expensive and might not be suited to local tastes. Greater cost awareness and down-trading among mainland consumers have added to Proya's appeal.

Longer term, we believe that there is room for Proya to benefit from premiumisation in China as their product portfolio evolves and their price gap versus Western brands narrows. This would be positive for the company's profitability.

When did we engage Proya on ESG?

We last met Proya in June 2024.

What were the key areas of engagement?

Our engagement has been focused on enhancing disclosure practices and addressing issues such as the use of chemicals, packaging recycling, and testing practices.

What is the result of our engagement?

Proya achieved a triple ESG rating upgrade from MSCI from CCC to BBB in October 2022, reflecting its engagement with stakeholders as well as its commitment to sustainability and responsible business practices.

On the carbon front, Proya has worked with its supply chain partners to promote the green transition by improving environmental assessment standards and exploring low-carbon technologies. In 2023, the company agreed with its 10 key suppliers on carbon emissions management and released the "Together for a Zero Carbon Future" manifesto, committing to reduce carbon emissions by 2025.

Elsewhere, in procurement, Proya has also prioritised environmentally friendly materials, such as sustainably sourced paper, palm oil, eco-friendly inks, and coatings, to reduce the environmental burden during production. Notably, one of its branches (in Huzhou) obtained the Roundtable on Sustainable Palm Oil (RSPO) Supply Chain Certification (Mass Balance model) in August 2024, initiating the replacement of certified palm oil.

The company has also set up R&D centres in Longwu and Shanghai to focus on developing new, green, safe, and efficient cosmetic ingredients, thus enhancing its capabilities in fundamental research and independent development.

How has the company performed since we invested in it?

Since we invested in it in April 2024, the share price of Proya Cosmetics has fallen close to 9% in GBP terms (total returns), compared to the MSCI AC Asia ex Japan Small Cap Index's gain of about 3%. This reflects a more challenging period for Chinese equities although we expect consumer confidence to meaningfully pick-up in 2025 as the Chinese authorities accelerate policies to support economic growth and stabilise the property market which should help unlock the excess savings accumulated by Chinese households since the onset of the covid-19 pandemic

Phoenix Mills (India)

In which year did we first invest?

November 2024

How has the company performed since we invested in it?

Since we first invested in it in November 2024, the share price of Phoenix Mills has marginally fallen by 0.1% in GBP terms (total returns), proving more resilient than the MSCI AC Asia ex Japan Small Cap Index, which returned -7.6%.

% Holding:

1.4%

Where is their head office?

Mumbai, India

What does the company do?

Phoenix Mills is a leading retail-led developer and operator, with high quality malls in strategic locations across India's top-tier cities as well as a good pipeline of new assets to be launched over the next few years.

Why do we like the company?

The company is a prominent player in the Indian real estate market, known for its ownership, management, and development of large mixed-use properties typically anchored by a premium shopping mall. We like the structural growth drivers for the business given the lack of supply of quality malls in India alongside the country's rapidly growing wealth which should continue to support demand for malls that are in good locations and have an attractive tenant mix. We see Phoenix Mills as a good way to access consumption growth across India's largest cities, supported by management's strong execution over the years and the healthy cash-flow from its existing mall portfolio which can comfortably cover their investment plans for the next 3 years.

Investment Case Studies

Continued

In terms of earnings prospects, the company's ability to buy prime land and develop high-quality retail and mixed-use properties has created a steady stream of rental income. This is supported by the management's focus on doubling the operational annuity portfolio area in the next five years. Annuity-type revenues are typically inflation-linked and means the financials for the business are much less lumpy than for ordinary developers which look to sell rather than own their completed developments. Additionally, the company's robust balance sheet, with a low net debt to equity ratio, supports its expansion plans without compromising financial stability. The company's strategic partnerships with the Canada Pension Plan Investment Board and the Government of Singapore Investment Corporation have further strengthened this position, reducing funding risks and preserving the balance sheet.

The company's 3QFY25 results showed a decent recovery in like-for-like consumption and rental growth. Management remains confident of the positive momentum, with new mall developments on track and continuous consumption growth expected to drive mid-teen earnings growth annually.

When did we engage Phoenix Mills on ESG?

We last met Phoenix Mills in February 2025.

What were the key areas of engagement?

We have been engaging Phoenix Mills on green buildings, energy management and water efficiency.

What is the result of our engagement?

Through our continuing engagement with Phoenix Mills, we are pleased with the company's progress in its ESG journey. On the green building front, one of its retail malls in India, Phoenix Citadel Indore, has clinched two prestigious certifications: the USGBC LEED Gold and the IFC EDGE Advanced Green Building Certification. This makes it the first retail asset in India to receive the IFC EDGE Advanced Certification, which recognises energy and water efficiency.

