

# Aberdeen Standard Asia Focus PLC

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





Aberdeen Standard Asia Focus PLC is an investor in Bank OCBC NISP, the Indonesian subsidiary of Singapore-based OCBC Bank Raffles Place, Singapore

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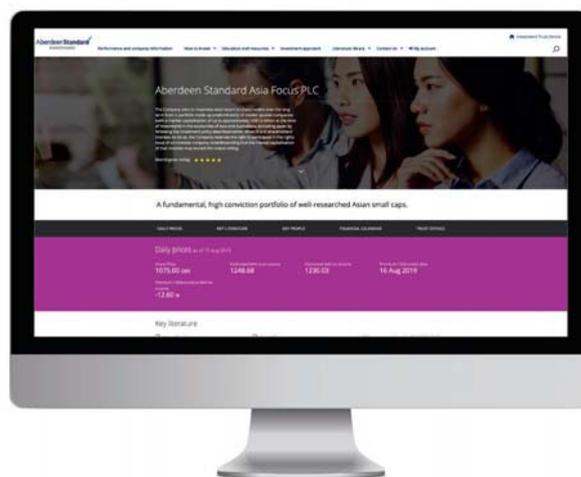
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## Visit our website

To find out more about Aberdeen Standard Asia Focus PLC, please visit: [asia-focus.co.uk](http://asia-focus.co.uk)

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

If you have sold or otherwise transferred all your Ordinary shares in Aberdeen Standard Asia Focus PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# Company Overview

On 9 November 2018 Aberdeen Asian Smaller Companies Investment Trust PLC changed its name to Aberdeen Standard Asia Focus PLC by way of a Directors' resolution passed in accordance with the Articles of Association of the Company.

Launched in October 1995, Aberdeen Standard Asia Focus PLC (the "Company") is an investment company with its Ordinary shares and 2025 Convertible Unsecured Loan Stock (CULS) listed on the premium segment of the London Stock Exchange. The Company is an approved investment trust and aims to maximise total return to shareholders over the long term from a portfolio of smaller quoted

companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan.

The Company is governed by a board of non-executive directors, the majority of whom are independent, and has no employees. Like most other investment companies, the Company outsources its investment management and administration to an investment management company, Aberdeen Standard Investments. The Company does not have a fixed life.

Net asset value total return (diluted) <sup>AB</sup>	MSCI AC Asia Pacific ex Japan Index total return <sup>C</sup>	MSCI AC Asia Pacific ex Japan Small Cap Index total return <sup>C</sup>
+7.1%	+5.7%	-0.5%
2018 +4.6%	2018 +6.1%	2018 +6.6%
Share price total return <sup>A</sup>	Discount to net asset value <sup>AB</sup>	Ordinary dividend per share <sup>D</sup>
+11.4%	11.6%	19.00p
2018 +0.4%	2018 14.8%	2018 17.00p

<sup>A</sup> Alternative Performance Measure (see pages 13 and 73).

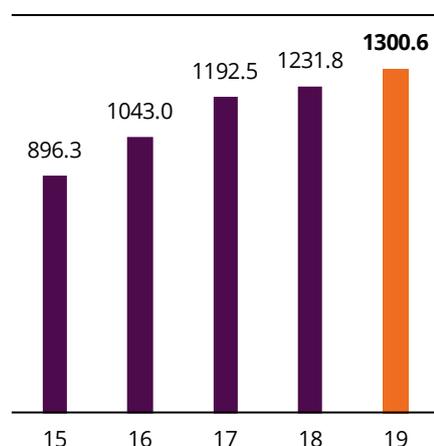
<sup>B</sup> Presented on an undiluted basis as the Convertible Unsecured Loan Stock ("CULS") is "out of the money"

<sup>C</sup> Currency adjusted, capital gains basis.

<sup>D</sup> Dividends are subject to shareholder approval at the Annual General Meeting.

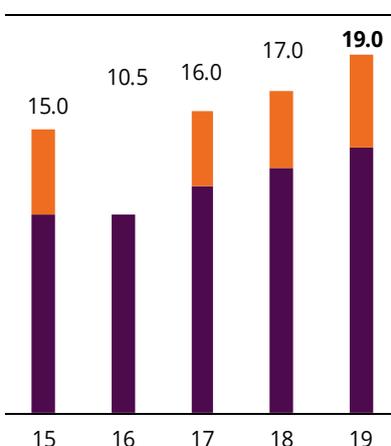
## Net asset value per share

At 31 July - pence



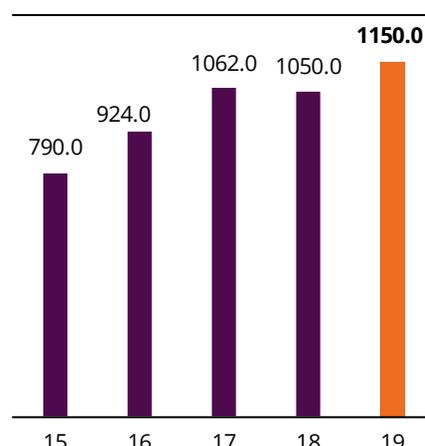
## Dividends per share

Year ended 31 July - pence



## Mid-market price per share

At 31 July - pence



\*Diluted values used for 2015-2017

■ Final ■ Special

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## Investment Objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan, by following the investment policy described below. When it is in shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling. The Directors do not envisage any change in this activity in the foreseeable future.

## Investment Policy

The Company's assets are invested in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the investment region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, The Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other economies in Asia as the Directors may from time to time determine, (collectively, the "Investment Region"). Investments may also be made through collective investment schemes, in unquoted equities (up to 10% of the net assets of the Company, calculated at the time of investment) and in companies traded on stock markets outside the Investment Region provided that over 75% of their consolidated revenue, operating income or pre-tax

profit is earned from trading in the Investment Region or they hold more than 75% of their consolidated net assets in the Investment Region.

## Risk Diversification

The Company does not invest more than 15% of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company. The Manager is authorised to invest up to 15% of the Company's gross assets in any single stock.

## 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 up to 25% of adjusted NAV at the time of draw down.

## Management

The Company's Manager is Aberdeen Standard Fund Managers Limited ("ASFML", the "AIFM" or the "Manager") which has delegated the investment management of the Company to Aberdeen Standard Investments (Asia) Limited ("ASI Asia" or the "Investment Manager"). ASI Asia and ASFML are both wholly owned subsidiaries of Standard Life Aberdeen plc, formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017. Aberdeen Standard Investments is a brand of the investment businesses of the merged entity.

## Financial Calendar

30 October 2019	Announcement of annual results for the year ended 31 July 2019
2 November to 30 November 2019	Period during which holders of the Company's 2.25% Convertible Unsecured Loan Stock 2025 (CULS) can elect to convert into Ordinary shares
30 November 2019	CULS Conversion Date
4 December 2019	Annual General Meeting at 11.30 a.m. in London
11 December 2019	Payment of final and special dividends for year ended 31 July 2019
March 2020	Announcement of half yearly results for the six months ending 31 January 2020
3 May to 31 May 2020	Period during which holders of the Company's 2.25% Convertible Unsecured Loan Stock 2025 (CULS) can elect to convert into Ordinary shares
31 May 2020	CULS Conversion Date
October 2020	Announcement of annual results for the year ending 31 July 2020

## Overview

# Chairman's Statement

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**Nigel Cayzer,**  
Chairman

### Results

It was a volatile year for equities globally and Asia was no different. In this difficult environment, your Manager delivered pleasing performance with the Company's net asset value ("NAV") rising 7.1% in sterling terms. In comparison, the MSCI Asia Pacific ex-Japan Small Cap Index lost 0.5%. Meanwhile, the discount to NAV per share narrowed from 14.8% to 11.6% during the reporting period.

I am encouraged to see that the restructuring that your Company undertook last year has continued to prove rewarding, both in terms of performance and in the narrowing of the discount to NAV. The latter suggests that shareholders have embraced the change. Likewise, the decision to focus the portfolio on your Manager's highest conviction ideas and the continued commitment to a long-term, bottom-up investment strategy supported performance. This reaffirms my belief that the Company is well-positioned to deliver good relative returns, particularly in more challenging market conditions. The changes made to the portfolio and your Manager's focus on picking robust businesses to invest in should help maintain the Company's track record of delivering superior value to shareholders over the long term. Over the past three and five-years periods, the Company's NAV rose 29.4% and 46.1%, respectively, equivalent to an annualised return of 8.9% and 7.9%. Over the much longer term, Shareholders might be interested to know that if they had invested £1,000 into the Company at its launch, in 1995, this would have been worth approximately £16,840 (assuming all dividends were re-invested) at the end of July 2019.

As a reminder, your Manager embarked on a process to streamline the portfolio and trim the number of holdings to improve focus on the best ideas. To this end, your Manager exited several holdings, where the growth outlook was less appealing or valuations untenable. The proceeds were reinvested in existing holdings with better prospects or in new upstart companies, predominantly in the technology and industrial sectors, where disruptive new approaches are challenging traditional incumbents. Importantly, this has not come at the expense of your Manager's core principle of investing, at a reasonable valuation, in high-

quality companies that can achieve scale and efficiency within their niche markets, while maintaining a strong balance sheet.

### Overview

Asian small-cap equities fell during the year under review. It was a volatile period, with markets whipsawed by the recurring themes of monetary policy and trade. Towards the end of 2018, worsening US-China trade tensions and expectations of rising rates in the US sparked a broad sell-off. But optimism returned in early 2019. Faced with a weakening global economy, major central banks changed tack and loosened policy considerably. The Fed eventually delivered its first rate cut since 2008, while European policymakers signalled more stimulus. Several Asian economies also lowered rates while China pledged further economic support. As a result, expectations of 'lower rates for longer' returned. In politics, major elections in Australia, India, Indonesia and Thailand all saw incumbents prevail. The outcomes in India and Indonesia, in particular, bode well for structural reforms and your Manager is positive on the outlook for both markets. Across the region, Southeast Asia led gains given the greater vulnerability of North Asia – namely China, Korea & Taiwan – to slowing global trade.

Against this backdrop, your Company's focus on smaller companies proved beneficial. The underlying portfolio is positioned to capitalise on opportunities arising from growing consumer demand across the region. In addition, these companies' domestic focus insulates them, to some degree, from external shocks. In fact, the portfolio proved more resilient during the period than its large-cap counterparts despite ongoing trade tensions and currency fluctuations across the region. This is largely a result of the businesses we invest in possessing robust balance sheets, healthy cash flows and sustainable profit margins.

### Dividend

As advised in previous years and subject to market conditions, it is your Company's aim to maintain or increase the Ordinary dividend so that shareholders can rely on a consistent stream of income. In 1998, when the Asian Crisis gripped much of Asia, the Company paid

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an Ordinary dividend of 0.11p and since that date it has maintained or increased the final dividend every year to the present level of 14.0p (together with the proposed special dividend 5.0p).

In the current year, we have seen continued strength in both the ordinary income and the income that we receive as special dividends. In view of this, the Board is recommending a final dividend of 14.0p per share (2018 13.0p) and a special dividend of 5.0p per share (2018 4.0p) an increase of 11.8%. The payments will allow for a small surplus to be transferred to the brought forward revenue reserves which can be used in future years in the event of any temporary shortfalls in revenue. If approved by shareholders at the Annual General Meeting of the Company on 4 December 2019, both dividends will be paid on 11 December 2019 to shareholders on the register on 15 November 2019.

### Gearing and Share Capital Management

The Company's year-end net gearing was 9.9%. The majority of the gearing is provided by the new CULS 2025 together with bank loans. The Company has a three year multicurrency revolving loan facility and a term loan facility, in an aggregate amount of US\$25 million, with The Royal Bank of Scotland International Limited, London Branch. Under the term loan facility US\$12.5 million has been drawn down and fixed for three years to June 2020 at an all-in rate of 2.506%. Under the revolving loan facility a further US\$12.5 million is available for draw down. At the year end US\$25.0 million had been drawn down under the facilities and at the time of writing this level has been trimmed slightly to US\$22.5m.

During the year the Company purchased for treasury 1,302,650 Ordinary shares at a discount to the prevailing NAV (exclusive of income). Subsequent to the period end a further 385,000 Ordinary shares have been purchased into treasury. Share buy backs can reduce the volatility of any discount as well as modestly enhancing the NAV for shareholders.

### Annual General Meeting

The Annual General Meeting is scheduled to be held on 4 December 2019 at 11.30 a.m. In addition to the usual ordinary business, as special business the Board is seeking to renew the authority to issue new shares and sell treasury shares for cash at a premium without pre-emption rules applying and to renew the authority to buy back shares and either hold them in treasury for future resale (at a premium to the prevailing NAV per share) or cancel them.