Phoenix Mills is also committed to increasing renewable energy through its operations. Two examples stand out. Green energy now accounts for about 30% of the energy requirement of its retail portfolio. The company has also installed EV charging stations in its malls located in Mumbai, Pune, Chennai, and Bangalore.

Finally, water conservation also matters, with the company implementing several water management initiatives, including the use of efficient water fixtures, wastewater treatment, rainwater harvesting, and the reuse of recycled water for HVAC, flushing, landscaping, and gardening. These efforts have resulted in significant water savings.

How has the company performed since we invested in it?

Since we first invested in it in November 2024, the share price of Phoenix Mills has been flat (-0.1% in GBP terms), proving more resilient than the MSCI AC Asia ex Japan Small Cap Index, which returned -7.6%. As relatively new shareholders of Phoenix Mills we are excited about the company's prospects given its unique portfolio of assets that are well-positioned to benefit from the rise of India's middle-class.

Condensed Statement of Comprehensive Income (unaudited)

		Six months ended 31 January 2025			Six months ended 31 January 2024		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		–	32,906	32,906	–	(5,499)	(5,499)
Income	2	5,431	–	5,431	6,989	–	6,989
Exchange losses		–	(197)	(197)	–	(337)	(337)
Investment management fees		(404)	(1,212)	(1,616)	(377)	(1,131)	(1,508)
Administrative expenses		(655)	–	(655)	(714)	–	(714)
Net return before finance costs and taxation		4,372	31,497	35,869	5,898	(6,967)	(1,069)
Finance costs		(252)	(756)	(1,008)	(249)	(746)	(995)
Net return before taxation		4,120	30,741	34,861	5,649	(7,713)	(2,064)
Taxation	3	(249)	840	591	(362)	(3,118)	(3,480)
Net return after taxation		3,871	31,581	35,452	5,287	(10,831)	(5,544)
Return per share (pence)	4						
Basic		2.55	20.79	23.34	3.40	(6.96)	(3.56)
Diluted		2.42	19.42	21.84	3.20	(6.28)	(3.08)

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 2025 £'000	As at 31 July 2024 £'000
Non-current assets			
Investments at fair value through profit or loss		**581,934**	564,797
Current assets			
Debtors and prepayments		**4,655**	3,808
Cash and cash equivalents		**10,488**	12,703
		15,143	16,511
Creditors: amounts falling due within one year			
Other creditors		**(1,414)**	(2,483)
2.25% Convertible Unsecured Loan Stock 2025	7	**(36,447)**	(36,368)
		(37,861)	(38,851)
Net current liabilities		**(22,718)**	(22,340)
Total assets less current liabilities		**559,216**	542,457
Non-current liabilities			
Creditors: amounts falling due after more than one year			
3.05% Senior Unsecured Loan Note 2035	6	**(29,910)**	(29,906)
Deferred tax liability on Indian capital gains		**(7,615)**	(10,291)
		(37,525)	(40,197)
Net assets		**521,691**	502,260
Capital and reserves			
Called up share capital	8	**10,437**	10,436
Capital redemption reserve		**2,062**	2,062
Share premium account		**60,540**	60,495
Equity component of 2.25% Convertible Unsecured Loan Stock 2025	7	**1,057**	1,057
Capital reserve		**431,728**	409,798
Revenue reserve		**15,867**	18,412
Total shareholders' funds		**521,691**	502,260
Net asset value per share (pence)	9		
Basic		**347.13**	326.94
Diluted		**342.93**	324.26

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

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 January 2025

	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 2024		10,436	2,062	60,495	1,057	409,798	18,412	502,260
Conversion of 2.25% CULS 2025	8	1	–	45	–	–	–	46
Net return after taxation		–	–	–	–	31,581	3,871	35,452
Purchase of own shares to treasury	8	–	–	–	–	(9,651)	–	(9,651)
Dividends paid	5	–	–	–	–	–	(6,416)	(6,416)
Balance at 31 January 2025		10,437	2,062	60,540	1,057	431,728	15,867	521,691

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% CULS 2025	8	1	–	23	–	–	–	24
Net return after taxation		–	–	–	–	(10,831)	5,287	(5,544)
Purchase of own shares to 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