The Board is happy to take general questions on the Annual Report and financial statements at the meeting but would advise that questions of a technical nature should be addressed in writing to the Company Secretary, in advance. We look forward to seeing as

many shareholders as possible and very much hope that any, who wish, will stay for lunch afterwards.

### Directorate

As part of the previously advised process of succession planning the Board welcomed Charlotte Black and Deborah Guthrie as independent non-executive Directors of the Company with effect from the Annual General Meeting held on 16 January 2019. Chris Maude retired from the Board on 31 March 2019 and I would like to reiterate our thanks to him for his very considerable input. Furthermore, Haruko Fukuda has indicated that she intends to retire as a Director on 31 March 2020. Haruko joined the Board in 2003 and I would like to take this opportunity to thank her sincerely on behalf of the Board for her very significant contribution to the Company over that time.

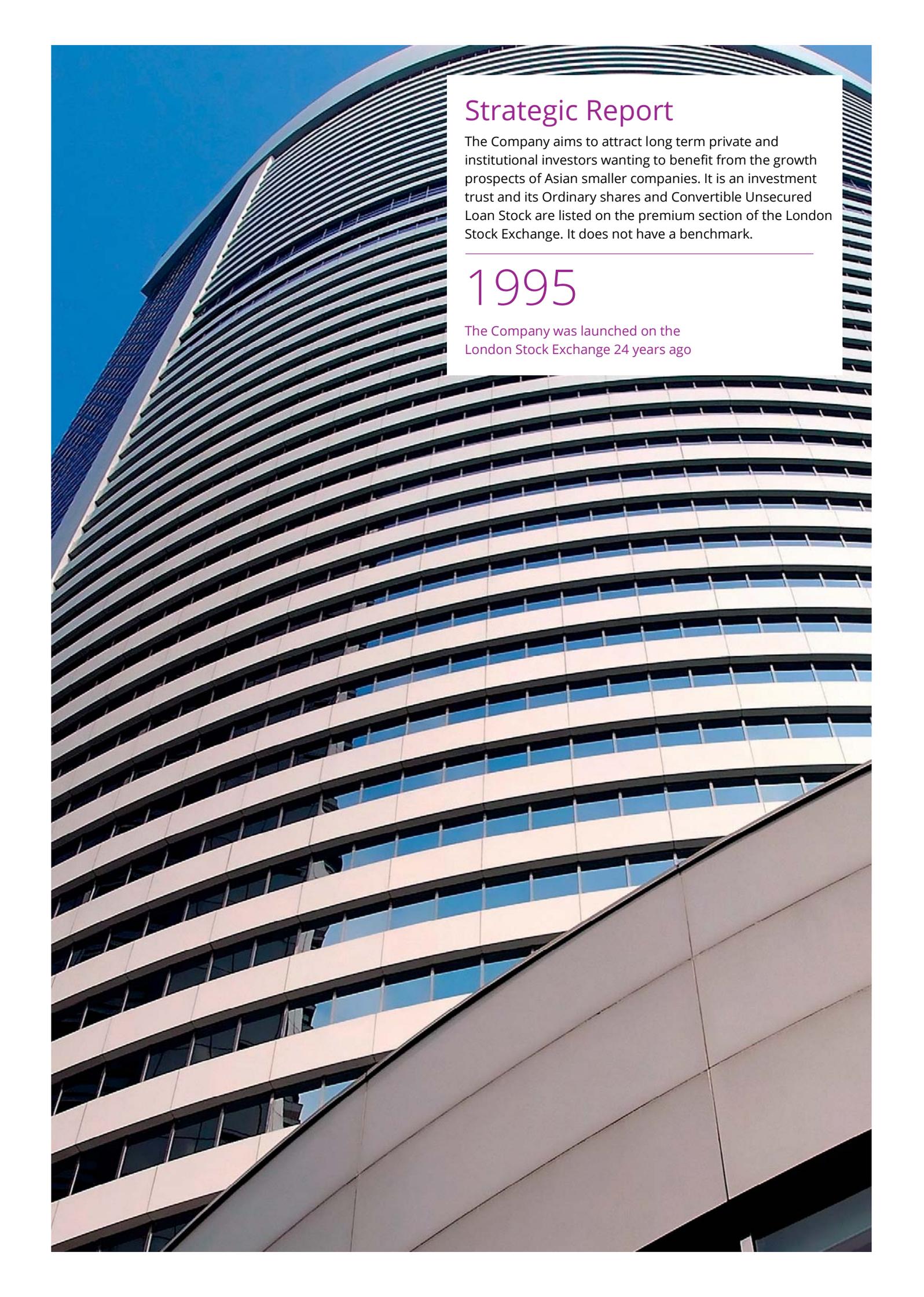
### Outlook

The outlook for Asian smaller companies is promising over the medium-term, even as markets are challenged by a slowdown in global growth. The trade dispute is intensifying and is no longer the purview of just China and the US; with rising tensions between Japan and Korea likely to erode consumer and corporate confidence in the region further. Unsurprisingly, we are seeing increasing action by governments and central banks to support growth through targeted stimulus and interest rate cuts. This should increase investor confidence in Asia, where central banks still have the capacity to loosen policy rates. In addition, most countries are already on a fiscal consolidation path and have healthy foreign-exchange reserves.

More broadly, the case for investing in Asian smaller companies remains compelling, with the portfolio's valuations towards the lower end of their historical range. The region has one of the highest growth rates globally and a wealth of financially responsible corporates. While exports remain a key driver, resilient domestic demand should support regional economies amid global trade tensions. The rise in consumer spending power, alongside a relatively young population, is supportive of this theme. Finally, despite all the noise, Asia's relevance as a technology hub continues to strengthen by the day, with the region likely to transform the dynamics of many industries for decades to come.

### Nigel Cayzer

Chairman  
29 October 2019



## Strategic Report

The Company aims to attract long term private and institutional investors wanting to benefit from the growth prospects of Asian smaller companies. It is an investment trust and its Ordinary shares and Convertible Unsecured Loan Stock are listed on the premium section of the London Stock Exchange. It does not have a benchmark.

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# 1995

The Company was launched on the London Stock Exchange 24 years ago

# Strategic Report

## Overview of Strategy

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### Business Model

The business of the Company is that of an investment company which seeks to qualify as an investment trust for UK capital gains tax purposes.

### Investment Objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment which was raised to this level on 23 May 2018 from the previous ceiling of US\$1bn) in the economies of Asia and Australasia, excluding Japan by following the investment policy described below. When it is in shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling. The Directors do not envisage any change in this activity in the foreseeable future.

### Investment Policy

The Company's assets may be invested in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the investment region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, The Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other economies in Asia as the Directors may from time to time determine, (collectively, the "Investment Region"). Investments may also be made through collective investment schemes, in unquoted equities (up to 10% of the net assets of the Company, calculated at the time of investment) and in companies traded on stock markets outside the Investment Region provided that over 75% of their consolidated revenue, operating income or pre-tax profit is earned from trading in the Investment Region or they hold more than 75% of their consolidated net assets in the Investment Region.

### Risk Diversification

The Company does not invest more than 15% of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company. The Manager is authorised to invest up to 15% of the Company's gross assets in any single stock.

### 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 up to 25% of adjusted NAV at the time of draw down.

### Delivering the Investment Policy

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day to day management of the Company's assets has been delegated, via the AIFM, to the Investment Manager, ASI Asia. ASI Asia invests in a diversified range of companies throughout the Investment Region in accordance with the investment policy. ASI Asia follows a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value. No stock is bought without the fund managers having first met management. ASI Asia estimates a company's worth in two stages, quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is calculated by reference to key financial ratios, the market, the peer group and business prospects. Top-down investment factors are secondary in the ASI Asia's portfolio construction, with diversification rather than formal controls guiding stock and sector weights. Except for the maximum market capitalisation limit, little regard is paid to market capitalisation.

A detailed description of the investment process and risk controls employed by ASI Asia is disclosed on page 77. A comprehensive analysis of the Company's portfolio is disclosed on pages 19 to 22 including a description of the ten largest investments, the portfolio investments by value, sector/geographical analysis and currency/market performance. At the year end the Company's portfolio consisted of 66 holdings.

### Comparative Indices

The Company does not have a benchmark. ASI Asia utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted), as well as peer group comparisons for Board reporting. It is likely that performance will diverge, possibly quite dramatically in either direction, from these or any other indices. ASI Asia seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

# Strategic Report

## Overview of Strategy continued

### Key Performance Indicators (KPIs)

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and to determine the progress of the Company in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company, which are considered at each Board meeting, are as follows:

KPI	Description
NAV Return (per share)	The Board considers the Company's NAV total return figures to be the best indicator of performance over time and is therefore the main indicator of performance used by the Board. The figures for this year and for the past 1, 3, 5, 10 years and since inception are set out on page 13.
Performance against comparative indices	The Board also measures performance against a combination of two regional indices – the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted). Graphs showing performance are shown on pages 14 and 15. At its regular Board meetings the Board also monitors share price performance relative to competitor investment trusts over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.
Share price (on a total return basis)	The Board also monitors the price at which the Company's shares trade relative to the MSCI Asia Pacific ex Japan Index (sterling adjusted) on a total return basis over time. A graph showing the total NAV return and the share price performance against the comparative index is shown on page 14.
Discount/Premium to NAV	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price premium/(discount) relative to the NAV is also shown on page 14.
Dividend	The Board's aim is to maintain or increase the Ordinary dividend so that shareholders can rely on a consistent stream of income. Dividends paid over the past 10 years are set out on page 13.

### Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of these risks, in the table below together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's shares are published monthly on the Company's factsheet or they can be found in the pre-investment disclosure document published by the AIFM, both of which are on the Company's website. The Board reviews the risks and uncertainties faced by the Company in the form of a risk matrix and heat map at its annual Audit Committee and a summary of the principal risks are set out below. In addition to these risks, the outcome and potential impact of the UK Government's Brexit discussions with the European Union are still unclear at the time of writing. Therefore economic risks remain, relating to the potential for significant resultant currency volatility and/or uncertainty relating to the Company's ability to reclaim withholding taxes paid in overseas jurisdictions.

#### Description

**Investment strategy and objectives** – the setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for shares and a widening discount.

#### Mitigating Action

The Board keeps the level of discount at which the Company's shares trade as well as the investment objective and policy under review and in particular holds an annual strategy meeting where the Board reviews updates from the Investment Manager, investor relations reports and the Broker on the market. In particular, the Board is updated at each Board meeting on the make up of and any movements in the shareholder register.

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### Description (continued)

**Investment portfolio and investment management:** investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and inability to meet the Company's objectives, as well as a weakening discount.

**Financial obligations:** the requirement for the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-gearred or unable to take advantage of potential opportunities and result in a loss of value to the Company's shares. It could also result in the Company being unable to meet the interest repayments due on the CULS.

**Financial and regulatory:** the financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including the Companies Act, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the listing rules, disclosure and prospectus rules) may have an impact on the Company.

**Operational:** the Company is dependent on third parties for the provision of all systems and services (in particular, those of Aberdeen Standard Investments) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.

**Investing in unlisted securities:** the Company has the ability to invest in unlisted securities, although no such investments have been made to date. Unquoted investments are long-term in nature and they may take a considerable period to be realised. Unquoted investments are less readily realisable than quoted securities. Such investments may therefore carry a higher degree of risk than quoted securities. In valuing investments the Company may rely to a significant extent on the accuracy of financial and other information provided to the Manager as well as the performance of listed peer multiples which may impact unquoted valuations negatively.

**Market and F/X:** insufficient oversight or controls over financial risks, including market risk, foreign currency risk, liquidity risk and credit risk could result in a loss to the Company.

### Mitigating Action (continued)

The Board sets, and monitors, its investment restrictions and guidelines, and receives regular board reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines. The Investment Manager is in attendance at all Board meetings. The Board also monitors the Company's share price relative to the NAV.

The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting. In addition, Aberdeen Standard Fund Managers Limited, as alternative investment fund manager, has set an overall leverage limit of 2x on a commitment basis (2.5x on a gross notional basis) and includes updates in its reports to the Board.

The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated by the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 18 to the financial statements. The Board relies upon the Standard Life Aberdeen Group to ensure the Company's compliance with applicable regulations and from time to time employs external advisers to advise on specific concerns.

The Board receives reports from the Manager on internal controls and risk management at each board meeting. It receives assurances from all its significant service providers, as well as back to back assurances where activities are themselves sub-delegated to other third party providers with which the Company has no direct contractual relationship. Further details of the internal controls which are in place are set out in the Directors' Report on pages 33 and 34.

The Board recognises that investing in unlisted securities carries a higher risk/reward profile. Accordingly it seeks to mitigate this risk by limiting investment into such securities to 10% of the Company's net assets (calculated at the time of investment).

The Manager's risk department reviews investment risk and a review of credit worthiness of counterparties is undertaken by its Counterparty Credit Risk team. The Company does not hedge foreign currency exposure but it may, from time to time, partially mitigate it by borrowing in foreign currencies.

### Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by the Manager on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Manager. The Manager reports quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of your Company is key and therefore the Company also supports the Manager's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

### Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. However, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and, therefore, the Company does not consider it appropriate to set diversity targets. At 31 July 2019, there were four male Directors and three female Directors on the Board.

### Environmental, Social and Governance (ESG)

#### ESG Investment

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Manager embeds ESG into research of each asset class as part of the investment process.

The primary goal is to generate the best long-term outcomes for the Company in order to fulfil the fiduciary responsibilities to the Company. The Manager sees ESG factors as being financially material and impacting

corporate performance. ESG factors put the 'long-term' in long-term investing. The Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions. The Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from the investments. This helps to enhance the value of shareholders' assets. Furthermore the Manager engages, manages and votes for either insight or influence. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better shareholder outcomes.

### Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated day to day management and administrative functions to Aberdeen Standard Fund Managers Limited. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined above.

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

### Viability Statement

The Company does not have a formal fixed period strategic plan but the Board formally considers risks and strategy at least annually. The Board considers the Company, with no fixed life, to be a long term investment vehicle, but for the purposes of this viability statement has decided that a period of three years is an appropriate period over which to report. The Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than three years.

In assessing the viability of the Company over the review period the Directors have conducted a robust review of the principal risks focussing upon the following factors:

- 
- The principal risks detailed in the Strategic Report;
  - The ongoing relevance of the Company's investment objective in the current environment;
  - The demand for the Company's Shares evidenced by the historical level of premium and or discount;
  - The level of income generated by the Company;
  - The level of gearing and requirement to re-finance or repay existing facilities in 2020;
  - The liquidity of the Company's portfolio; and,
  - The flexibility of the Company's bank facilities.

Accordingly, taking into account the Company's current position, the fact that the Company's investments are mostly liquid and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report. In making this assessment, the Board has considered that matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

### **Future**

The Board's view on the general outlook for the Company can be found in my Chairman's Statement on page 5 whilst the Investment Manager's views on the outlook for the portfolio are included on pages 16 and 17.

### **Nigel Cayzer**

Chairman

29 October 2019

### Financial Highlights

	31 July 2019	31 July 2018	% change
Total assets (see definition on page 86)	£496,916,000	£486,044,000	+2.2
Total equity shareholders' funds (net assets)	£441,010,000	£433,706,000	+1.7
Net asset value per share (basic)	1,300.56p	1,231.83p	+5.6
Share price (mid market)	1,150.00p	1,050.00p	+9.5
Market capitalisation	£389,958,000	£369,687,000	+5.5
Discount to net asset value (basic) <sup>A</sup>	11.6%	14.8%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	793.25	774.03	+2.5
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted, capital gains basis)	1,479.09	1,530.15	-3.3
Net gearing <sup>A</sup>	9.9%	9.5%	
<b>Dividends and earnings</b>			
Total return per share (basic) <sup>B</sup>	78.18p	36.78p	
Revenue return per share (basic)	21.64p	19.27p	+12.3
Dividends per share <sup>C</sup>	19.00p	17.00p	+11.8
Dividend cover <sup>A</sup>	1.14	1.13	+0.5
Revenue reserves <sup>D</sup>	£15,550,000	£13,962,000	+11.4
<b>Operating costs</b>			
Ongoing charges ratio <sup>A</sup>	1.16%	1.22%	

<sup>A</sup> Considered to be an Alternative Performance Measure. See pages 73 and 74.

<sup>B</sup> Measures the total earnings for the year divided by the weighted average number of Ordinary shares in issue (see note 9).

<sup>C</sup> The figures for dividends per share reflect the dividends for the year in which they were earned.

<sup>D</sup> Prior to payment of final and special dividends.

## Performance (total return)

	1 year % return	3 year % return	5 year % return	10 year % return	Since inception
Share price <sup>A</sup>	+11.4	+29.9	+31.2	+346.2	+1684.7
Net asset value per Ordinary share – diluted <sup>AB</sup>	+7.1	+29.4	+46.1	+322.3	+1743.2
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+5.7	+41.0	+63.8	+164.0	+405.1
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	-0.5	+21.3	+43.3	+122.3	n/a

<sup>A</sup> Considered to be an Alternative Performance Measure (see page 73 for more information).

<sup>B</sup> 1 year return calculated on an undiluted basis as CULS is “out of the money”. All other returns are calculated on a diluted basis.

Source: Standard Life Aberdeen plc, Morningstar, Lipper & MSCI

## Dividends

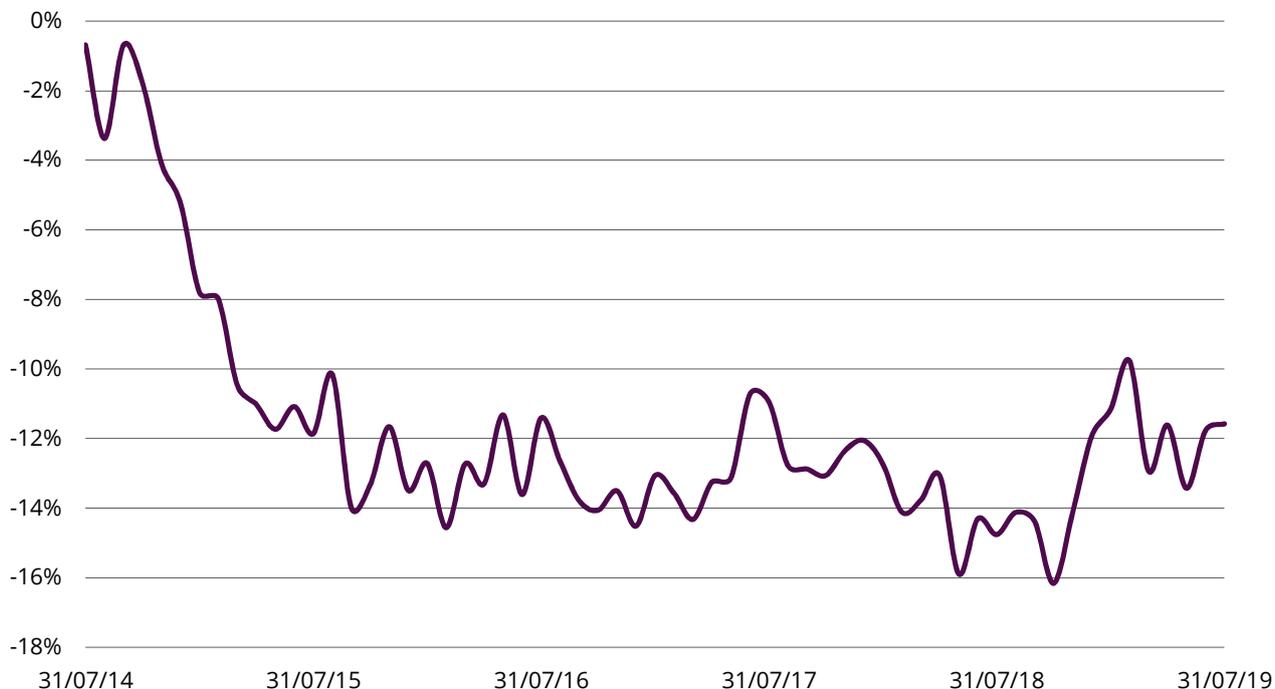
	Rate	xd date	Record date	Payment date
Proposed final 2019	14.00p	14 November 2019	15 November 2019	11 December 2019
Proposed special 2019	5.00p	14 November 2019	15 November 2019	11 December 2019
	<b>19.00p</b>			
Final 2018	13.00p	20 December 2018	21 December 2018	22 January 2019
Special 2018	4.00p	20 December 2018	21 December 2018	22 January 2019
	<b>17.00p</b>			

## Ten Year Financial Record

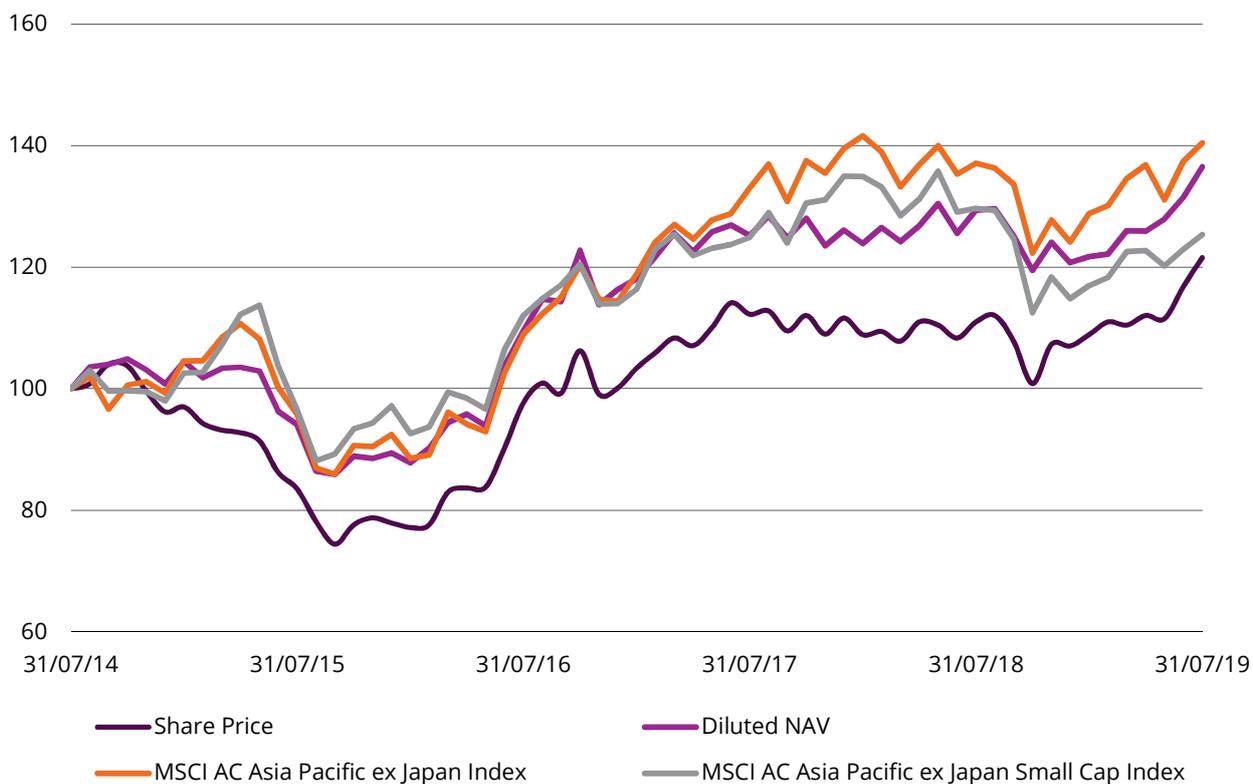
Year to 31 July	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total revenue (£'000)</b>	6,103	8,380	9,168	11,512	11,427	14,746	10,992	13,896	14,673	14,632
<b>Per share (p)</b>										
Net revenue return	12.85	15.42	13.18	13.84	11.43	18.21	9.22	19.31	19.27	21.64
Total return	236.82	137.91	68.56	275.43	(31.46)	(50.13)	165.38	172.29	36.78	78.18
Net ordinary dividends paid/proposed	8.20	9.50	9.50	10.00	10.00	10.50	10.50	12.00	13.00	14.00
Net special dividends paid/proposed	1.90	2.80	3.00	3.00	3.00	4.50	-	4.00	4.00	5.00
<b>Net asset value per share (p)</b>										
Basic	619.37	686.39	746.55	1013.82	968.89	906.16	1068.92	1235.45	1231.83	1300.56
Diluted	562.57	n/a	n/a	992.81	952.52	896.31	1042.99	1,192.49	n/a	n/a
<b>Shareholders' funds (£'000)</b>	192,851	239,965	260,994	382,932	369,118	343,967	383,735	430,105	433,706	441,010