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

Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 January 2025 £'000	Six months ended 31 January 2024 £'000
Cash flows from operating activities		
Return before finance costs and tax	**35,869**	(1,069)
Adjustments for:		
Dividend income	**(5,228)**	(6,735)
Interest income	**(203)**	(109)
Dividends received	**5,110**	6,075
Interest received	**219**	121
Interest paid	**(874)**	(870)
(Gains)/losses on investments	**(32,906)**	5,499
Foreign exchange movements	**197**	337
Decrease/(increase) in prepayments	**1**	(2)
(Increase)/decrease in other debtors	**(6)**	20
Increase in other creditors	**4**	74
Overseas withholding tax suffered	**(55)**	(388)
Net cash inflow from operating activities	**2,128**	2,953
Cash flows from investing activities		
Purchase of investments	**(97,542)**	(46,982)
Sales of investments	**111,249**	71,833
Capital gains tax on sales	**(1,836)**	(1,870)
Net cash inflow from investing activities	**11,871**	22,981
Cash flows from financing activities		
Purchase of own shares to treasury	**(9,601)**	(5,091)
Equity dividends paid	**(6,416)**	(8,501)
Net cash outflow from financing activities	**(16,017)**	(13,592)
(Decrease)/increase in cash and cash equivalents	**(2,018)**	12,342
Analysis of changes in cash and short term deposits		
Opening balance	**12,703**	5,807
(Decrease)/increase in cash and cash equivalents	**(2,018)**	12,342
Foreign exchange movements	**(197)**	(337)
Closing balance	**10,488**	17,812
Represented by:		
Money market funds	**5,833**	11,432
Cash and short term deposits	**4,655**	6,380
	10,488	17,812

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

Notes to the Financial Statements

For the year ended 31 January 2025

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 2025 £'000	Six months ended 31 January 2024 £'000
Income from investments		
Overseas dividends	**5,003**	6,514
UK dividend income	**225**	221
	5,228	6,735
Other income		
Deposit interest	**28**	111
Interest from money market funds	**175**	143
	203	254
Total income	**5,431**	6,989

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 2025 p	Six months ended 31 January 2024 p
Basic		
Revenue return	**2.55**	3.40
Capital return	**20.79**	(6.96)
Total return	**23.34**	(3.56)

The figures above are based on the following:

	£'000	£'000
Revenue return	**3,871**	5,287
Capital return	**31,581**	(10,831)
Total return	**35,452**	(5,544)
Weighted average number of shares in issue[A]	**151,924,962**	155,633,556

Diluted[B]	Six months ended 31 January 2025 p	Six months ended 31 January 2024 p
Revenue return	**2.42**	3.20
Capital return	**19.42**	(6.28)
Total return	**21.84**	(3.08)

The figures above are based on the following:

	£'000	£'000
Revenue return	**3,982**	5,376
Capital return	**31,925**	(10,563)
Total return	**35,907**	(5,187)
Number of dilutive shares	**12,472,752**	12,499,408
Diluted shares in issue[AB]	**164,397,714**	168,132,964

[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 12,472,752 (31 January 2024 - 12,499,408) to 164,397,714 (31 January 2024 - 168,132,964) Ordinary shares.

5. Dividends

	Six months ended 31 January 2025 £'000	Six months ended 31 January 2024 £'000
Special dividend for 2024 - 1.0p (2023 - 2.25p)	**1,511**	3,498
Interim dividend for 2024 - 1.62p (2023 - 1.61p)	**2,488**	2,515
Interim dividend for 2025 - 1.6p (2024 - 1.6p)	**2,417**	2,488
	6,416	8,501

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 2025 was £26,727,000, the value being based on a comparable quoted debt security.

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

	Number of units £'000	Liability component £'000	Equity component £'000
Balance at beginning of period	36,574	36,368	1,057
Conversion of 2.25% CULS 2025	(46)	(46)	–
Notional interest on CULS transferred to revenue reserve	–	77	–
Amortisation and issue expenses	–	48	–
Balance at end of period	**36,528**	**36,447**	**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 2025 the holders of £46,704 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 £46,704 (31 July 2024 – £54,939) nominal amount of CULS into 15,937 (31 July 2024 – 18,740) Ordinary shares.

As at 31 January 2025, there was £36,528,016 (31 July 2024 – £36,574,720) nominal amount of CULS in issue. The last opportunity for holders to convert CULS into Ordinary shares is 31 May 2025 when if unconverted and 'out of the money', remaining CULS will be repaid at their nominal value. In the event CULS remain unconverted and 'in the money', then the Trustee has the right to consider conversion on behalf of holders having taken suitable financial advice.