# Strategic Report Performance

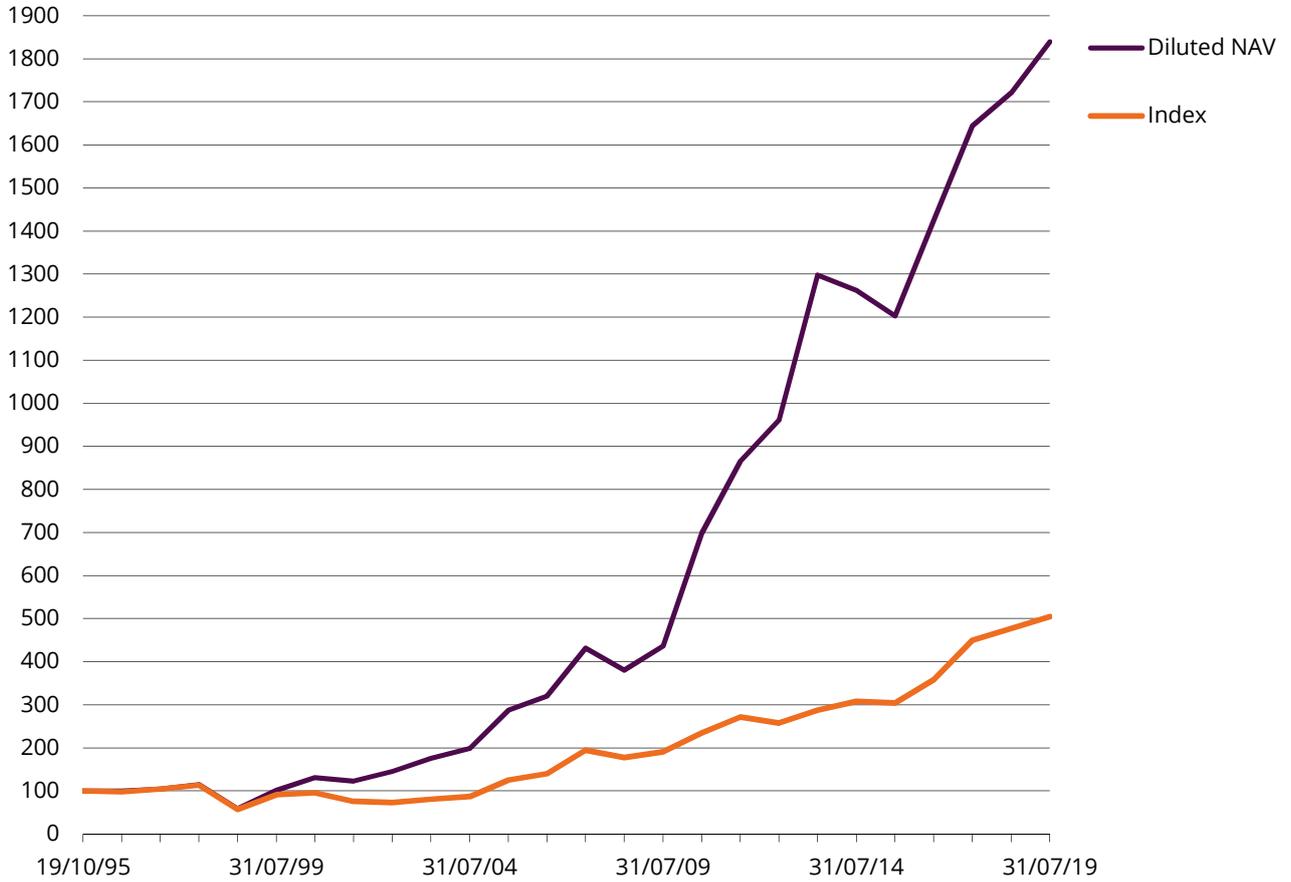
Share Price Premium/(Discount) to Diluted Net Asset Value  
Five years to 31 July 2019



Capital Return of Diluted NAV and Share Price vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)  
Five years to 31 July 2019 (rebased to 100 as at 31/07/14)



Diluted NAV Total Return Since Inception vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)  
 19 October 1995 to 31 July 2019 (rebased to 100 as at 19/10/95)



Note: Comparative performance for the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted) only became available from April 2003 and is not therefore included above.

# Strategic Report

## Investment Manager's Review

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**Hugh Young**  
Aberdeen Standard Investments (Asia) Limited

### Overview

The year under review has felt like a long and trying period for global financial markets, with a dizzying dose of political shocks. Against this challenging backdrop, we are pleased with the portfolio's performance. Your Company's NAV rose by 7.1% in the 12 months to July, compared to a marginal decline of 0.5% in the MSCI Asia Pacific ex Japan Small Cap index. This has further enhanced the Trust's outperformance over longer periods.

The positive result reaffirms our conviction in our investment process and in the importance of staying true to our bottom-up approach to stock-picking. Our preferred investment style of quality and value returned to favour during the year, as investors sought refuge in better-quality stocks amid heightening market volatility. But just as patience and discipline is crucial during bouts of underperformance, the pick-up in relative performance is no cause for complacency. Our goal, as always, is to deliver satisfactory and sustainable returns over the long run. Hence, we are not standing still, but are constantly seeking to improve our investment and idea generation processes to enable us to identify new opportunities and thrive in a fast-changing landscape. As referenced in the Chairman's Statement, one important tweak to our approach has been the decision to build a more streamlined portfolio. This bore fruit as several of the Company's highest-conviction positions were major drivers of performance.

### Portfolio Review and Activity

It was a tumultuous year for Asian equities. Notably, the push and pull of global monetary policy and trade relations held sway over all stock markets. Volatile currencies and oil prices further dampened the overall mood. The ongoing trade conflict compounded persistent worries about China's economic health. This dragged on mainland stocks, along with those in Hong Kong and Korea. India was also weak due to stress in the financial sector, though a market rally after Prime Minister Narendra Modi's re-election win limited losses.

The portfolio's heavier bias towards Southeast Asia was rewarding as several longstanding holdings in these markets made meaningful contributions. In Thailand, shares of financial-services companies, **Aeon Thana Sinsap** and **Tisco Financial**, both rose by over 60%. **Aeon Thana's** results continued to impress, while **Tisco** expanded after it bought the local retail-banking operations of Standard Chartered and continued to report low provision charges for bad debts. Another standout performer was Philippine port operator **Asian Terminals**, which gained on higher cargo volumes handled through its ports.

Encouragingly, these top-performing names represent some of the Trust's largest positions. This underscores our belief in the importance of constructing a concentrated portfolio comprised of high-conviction investments. In this regard, we are required to constantly evaluate existing and prospective holdings to gauge whether their investment case still holds up. We do this through rigorous first-hand research, along with extensive engagement with the companies' management.

As such, our efforts to refresh the portfolio continued apace over the financial year. In line with the commitment to sharpen focus and improve shareholder value, we sold some 20 names. Among the notable exits were Indonesian cement company **Solusi Bangun** (formerly Holcim Indonesia) and its Malaysian peer, **Tasek**. Both companies became targets of takeovers. We accepted the offer from **Solusi Bangun's** parent and sold **Tasek** after its share price bounced. We divested stakes in holdings that we felt faced a tougher outlook for growth or earnings. Examples of these include Sri Lankan lender **Commercial Bank of Ceylon** and Thai Coca-Cola bottler **Haad Thip**. Elsewhere, we disposed of lower-conviction stocks, such as **Concepcion Industrial** in the Philippines, Malaysian plantation group **United Malacca**, Singapore's **Riverstone Holdings** and Indian gas distributor **Gujarat Gas**.

Even as we narrowed the number of holdings, we kept an eye out for new opportunities. What we typically look for are businesses with robust financials, clear competitive advantages and appealing growth prospects. One of the new names was Korea's **Park Systems**. It is the leading developer of atomic force microscopes, a nascent technology that could have broad industrial application in sectors such as chip-making and biotechnology. The company's financials are sound, despite significant upfront sales and distribution costs, which in our view provides a solid base for earnings to grow when orders start to roll in.

Another initiation was Indian property developer **Prestige Estates**. We have historically avoided the Indian real estate sector, but our views have since evolved. Recent

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regulatory reforms are likely to encourage industry consolidation and we expect this to benefit firms such as **Prestige**, given its healthy balance sheet and asset base. The Bangalore-based company has a good reputation and solid execution capabilities. While the bulk of its projects are in residential, it has also built up a decent property investment portfolio.

In our search for potential stock ideas, we cast a wide net that encompasses non-traditional markets and companies. One such market is Vietnam, where structural trends of increasing urbanisation and income levels are becoming central in driving growth. We have spent a lot of time over the years gaining comfort with Vietnam, and recognise its growing importance in global supply chains as well as the positive direction of the government to open up capital markets. As a result, we finally dipped our toes and introduced two Vietnamese names that met our quality and value criteria. The first was **FPT Corporation**, a globally-competitive software outsourcing group with a growing list of multinational clients. It also owns a mobile telecoms unit, an education business and stakes in other businesses such as electronics' retailing. Management is highly professional, the stock's valuation compelling and the growth prospects for all the group's distinct businesses pretty promising. The other addition was **Nam Long**, a reputable developer in Ho Chi Minh City focused on the affordable housing segment. It has a decent land bank and a robust pipeline of projects. Its partnerships with well-known Japanese developers and the backing of Singapore's Keppel Group are also reassuring from a governance perspective.

## Outlook

How will stocks in Asia move over the rest of the year? In our view, the environment remains difficult, and markets

will likely be afflicted by bouts of volatility in the near term. An end to the US-China trade spat seems as elusive as ever, while slowing growth continues to cast doubt over the outlook for commodities and some regional economies. Political risks remain high, as evidenced by the ongoing protests in Hong Kong. How central banks and governments respond to these developments will also drive equity markets. But while some may rush for the exits, we are confident that the Trust remains well-positioned under any environment, given the quality of the underlying portfolio's holdings. Their strong balance sheets and domestic orientation give them the wherewithal to face the present uncertainty. Most management teams we back have also been here before and their experience is invaluable in helping them to position their businesses to prosper when the cycle turns.

It is also worth remembering that market swings present excellent buying opportunities. Many smaller businesses today are nimble and innovative, operating in interesting niche areas and filling gaps left by their larger peers. Their prospects are underpinned by ongoing structural shifts, including a burgeoning consumer class and increasing adoption of disruptive technologies. With an ever-growing pool of quality companies, picking the best ones remains crucial. By sticking to our tried-and-trusted principles, we remain optimistic that we can continue to find these hidden gems that will become long-term winners in their respective industries for years to come.

## Hugh Young

Aberdeen Standard Investments (Asia) Limited  
Investment Manager  
29 October 2019

## Portfolio

For the Managers a benchmark is for measurement not a portfolio construction tool. Aberdeen Standard Investments are buy-and-hold investors meaning in theory a good company is one they may hold forever. They invest in companies that they believe they understand and can value. Companies in the portfolio are held for the longer term; the average holding period for example is eight years. Aberdeen Standard Investments' investment style is characterised by fundamental, first hand research, patience in taking time to build positions and its commitment to engage companies, which as active shareholders is a normal part of their relationship with companies.

# Portfolio Ten Largest Investments

As at 31 July 2019

Company	Industry	Country	Valuation 2019 £'000	Total assets %	Valuation 2018 £'000
<b>Bank OCBC NISP</b> Indonesian subsidiary of Singapore-based OCBC Bank.	Banks	Indonesia	19,243	3.9	13,335
<b>John Keells Holdings</b> A blue-chip conglomerate with major segments in hotels, consumer, transportation and financial services.	Industrial Conglomerates	Sri Lanka	15,825	3.2	5,641
<b>Asian Terminals</b> One of the Philippines' main port operators. It manages and operates Port of Manila South Harbour Container Terminal, Port of Batangas, Port of General Santos and the Inland Clearance Depot yard in Calamba, Laguna.	Transportation Infrastructure	Philippines	14,970	3.0	9,772
<b>Millennium &amp; Copthorne Hotels New Zealand<sup>A</sup></b> Owns and operates a chain of hotels across New Zealand and also active in property development there. It is majority owned by London-listed Millennium & Copthorne Hotels.	Hotels, Restaurants & Leisure	New Zealand	14,077	2.8	14,860
<b>Oriental Holdings</b> The Malaysia-based conglomerate operates in Malaysia, Indonesia and Singapore, with diverse interests spanning plantations, automobiles, property and healthcare.	Automobiles	Malaysia	13,184	2.7	4,265
<b>Cebu Holdings</b> A Filipino real-estate company with a decent land bank in Cebu.	Real Estate Management & Development	Philippines	13,179	2.7	10,664
<b>AEON Credit Service (M)</b> A subsidiary of Aeon Credit Japan that provides shariah-compliant consumer financial services in Malaysia.	Consumer Finance	Malaysia	12,998	2.6	13,985
<b>Hana Microelectronics (Foreign)</b> Thai company with diversified product lines in IC packaging and microelectronics, proven management ability to manage through cycles, debt-free balance sheet and strong cash flow.	Electronic Equipment, Instruments & Components	Thailand	12,697	2.6	15,616
<b>Convenience Retail Asia</b> A retailer that operates convenience stores and bakeries in Hong Kong.	Food & Staples Retailing	Hong Kong	12,653	2.5	6,744
<b>Tisco Financial Group (Foreign)</b> A diversified financial-services provider in Thailand that specialises in auto hire-purchase lending. It is also a prominent securities broker and asset manager.	Banks	Thailand	12,252	2.5	10,333
<b>Top ten investments</b>			<b>141,078</b>	<b>28.5</b>	

<sup>A</sup> Holding includes investment in both common and preference lines.

## Portfolio Other Investments

As at 31 July 2019

Company	Industry	Country	Valuation 2019 £'000	Total assets %	Valuation 2018 £'000
AEON Thana Sinsap Thailand (Foreign)	Consumer Finance	Thailand	11,684	2.4	13,271
M.P. Evans Group	Food Products	United Kingdom	11,576	2.3	12,742
Ultrajaya Milk Industry & Trading	Food Products	Indonesia	11,519	2.3	7,011
Bukit Sembawang Estates	Real Estate Management & Development	Singapore	11,436	2.3	12,209
Sanofi India	Pharmaceuticals	India	11,344	2.3	10,426
First Sponsor Group	Real Estate Management & Development	China	11,092	2.2	11,752
Mega Lifesciences (Foreign)	Pharmaceuticals	Thailand	11,027	2.2	5,113
Eastern Water Resources Development and Management (Foreign)	Water Utilities	Thailand	10,608	2.1	7,514
Thai Stanley Electric (Foreign)	Auto Components	Thailand	10,305	2.1	11,250
City Union Bank	Banks	India	9,978	2.0	9,730
Top twenty investments			<b>251,647</b>	<b>50.7</b>	
Aegis Logistics	Oil, Gas & Consumable Fuels	India	9,916	2.0	5,299
Shangri-La Hotels Malaysia	Hotels, Restaurants & Leisure	Malaysia	9,893	2.0	10,481
Kansai Nerolac Paints	Chemicals	India	9,891	2.0	10,354
Godrej Agrovet	Food Products	India	9,364	1.9	-
AEM Holdings	Semiconductors & Semiconductor Equipment	Singapore	9,237	1.9	2,282
Dah Sing Financial Holdings	Banks	Hong Kong	9,143	1.8	12,003
Douzone Bizon Co	Software	South Korea	9,058	1.8	-
Precision Tsugami China Corporation	Machinery	China	8,465	1.7	-
Yoma Strategic Holdings	Real Estate Management & Development	Myanmar	8,140	1.6	7,851
United International Enterprises	Food Products	Denmark	8,083	1.6	9,104
Top thirty investments			<b>342,837</b>	<b>69.0</b>	
Lemon Tree Hotels	Hotels, Restaurants & Leisure	India	7,957	1.6	8,077
Sporton International	Professional Services	Taiwan	7,504	1.5	3,562
Momo.Com	Internet & Direct Marketing Retail	Taiwan	7,156	1.4	-
United Plantations	Food Products	Malaysia	6,923	1.4	6,849
SBS Transit	Road & Rail	Singapore	6,687	1.3	3,697
AKR Corporindo	Trading Companies & Distributors	Indonesia	6,570	1.3	-
AEON Credit Service (Asia)	Consumer Finance	Hong Kong	6,561	1.3	5,991
AEON Co (M)	Multiline Retail	Malaysia	6,444	1.3	8,142
Pacific Basin Shipping	Marine	Hong Kong	6,409	1.3	8,685
Straits Trading Company	Metals & Mining	Singapore	6,195	1.3	5,125
Top forty investments			<b>411,243</b>	<b>82.7</b>	

Company	Industry	Country	Valuation	Total	Valuation
			2019	assets	2018
			£'000	%	£'000
Public Financial Holdings	Banks	Hong Kong	5,885	1.2	5,585
ARB Corporation	Auto Components	Australia	5,699	1.1	8,323
FPT Corporation	Electronic Equipment, Instruments & Components	Vietnam	5,344	1.1	-
Nam Long Invst Corporation	Real Estate Management & Development	Vietnam	5,272	1.1	-
Ramco Cements	Construction Materials	India	4,930	1.0	12,564
Sunonwealth Electric Machinery Industry	Machinery	Taiwan	4,781	1.0	4,195
Park Systems Corporation	Electronic Equipment, Instruments & Components	South Korea	4,644	0.9	-
Citadel Group	IT Services	Australia	4,238	0.9	-
Cyient	Software	India	3,669	0.7	-
Giordano International	Specialty Retail	Hong Kong	3,352	0.7	5,171
Top fifty investments			<b>459,057</b>	<b>92.4</b>	
Kingmaker Footwear Holdings	Textiles, Apparel & Luxury Goods	Hong Kong	3,228	0.6	6,413
NZX	Capital Markets	New Zealand	2,922	0.6	2,405
Prestige Estates Projects	Real Estate Management & Development	India	2,535	0.5	-
Asia Satellite Telecommunications Holdings	Diversified Telecommunication Services	Hong Kong	2,449	0.5	1,138
Thaire Life Assurance (Foreign)	Insurance	Thailand	2,416	0.5	4,333
DFCC Bank	Banks	Sri Lanka	2,359	0.5	1,883
Manulife Holdings	Insurance	Malaysia	2,327	0.5	2,205
AEON Stores Hong Kong	Multiline Retail	Hong Kong	1,951	0.4	3,165
Goodyear Thailand (Foreign)	Auto Components	Thailand	1,950	0.4	1,954
ORIX Leasing Pakistan	Consumer Finance	Pakistan	980	0.2	1,871
Top sixty investments			<b>482,174</b>	<b>97.1</b>	
YHN Property	Real Estate Management & Development	Malaysia	679	0.1	2,618
CDL Investments New Zealand	Real Estate Management & Development	New Zealand	621	0.1	745
G3 Exploration	Oil, Gas & Consumable Fuels	China	462	0.1	493
Wintermar Offshore Marine	Energy Equipment & Services	Indonesia	430	0.1	674
Aitken Spence & Co	Industrial Conglomerates	Sri Lanka	176	0.0	794
Mustika Ratu	Personal Products	Indonesia	167	0.0	181
<b>Total investments</b>			<b>484,709</b>	<b>97.5</b>	
<b>Net current assets (before deducting prior charges)<sup>B</sup></b>			<b>12,207</b>	<b>2.5</b>	
<b>Total assets<sup>B</sup></b>			<b>496,916</b>	<b>100.0</b>	

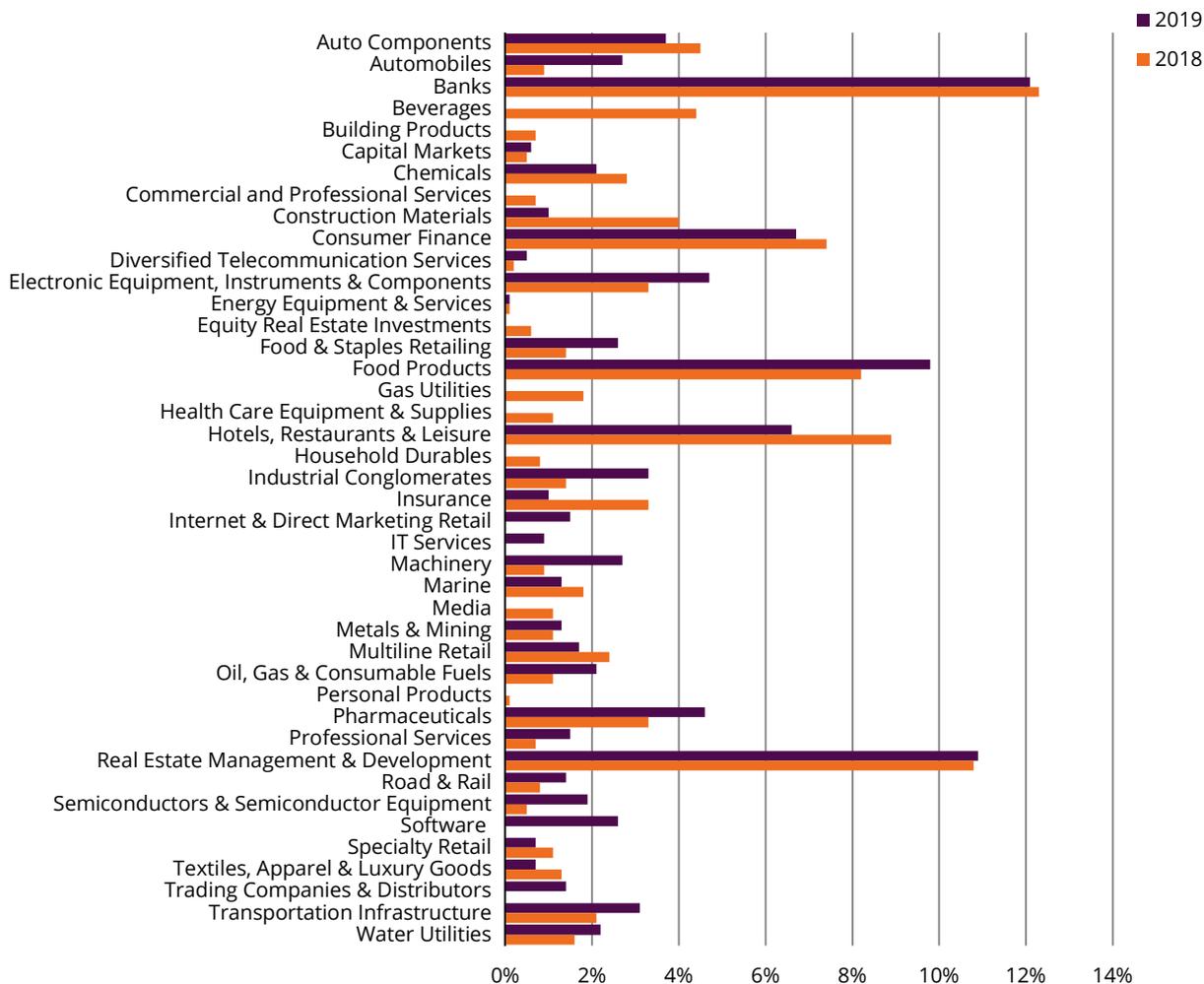
<sup>B</sup> See definition on page 86.

All investments are in equities unless otherwise stated.

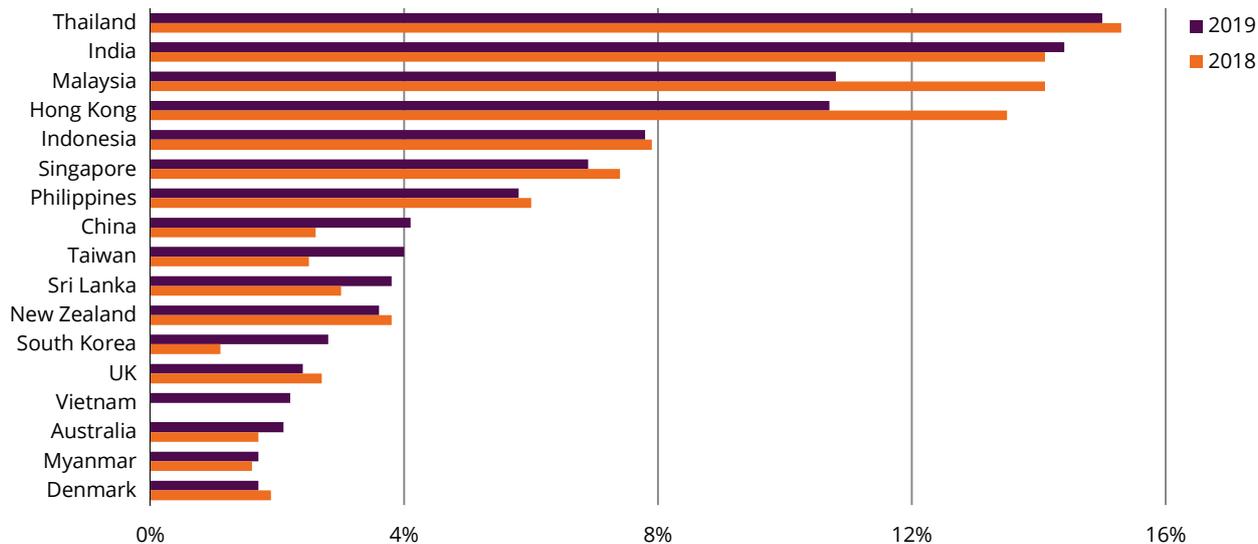
# Portfolio Sector/Geographical Analysis