Notes to the Financial Statements

Continued

8. Called-up share capital

During the six months ended 31 January 2025 3,355,000 Ordinary shares were bought back to be held in treasury at a total cost of £9,651,000 (31 January 2024 – 2,022,500 Ordinary shares were bought back to be held in treasury at ta total cost of £5,262,000). During the six months ended 31 January 2025 an additional 15,937 (31 July 2024 – 18,740) Ordinary shares were issued after £46,704 nominal amount of 2.25% Convertible Unsecured Loan Stock 2025 were converted at 293.0p each (31 July 2024 – £54,939). The total consideration received was £nil (31 July 2024 – £nil). At the end of the period there were 208,737,245 (31 July 2024 – 208,721,308) Ordinary shares in issue, of which 58,449,590 (31 July 2024 – 55,094,590) were held in treasury.

Subsequent to the period end, 4,415,000 Ordinary shares have been bought back to be held in treasury at a cost of £13,059,000.

9. Net asset value per share

	As at 31 January 2025	As at 31 July 2024
Basic		
Net assets attributable	**£521,691,000**	£502,260,000
Number of shares in issue[A]	**150,287,655**	153,626,718
Net asset value per share	**347.13p**	326.94p

Diluted[B]		
Net assets attributable	**£558,138,000**	£538,628,000
Number of shares in issue[A]	**162,754,555**	166,109,558
Net asset value per share	**342.93p**	324.26p

[A] Excludes shares in issue held in treasury.
[B] The diluted net asset value per Ordinary share has been calculated on the assumption that £36,528,016 (31 July 2024 - £36,574,720) 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") are converted at 293.0p per share, giving a total of 162,754,555 (31 July 2024 - 166,109,558) 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 2025 the cum income NAV was 347.13p and thus the CULS were 'in the money' (31 July 2024 - 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 2025 £'000	Six months ended 31 January 2024 £'000
Purchases	**119**	49
Sales	**239**	131
	358	180

11. Analysis of changes in net debt

	At 31 July 2024 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2025 £'000
Cash and cash equivalents	**12,703**	**(197)**	**(2,018)**	**-**	**10,488**
Debt due within one year	**(36,368)**	**-**	**-**	**(79)**	**(36,447)**
Debt due after more than one year	**(40,197)**	**-**	**-**	**2,672**	**(37,525)**
	(63,862)	**(197)**	**(2,018)**	**2,593**	**(63,484)**

	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)

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

Notes to the Financial Statements

Continued

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 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	**581,871**	**-**	**-**	**581,871**
Quoted preference shares	**-**	**-**	**-**	**-**
Quoted warrants	**-**	**63**	**-**	**63**
Net fair value	**581,871**	**63**	**-**	**581,934**

As at 31 July 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	562,138	–	–	562,138
Quoted preference shares	–	–	2,438	2,438
Quoted warrants	–	221	–	221
Net fair value	562,138	221	2,438	564,797

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.

Level 3 Financial assets at fair value through profit or loss	Six months ended 31 January 2025 £'000	Year ended 31 July 2024 £'000
Opening fair value	**2,438**	12,910
Transfer from level 1	**-**	(9,958)
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
- assets disposed of during the year	**(2,438)**	-
- assets held at the end of the year	**-**	(514)
Closing balance	**-**	2,438

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 £1,616,000 (31 January 2024 – £1,508,000) of investment management fees were charged, with a balance of £549,000 (31 January 2024 – £510,000) 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 £125,000 (31 January 2024 – £119,000). During the period £65,000 (31 January 2024 – £60,000) of fees were charged, with a balance of £94,000 (31 January 2024 – £60,000) payable to aFML at the period end. The promotional activities costs are based on a current annual amount of £263,000 (31 January 2024 – £219,000), payable quarterly in arrears. During the period £107,000 (31 January 2024 – £110,000) of fees were charged, with a balance of £73,000 (31 January 2024 – £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.

Notes to the Financial Statements

Continued

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 2024 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 28 March 2025.

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 2025	31 July 2024
NAV per Ordinary share (p)	a	**342.93**	324.26
Share price (p)	b	**298.00**	278.00
Discount	(a-b)/a	**13.1%**	14.3%

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 2025	31 July 2024
Borrowings (£'000)	a	**66,356**	66,274
Cash and short term deposits (£'000)	b	**10,488**	12,703
Amounts due to brokers (£'000)	c	**52**	1,155
Amounts due from brokers (£'000)	d	**3,517**	2,560
Shareholders' funds (£'000)	e	**521,691**	502,260
Net gearing	(a-b+c-d)/e	**10.0%**	10.4%

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 2025 is based on forecast ongoing charges for the year ending 31 July 2025.