As at 31 July 2019

## Sector Breakdown



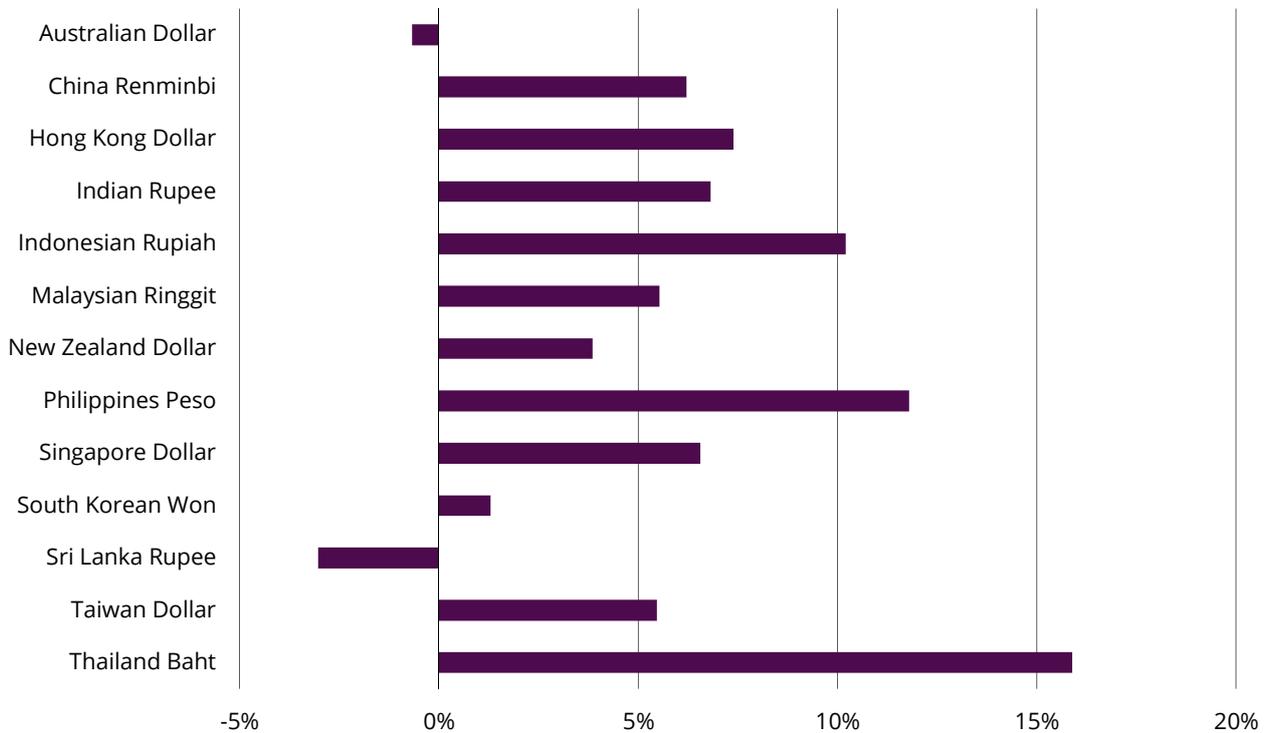
## Geographic Breakdown



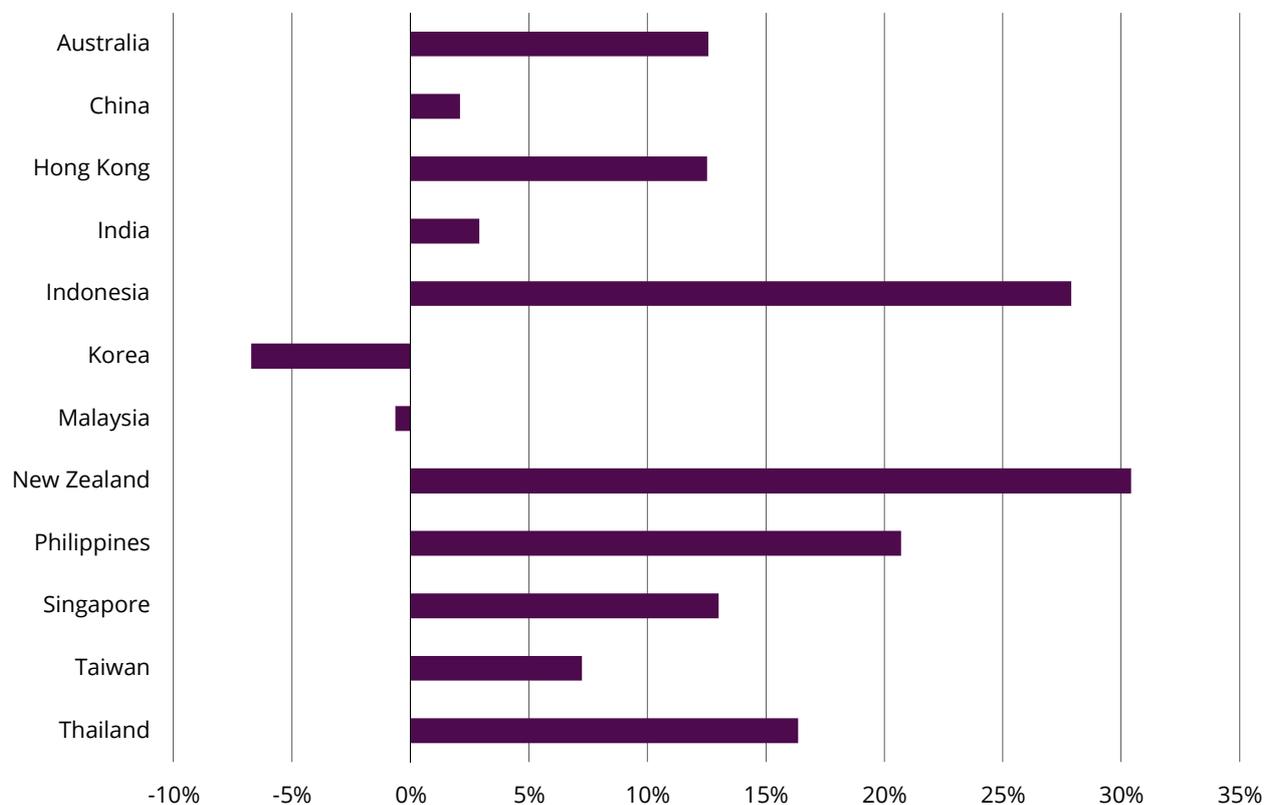
# Portfolio Currency/Market Performance

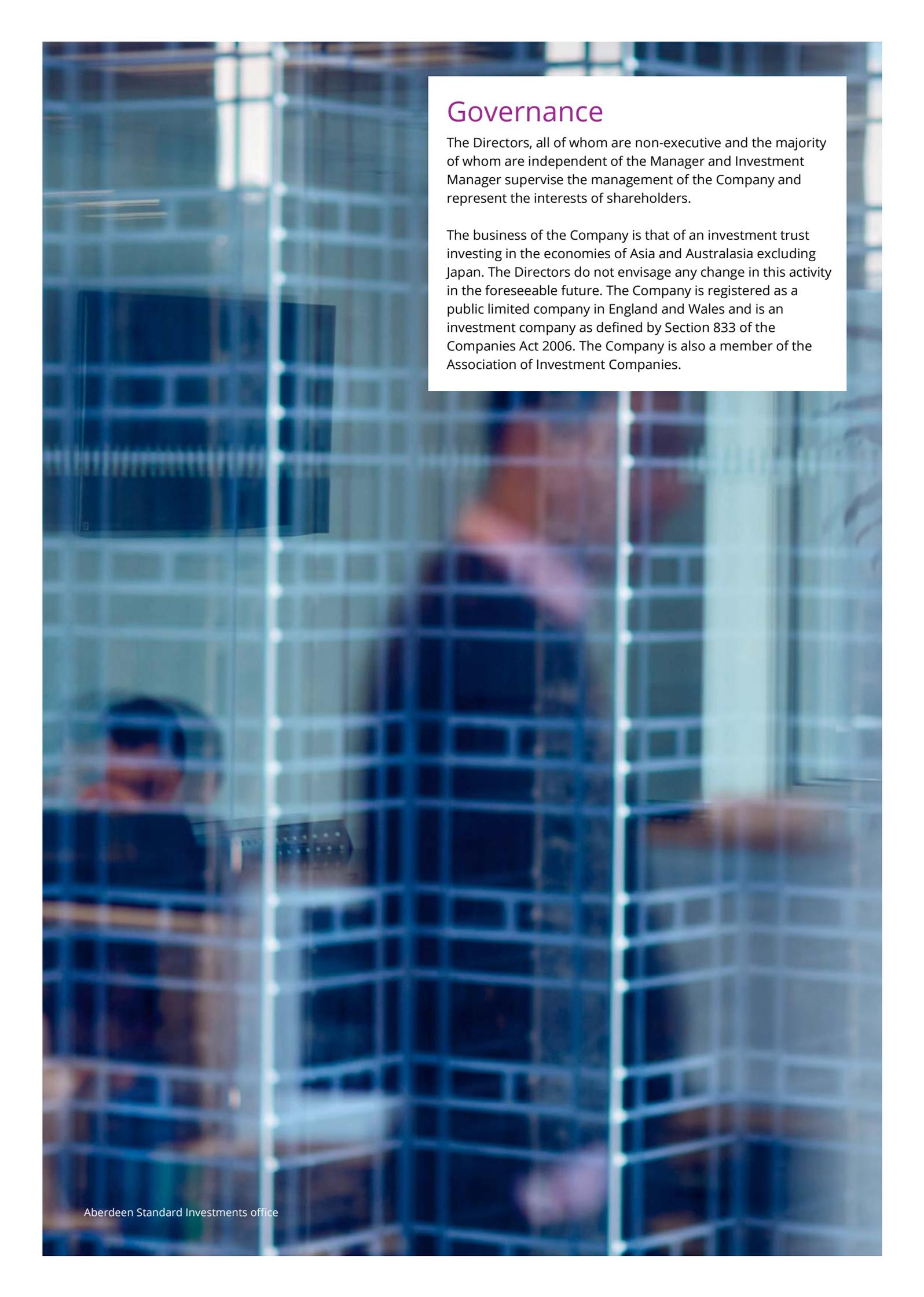
As at 31 July 2019

## Currency Returns (in Sterling terms)



## MSCI Country Index Total Returns (in Sterling terms)





## Governance

The Directors, all of whom are non-executive and the majority of whom are independent of the Manager and Investment Manager supervise the management of the Company and represent the interests of shareholders.

The business of the Company is that of an investment trust investing in the economies of Asia and Australasia excluding Japan. The Directors do not envisage any change in this activity in the foreseeable future. The Company is registered as a public limited company in England and Wales and is an investment company as defined by Section 833 of the Companies Act 2006. The Company is also a member of the Association of Investment Companies.

## Governance

# Your Board of Directors

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The current Directors, all of whom are non-executive and the majority of whom are independent of the Manager and Investment Manager, are listed below. The Directors supervise the management of the Company and represent the interests of shareholders.



**Nigel Cayzer**

**Status:**

Independent Non-Executive Chairman

**Length of service:**

24 years, appointed Chairman on 28 September 1995

**Experience:**

Chairman of Oryx International Growth Fund Limited and a director of a number of other companies.

**Last re-elected to the Board:**

16 January 2019

**Committee membership:**

Nomination Committee (Chairman) and Management Engagement Committee

**Remuneration:**

£35,000 per annum

**All other public company directorships:**

Oryx International Growth Fund Limited

**Employment by the Manager:**

None

**Other connections with Trust or Manager:**

None

**Shared Directorships with any other Trust Directors:**

None

**Shareholding in Company:**

Nil



**Randal Alexander McDonnell, Viscount Dunluce**

**Status:**

Independent Non-Executive Director

**Length of service:**

6 years, appointed a Director on 1 July 2013

**Experience:**

A Partner of Sarasin & Partners LLP responsible for the management of private client and charity portfolios as well as self-invested personal pension schemes. He is chairman of Sarasin's London partnership. He is also a non-executive director of a number of other private companies.

**Last re-elected to the Board:**

29 November 2016

**Committee membership:**

Management Engagement Committee, Nomination Committee and Audit Committee

**Remuneration:**

£27,000 per annum

**All other public company directorships:**

None

**Employment by the Manager:**

None

**Other connections with Trust or Manager:**

None

**Shared Directorships with any other Trust Directors:**

None

**Shareholding in Company:**

800 Ordinary shares

## Governance

# Your Board of Directors continued

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**Haruko Fukuda OBE**

**Status:**

Independent Non-Executive Director

**Length of service:**

16 years, appointed a Director on 30 January 2003

**Experience:**

Previously chief executive of the World Gold Council. She was vice chairman of Nikko Europe PLC and a Partner of James Capel & Co. She was a non-executive director of the Foreign & Colonial Investment Trust PLC for seventeen years until May 2005 and has been a director of several other investment trust companies.

**Last re-elected to the Board:** 16 January 2019

**Committee membership:**

Management Engagement Committee and Nomination Committee

**Remuneration:**

£27,000 per annum

**All other public company directorships:**

None

**Employment by the Manager:**

None

**Other connections with Trust or Manager:**

None

**Shared Directorships with any other Trust Directors:**

None

**Shareholding in Company:**

3,621 Ordinary shares



**Martin Gilbert**

**Status:**

Non-Executive Director

**Length of service:**

24 years, appointed a Director on 20 September 1995

**Experience:**

Vice chairman of Standard Life Aberdeen and chairman of Aberdeen Standard Investments. He is the co-founder of Aberdeen Asset Management PLC and Senior Independent Director of Glencore plc, Chairman of the Prudential Regulation Authority's Practitioner Panel and a member of the International Advisory Panel of the Monetary Authority of Singapore.

**Last re-elected to the Board:** 16 January 2019

**Committee membership:** None

**Remuneration:** Nil

**All other public company directorships:**

Standard Life Aberdeen plc, Aberdeen Global Income Fund Inc., Aberdeen Asia-Pacific Income Investment Company Ltd, Aberdeen Asia Pacific Income Fund Inc., Glencore plc, The India Fund, Inc. and The Asia Tigers Fund, Inc.

**Employment by the Manager:**

Vice Chairman of Standard Life Aberdeen and Chairman Aberdeen Standard Investments

**Other connections with Trust or Manager:**

Director of a number of other Aberdeen Standard Investments-managed investment companies

**Shared Directorships with any other Trust Directors:**

None

**Shareholding in Company:**

106,250 Ordinary shares

**Alternate Director:** Hugh Young



**Debby Guthrie**

**Status:**

Independent Non-Executive Director

**Length of service:**

10 months, appointed a Director on 16 January 2019

**Experience:**

An experienced Japanese equity research salesman at Pelham Smithers Associates, having formerly been director, Yen equity sales at Bank of America Merrill Lynch and prior to that director, Japan equity sales at Smith New Court. As a first career, Debby worked in the Finance and Environment branches of the Hong Kong Government, as an Administrative Officer.

**Last re-elected to the Board:**

n/a

**Committee membership:**

Audit Committee, Management Engagement Committee and Nomination Committee

**Remuneration:** £27,000 per annum

**All other public company directorships:**

JPMorgan Japan Smaller Companies Investment Trust PLC

**Employment by the Manager:**

None

**Other connections with Trust or Manager:**

None

**Shared Directorships with any other Trust Directors:**

None

**Shareholding in Company:**

4,690 Ordinary shares



**Philip Yea**

**Status:**

Independent Non-Executive Director

**Length of service:**

5 years, appointed a Director on 23 January 2014

**Experience:**

Chief executive of 3i Group plc until 2009 and prior to that served as a managing director at Investcorp Bank the Bahrain listed private equity firm and was group finance director at Diageo plc. He is currently chairman of Greene King plc and Equiniti Group Plc, a director of Marshall of Cambridge (Holdings) Limited and was formerly a trustee director of the Francis Crick Institute.

**Last re-elected to the Board:**

1 December 2017

**Committee membership:**

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

**Remuneration:**

£30,000 per annum

**All other public company directorships:**

None

**Employment by the Manager:**

None

**Other connections with Trust or Manager:**

None

**Shared Directorships with any other Trust Directors:**

None

**Shareholding in Company:**

2,063 Ordinary shares

## Governance

# Your Board of Directors continued

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**Charlotte Black**

**Status:**

Independent Non-Executive Director

**Length of service:**

10 Months, appointed a Director on 16 January 2019

**Experience:**

A Fellow of the Chartered Institute for Securities & Investment and an independent public affairs consultant. She was until 2015 director, corporate affairs at Brewin Dolphin Holdings PLC, having previously served within that company as marketing director and in investment management roles. She has served on the boards of a number of industry related entities including The Wealth Management Association, The Chartered Institute for Securities & Investment and Euroclear PLC.

**Last re-elected to the Board:**

n/a

**Committee membership:**

Audit Committee, Management Engagement Committee and Nomination Committee

**Remuneration:** £27,000 per annum

**All other public company directorships:** None

**Employment by the Manager:**

None

**Other connections with Trust or Manager:**

None

**Shared Directorships with any other Trust Directors:**

None

**Shareholding in Company:**

958 Ordinary shares



**Hugh Young**

**Status:**

Alternate Non-Executive Director for Martin Gilbert

**Experience:**

Previously an investment manager with Fidelity International and MGM Assurance prior to joining what is now Aberdeen Asset Managers Limited in December 1985. He is managing director of Aberdeen Standard Investments (Asia) Limited, responsible for all the Manager's investments in Asia.

**Remuneration:**

Nil

**All other public company directorships:**

Aberdeen New Dawn Investment Trust PLC, Aberdeen Asian Income Fund Limited, Aberdeen Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited Aberdeen Liquidity Fund (Lux) and The India Fund, Inc.

**Employment by the Manager:**

Managing Director of Aberdeen Standard Investments (Asia) Limited and a director of a number of other Aberdeen Standard Investments-managed investment companies

**Other connections with Trust or Manager:**

Mr Young is responsible for directing and overseeing the management of the Company's assets

**Shareholding in Company:**

149,535 Ordinary shares

# Governance

## Directors' Report

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The Directors present their Report and the audited financial statements for the year ended 31 July 2019.

On 9 November 2018 Aberdeen Asian Smaller Companies Investment Trust PLC changed its name to Aberdeen Standard Asia Focus PLC by way of a Directors' resolution passed in accordance with the Articles of Association of the Company.

### Results and Dividends

Details of the Company's results and proposed dividends are shown on pages 12 and 13 of this Report.

### Investment Trust Status

The Company (registered in England & Wales No. 03106339) has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 August 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 July 2019 so as to enable it to comply with the ongoing requirements for investment trust status.

### Individual Savings Accounts

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

### Capital Structure, Buybacks and Issuance

The Company's capital structure is summarised in note 14 to the financial statements. At 31 July 2019, there were 33,909,349 fully paid Ordinary shares of 25p each (2018 – 35,208,272 Ordinary shares) in issue with a further 7,809,662 Ordinary shares of 25p held in treasury (2018 – 6,507,012 treasury shares). During the year 1,302,650 Ordinary shares were purchased in the market for treasury (2018 - 2,137,138). Subsequent to the period a further 385,000 Ordinary shares have been purchased in the market for treasury. During the period and up to the date of this report no new Ordinary shares were issued for cash at a premium to the prevailing NAV per share and no shares were sold from treasury.

On 14 December 2018, 34,482 units of Convertible Unsecured Loan Stock 2025 were converted into 2,348 new Ordinary shares. On 14 June 2019 20,286 units of Convertible Unsecured Loan Stock 2025 were converted into 1,379 new Ordinary shares. In accordance with the terms of the CULS Issue, the conversion price of the CULS

for both conversions was determined at 1465.0 pence nominal of CULS for one Ordinary share.

### Voting Rights

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

CULS holders have the right to attend but not vote at general meetings of the Company. A separate resolution of CULS holders would be required to be passed before any modification or compromise of the rights attaching to the CULS can be made.

### Borrowings

The Company has a three year multicurrency revolving loan facility and a term loan facility in an aggregate amount of US\$25 million with The Royal Bank of Scotland International Limited, London Branch. Under the term loan facility US\$12.5 million has been drawn down and fixed for three years to June 2020 at an all-in rate of 2.506%. Under the revolving loan facility a further \$12.5 million has been drawn down and at the year end US\$25.0 million had been drawn down under the facilities.

### Management Agreement

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager. ASFML has been appointed to provide investment management, risk management, administration and company secretarial services and promotional activities to the Company. The Company's portfolio is managed by Aberdeen Standard Investments (Asia) Limited ("ASI Asia") which changed its name from Aberdeen Asset Management Asia Limited on 3 September 2018, by way of a group delegation agreement in place between ASFML and ASI Asia. In addition, ASFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to Aberdeen Asset Managers Limited ("AAML").

### Old Management Fee to 31 October 2018

Up to 31 October 2018 an investment management fee was payable monthly in arrears based on an annual amount of 1.0% calculated on the average net asset value of the Company over a 24 month period, valued monthly. The fee was calculated by reference to the value of the Company's net assets (gross assets less liabilities excluding the amount of any loan facilities or overdraft facilities drawn down). Details of the management fees

and fees payable for promotional activities are shown in notes 4 and 5 to the financial statements.

### New Management Fee from 1 November 2018

With effect from 1 November 2018, a new fee arrangement has been agreed with the Manager. The new fee continues to be payable monthly in arrears but at the rate of 0.08% of the Market Cap (as defined below) per calendar month, exclusive of Value Added Tax where applicable. "Market Cap" for the above is defined as the market capitalisation of the Company, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the Ordinary shares in issue (less the number of any Ordinary shares held in Treasury), as determined on the last business day of the applicable calendar month to which the remuneration relates.

The management agreement may be terminated by either the Company or the Manager on the expiry of twelve months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

The introduction of the new management fee constituted a smaller related party transaction for the purpose of LR 11.1.10R of the Financial Conduct Authority's Listing Rules.

The Management Engagement Committee reviews the terms of the management agreement on a regular basis and have confirmed that, due to the long-term relative performance, investment skills, experience and commitment of the investment management team, in their opinion the continuing appointment of ASFML and ASI Asia is in the interests of shareholders as a whole.

### Political and Charitable Donations

The Company does not make political donations (2018 - nil) and has not made any charitable donations during the year (2018 - nil).

### Risk Management

Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 18 to the financial statements.

### The Board

The current Directors, N K Cayzer, Randal Dunluce (Viscount Dunluce), M J Gilbert (alternate H Young), P Yea, C Black, D Guthrie and H Fukuda, together with C S Maude who retired on 31 March 2019, were the only Directors who served during the year. Mr Cayzer and Ms Fukuda have both served on the Board for more than nine years and, in accordance with corporate governance best

practice, will retire at the Annual General Meeting ("AGM") on 4 December 2019 and, being eligible, offer themselves for re-election. Mr Gilbert has served on the Board for more than nine years and is also deemed not to be independent as he is a representative of the Manager, and therefore, in accordance with corporate governance best practice, Mr Gilbert will also retire at the AGM on 4 December 2019 and, being eligible, offers himself for re-election. In accordance with the Articles of Association Viscount Dunluce will retire from the Board by rotation and, being eligible, seek re-election at the AGM on 4 December 2019. Ms Black and Ms Guthrie who were both appointed to the Board on 16 January 2019 will retire from the Board and, being eligible, seek election at the AGM on 4 December 2019. Ms Fukuda has indicated that she intends to retire as a Director of the Company with effect from 31 March 2020.

The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively.

In common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

### Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, has applied the principles identified in the UK Corporate Governance Code (published in April 2016). The UK Corporate Governance Code is available on the Financial Reporting Council's website: [frc.org.uk](http://frc.org.uk).

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company. Both the AIC Code and the AIC Guide are available on the AIC's website: [theaic.co.uk](http://theaic.co.uk).

The Company has complied throughout the accounting period with the relevant provisions contained within the AIC Code and the relevant provisions of the UK Corporate Governance Code except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.2.1 and D.2.2);
- senior independent director (A.1.2); and
- and the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally-managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. The full text of the Company's Corporate Governance Statement can be found on the Company's website: [asia-focus.co.uk](http://asia-focus.co.uk).

During the year ended 31 July 2019, the Board had five scheduled meetings. In addition, the Audit Committee met twice and the Management Engagement Committee met once. Between meetings the Board maintains regular contact with the Manager. Directors have attended the following scheduled Board meetings and Committee meetings during the year ended 31 July 2019 (with their eligibility to attend the relevant meeting in brackets):

Director	Board	Audit Com.	Nomination Com.	Management Engagement Com.
N Cayzer <sup>A</sup>	5 (5)	n/a	1 (1)	n/a
C Black <sup>E</sup>	3 (3)	1 (1)	n/a	n/a
Viscount Dunluce	4 (5)	2 (2)	1 (1)	1 (1)
H Fukuda <sup>A</sup>	5 (5)	2 (2)	1 (1)	1 (1)
M Gilbert <sup>ABC</sup>	5 (5)	n/a	n/a	n/a
D Guthrie <sup>E</sup>	3 (3)	1 (1)	n/a	n/a
P Yea	3 (3)	2 (2)	1 (1)	1 (1)
C Maude <sup>D</sup>	3 (3)	2 (2)	1 (1)	1 (1)

<sup>A</sup> Mr Cayzer, Mr Gilbert and Ms Fukuda are not members of the Audit Committee.

<sup>B</sup> Including attendance by Mr Young as Alternate Director to Mr Gilbert.

<sup>C</sup> Mr Gilbert is not a member of the Nomination Committee

<sup>D</sup> Mr Maude retired from the Board on 31 March 2019

<sup>E</sup> Ms Guthrie and Ms Black were both appointed to the Board on 16 January 2019

independent voluntarily offer themselves for re-election on an annual basis.