	31 January 2025	31 July 2024
Investment management fees (£'000)	**3,272**	3,076
Administrative expenses (£'000)	**1,327**	1,306
Less: non-recurring charges (£'000)[A]	**(3)**	(32)
Ongoing charges (£'000)	**4,596**	4,350
Average net assets (£'000)	**525,220**	488,772
Ongoing charges ratio	**0.88%**	0.89%

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

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 2025		**NAV**	**Share Price**
Opening at 1 August 2024	a	**324.26p**	**278.00p**
Closing at 31 January 2024	b	**342.93p**	**298.00p**
Price movements	c=(b/a)-1	**5.8%**	**7.2%**
Dividend reinvestment[A]	d	**1.3%**	**1.6%**
Total return	c+d	**+7.1%**	**+8.8%**

Year ended 31 July 2024		**NAV**	**Share Price**
Opening at 1 August 2023	a	308.93p	264.00p
Closing at 31 July 2024	b	324.26p	278.00p
Price movements	c=(b/a)-1	5.0%	5.3%
Dividend reinvestment[A]	d	2.9%	3.5%
Total return	c+d	+7.9%	+8.8%

NAV total return from inception (19 October 1995) to		31 January 2025	31 July 2024
Opening NAV	a	**20.00p**	20.00p
Closing NAV	b	**342.93p**	324.26p
Price movements	c=(b/a)-1	**1614.7%**	1521.3%
Dividend reinvestment[A]	d	**1055.3%**	951.3%
Total return	c+d	**+2670.0%**	+2472.6%

[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**).

Aberdeen Social Media Accounts

Aberdeen Investment Trusts

@aberdeenTrusts

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:

SCAN ME

AIFMD

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

Investor Warning

Aberdeen has been made aware that some investors may have received telephone calls from people purporting to work for Aberdeen, 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 Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen 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 Aberdeen managed investment trusts

A range of leading investment platforms and share dealing services let you buy and sell Aberdeen-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 Aberdeen Investment Trust Savings Plans (the 'Plans')

The Aberdeen Investment Trusts ISA, Share Plan and Investment Plan for Children (the "Plans") closed in December 2023. All investors with a holding or cash balance in the Plans at that date transferred to interactive investor ("ii"), an Aberdeen Group company. ii communicated with Plan holders in late November 2023 to set up account security to ensure that investors would continue to access their holdings via ii following the closure of the Plans.

Former Aberdeen Plan holders should contact ii for any ongoing support with their ii accounts on 0345 646 1366, or +44 113 346 2309 if calling from outside the UK. Lines are open 8.00am to 5.00pm Monday to Friday. Alternatively, Plan holders can access the website at **ii.co.uk/abrdn-welcome**.

Platform Providers

Platforms featuring Aberdeen Group managed investment trusts include:

interactive investor	**www.ii.co.uk/investment-trusts** (*an Aberdeen owned business*)
AJBell Youinvest	**www.ajbell.co.uk/markets/investment-trusts**
BARCLAYS	**www.barclays.co.uk/smart-invest**
Bestinvest by Evelyn Partners	**www.bestinvest.co.uk**
CHARLES STANLEY	**www.charles-stanley-direct.co.uk**
Fidelity International	**www.fidelity.co.uk**
HALIFAX	**www.halifax.co.uk/investing**
HARGREAVES LANSDOWN	**www.hl.co.uk/shares/investment-trusts**
novia	**www.wealthtime.com/advisers/**
transact	**www.transact-online.co.uk**
abrdn	**www.abrdn.com/adviser/wrap** (*an Aberdeen owned business*)

The list of platform providers is shown for illustrative purposes only. Other platform providers are available. The links provided direct you to external websites operated by each platform provider. Aberdeen 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 Aberdeen 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**.

How to Invest in abrdn Asia Focus plc

Continued

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

Aberdeen 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.

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
Lindsay Cooper
Alex Finn
Lucy Macdonald

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Registration Number 03106339

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Singapore 018936

Alternative Investment Fund Manager*
abrdn Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority

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(* appointed as required by EU Directive 2011/61/EU)

Secretaries and Registered Office
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Independent Auditor
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144 Morrison Street
Edinburgh EH3 8EX

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

Depositary
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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.

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 abrdn Fund Managers Limited ("aFML") which is authorised and regulated by the Financial Conduct Authority. Day to day management of the portfolio is delegated to abrdn Asia Limited ("abrdn Asia", the "Manager" or the "Investment Manager"). aFML and abrdn Asia are wholly owned subsidiaries of Aberdeen Group PLC, previously known as abrdn plc. On 4 March 2025 the Manager announced a change to its trading name to 'aberdeen' from 'abrdn'.

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").

CULS Holders are reminded that 31 May 2025 is the Final Conversion Date for the Company's CULS. Please refer to the Chair's statement for further information.