The Board has noted that shareholder proxies representing 27.5% of the issued capital voted against the annual re-election of Mr Gilbert at the AGM held on 16 January 2019. The Board continues to support the democratic process which saw substantial support from the shareholders with proxies representing 72.5% having voted in favour of Mr Gilbert's re-election to the Board. Furthermore, on the day of the meeting the 50 or so shareholders in attendance at the AGM voted unanimously in favour of Mr Gilbert's re-election, on a show of hands. The Board notes that management representation on Boards is seen by some shareholders as a negative due to concerns over conflicts of interest and perceived 'overboarding'. However, the Board has confirmed that it has a rigorous procedure in place to ensure that only independent Directors are permitted to be present when any matters relating to the Manager are discussed and this process is enforced strictly. The Board notes that some shareholders may perceive that Mr Gilbert, as chairman of Aberdeen Standard Investments, does not have time to dedicate to the Company. The attendance table contained within the Annual Report shows that this is not the case with Mr Gilbert, or his Alternate Mr Young, having attended all of the five scheduled Board meetings in the year to 31 July 2019. Mr Gilbert has recently announced that he will not seek re-election to the board of Standard Life Aberdeen plc at its Annual General Meeting, scheduled for 12 May 2020, and that he will retire from Standard Life Aberdeen plc on 30 September 2020. The Board notes that some shareholders may regard longevity on the Board as a negative. The Board is compliant with the Association of Investment Companies' ("AIC") Corporate Governance Code relating to time served on boards. The Board has a mix of longer serving and more recently appointed Directors and the experience of the longer serving Directors has served the Company well through the investment cycles of the last 20+ years and is valued by the Board as a whole. The Board takes comfort from the fact that it is able to command the support of Mr Gilbert and his continuing desire to remain on this Board is seen as a very real benefit to the Company.

## Policy on Tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis. In accordance with corporate governance best practice, Directors who have served for more than nine years or who are non-

## Board Committees

### Audit Committee

The Audit Committee Report is on pages 40 to 42 of this Annual Report.

### Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises all of the Directors except Mr Gilbert and his Alternate Mr Young

and is chaired by Mr Cayzer. The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board also recognises the benefits of diversity and its policy on diversity is referred to in the Strategic Report on page 10.

As reported last year, the Nomination Committee initiated a search to find a new independent non executive Director, using the services of Fletcher Jones, an independent search consultant which has, from time to time, supplied recruitment services to the Company with the last engagement having been concluded in 2013. The Directors drew up a specification for the appointment and interviewed a shortlist of suitable candidates. Following review the Board appointed Ms Deborah Guthrie and Ms Charlotte Black as independent non executive Directors of the Company both with effect from the conclusion of the Annual General Meeting held on 16 January 2019.

### Management Engagement Committee

The Management Engagement Committee comprises all of the Directors except Mr Gilbert and his Alternate Mr Young and is chaired by Mr Yea. The Committee reviews the performance of the Investment Manager and its compliance with the terms of the management and secretarial agreement. The terms and conditions of the Investment Manager's appointment, including an evaluation of fees, are reviewed by the Committee on an annual basis. The Committee believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

### Remuneration Committee

Under the UK Listing Authority rules, where an investment trust has only non-executive directors, the Code principles relating to directors' remuneration do not apply. Accordingly, matters relating to remuneration are dealt with by the full Board, which acts as the Remuneration Committee, and is chaired by Mr Cayzer.

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. Further information on remuneration is disclosed in the Directors' Remuneration Report on pages 36 to 38.

### Terms of Reference

The terms of reference of all the Board Committees may be found on the Company's website [asia-focus.co.uk](http://asia-focus.co.uk) and copies are available from the Company Secretary upon request. The terms of reference are reviewed and re-assessed by the Board for their adequacy on an annual basis.

### Going Concern

In accordance with the Financial Reporting Council's guidance the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking covenants.

The Company has a \$25 million loan facility with RBSI which is due to mature in 2020. The Directors will review options to replace that facility closer to the time. At this stage, it is too early to confirm whether the facility will be renewed. If acceptable terms are available from the existing lender, or an alternative, the Company would expect to continue to access a similarly sized facility. However, should the Board decide not to replace the facility, any maturing debt would be repaid from the proceeds of sales of investments from the portfolio.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 8 and 9 and the Viability Statement on pages 10 and 11 and have reviewed forecasts detailing revenue and liabilities and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

### Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although Directors are issued with letters of appointment upon appointment. The Directors' interests in contractual arrangements with the Company are as shown in note 17 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

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The Board has adopted appropriate procedures designed to prevent bribery. The Company receives periodic reports from its service providers on the anti-bribery policies of these third parties. It also receives regular compliance reports from the Manager.

The Criminal Finances Act 2017 introduced a new corporate criminal offence of “failing to take reasonable steps to prevent the facilitation of tax evasion”. The Board has confirmed that it is the Company’s policy to conduct all of its business in an honest and ethical manner. The Board takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

### Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements are set out on pages 39 and 48 respectively.

Each Director confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Company’s auditor is unaware; and,
- each Director has taken all the steps that they could reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

Additionally there have been no important events since the year end that impact this Annual Report.

The Directors have reviewed the level of non-audit services provided by the independent auditor during the year, together with the independent auditor’s procedures in connection with the provision of such services, and remain satisfied that the auditor’s objectivity and independence is being safeguarded.

### Independent Auditor

The auditor, Ernst & Young LLP, has indicated its willingness to remain in office. The Directors will place a resolution before the Annual General Meeting to re-appoint Ernst & Young LLP as auditor for the ensuing year, and to authorise the Directors to determine its remuneration.

### Internal Control

The Board is ultimately responsible for the Company’s system of internal control and for reviewing its effectiveness and confirms that there is an ongoing process for identifying, evaluating and managing the

significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements. It is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed.

The Directors have delegated the investment management of the Company’s assets to the Standard Life Aberdeen Group within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Standard Life Aberdeen Group’s internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Standard Life Aberdeen Group’s activities. Risk includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The significant risks faced by the Company have been identified as being financial; operational; and compliance-related.

The key components of the process designed by the Directors to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company’s activities and review its performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager and Investment Manager as appropriate;

- as a matter of course the Manager's compliance department continually reviews Aberdeen Standard Investments' operations and reports to the Board on a six monthly basis;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers and, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations, or their equivalents are reviewed;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within Aberdeen Standard Investments, has decided to place reliance on the Manager's systems and internal audit procedures; and
- at its September 2019 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 July 2019 by considering documentation from the Manager, Investment Manager and the Depositary, including the internal audit and compliance functions and taking account of events since 31 July 2019. The results of the assessment, that internal controls are satisfactory, were then reported to the Board at the next Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

### Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 July 2019:

Shareholder	No. of Ordinary shares held	% held
City of London Investment Management Company	4,209,595	12.4
Aberdeen Standard Investments Savings Scheme (non-beneficial)	2,903,284	8.6
Wells Capital Management	2,440,585	7.2
Funds managed by Aberdeen Standard Investments	2,318,032	6.8
Hargreaves Lansdown	2,124,654	6.3
Alliance Trust Savings	1,545,337	4.6
Investec Wealth & Management	1,408,203	4.2
Charles Stanley	1,397,054	4.2

On 23 October 2019 City of London Investment Management Company notified the Company that it had

increased its interest in the Company to 4,693,582 Ordinary shares representing 14.0% of the issued capital. There have been no other significant changes notified in respect of the above holdings between 31 July 2019 and 29 October 2019.

### The UK Stewardship Code and Proxy Voting

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Investment Manager. The full text of the Company's response to the Stewardship Code may be found on the Company's website.

### Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager's freephone information service and the Company's website [asia-focus.co.uk](http://asia-focus.co.uk). The Company responds to letters from shareholders on a wide range of issues.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the Standard Life Aberdeen Group (either the Company Secretary or the Manager) in situations where direct communication is required and usually a representative from the Board meets with major shareholders on an annual basis in order to gauge their views.

The Notice of the Annual General Meeting, included within the Annual Report and Accounts, is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or the Manager, either formally at the Company's Annual General Meeting or at the subsequent buffet luncheon for shareholders. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

### Special Business at the Annual General Meeting

#### Directors' Authority to Allot Relevant Securities

Approval is sought in Resolution 12, an ordinary resolution, to renew the Directors' existing general power to allot securities but will also, provide a further authority (subject to certain limits), to allot shares under a fully pre-emptive rights issue. The effect of Resolution 12 is to authorise the Directors to allot up to a maximum of 22,349,566 shares in total (representing approximately 2/3 of the existing issued capital of the Company, of which a

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maximum of 11,174,783 shares (approximately 1/3 of the existing issued share capital) may only be applied to fully pre-emptive rights issues. This authority is renewable annually and will expire at the conclusion of the next Annual General Meeting in 2020. The Board has no present intention to utilise this authority.

#### Disapplication of Pre-emption Rights

Resolution 13 is a special resolution that seeks to renew the Directors' existing authority until the conclusion of the next Annual General Meeting to make limited allotments of shares for cash of up to 10% of the issued share capital other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders. This authority includes the ability to sell shares that have been held in treasury (if any), having previously been bought back by the Company. The Board has established guidelines for treasury shares and will only consider buying in shares for treasury at a discount to their prevailing NAV and selling them from treasury at or above the then prevailing NAV.

New shares issued in accordance with Resolution 13 and subject to the authority to be conferred by Resolution 12 will always be issued at a premium to the NAV per Ordinary share at the time of issue. The Board will issue new Ordinary shares or sell Ordinary shares from treasury for cash when it is appropriate to do so, in accordance with its current policy. It is therefore possible that the issued share capital of the Company may change between the date of this document and the Annual General Meeting and therefore the authority sought will be in respect of 10% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

#### Purchase of the Company's Shares

Resolution 14 is a special resolution proposing to renew the Directors' authority to make market purchases of the Company's shares in accordance with the provisions contained in the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority. The minimum price to be paid per Ordinary share by the Company will not be less than 25p per share (being the nominal value) and the maximum price should not be more than the higher of (i) 5% above the average of the middle market quotations for the shares for the preceding five business days; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out.

The Directors do not intend to use this authority to purchase the Company's Ordinary shares unless to do so would result in an increase in NAV per share and would be in the interests of shareholders generally. The authority

sought will be in respect of 14.99% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

The authority being sought in Resolution 14 will expire at the conclusion of the Annual General Meeting in 2020 unless it is renewed before that date. Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly or under the authority granted in Resolution 14 above, may be held in treasury.

If Resolutions 12 to 14 are passed then an announcement will be made on the date of the Annual General Meeting which will detail the exact number of Ordinary shares to which each of these authorities relate.

These powers will give the Directors additional flexibility going forward and the Board considers that it will be in the interests of the Company that such powers be available. Such powers will only be implemented when, in the view of the Directors, to do so will be to the benefit of shareholders as a whole.

#### Notice of Meetings

Resolution 15 is a special resolution seeking to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on 14 days' notice. This approval will be effective until the Company's next Annual General Meeting in 2020. In order to utilise this shorter notice period, the Company is required to ensure that shareholders are able to vote electronically at the general meeting called on such short notice. The Directors confirm that, in the event that a general meeting is called, they will give as much notice as practicable and will only utilise the authority granted by Resolution 15 in limited and time sensitive circumstances.

#### Recommendation

Your Board considers Resolutions 12 to 15 to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of Resolutions 12 to 15 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 155,682 Ordinary shares.

By order of the Board

#### Aberdeen Asset Management PLC - Secretaries

Bow Bells House, 1 Bread Street  
London EC4M 9HH  
29 October 2019

# Governance

## Directors' Remuneration Report

The Board has prepared this report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Directors' Remuneration Report comprises three parts:

1. **Remuneration Policy** which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the AGM on 1 December 2017 and which will next be voted upon at the AGM to be held in 2020;
2. **Implementation Report** which provides information on how the Remuneration Policy has been applied during the year and which is subject to an advisory vote on the level of remuneration paid during the year; and
3. **Annual Statement.**

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 44.

### Remuneration Policy

The Directors' Remuneration Policy takes into consideration the principles of UK Corporate Governance and there have been no changes to the policy during the period of this Report nor are there any proposals for the foreseeable future.

As the Company has no employees and the Board is comprised wholly of non-executive Directors and, given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

The Directors are non-executive and the Company's Articles of Association limit the annual aggregate fees payable to the Board of Directors to £225,000 per annum. This cap may be increased by shareholder resolution from time to time and was last increased at the Annual General Meeting held in December 2013.

	31 July 2019	31 July 2018
	£	£
Chairman	35,000	35,000
Chairman of Audit Committee	30,000	30,000
Director	27,000	27,000

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of

their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

### Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £27,000 per annum).
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursment of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

### Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- With the exception of Mr Gilbert (and his Alternate Mr Young) and Mr Yea, no Director has an interest in any contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed upon three months' notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. Under the Articles, the Company indemnifies each of the Directors out of the assets of the Company against any liability incurred by them as a Director in defending proceedings or in connection with any application to the Court in which relief is granted and separate deeds of indemnity exist in this regard between the Company and each Director.

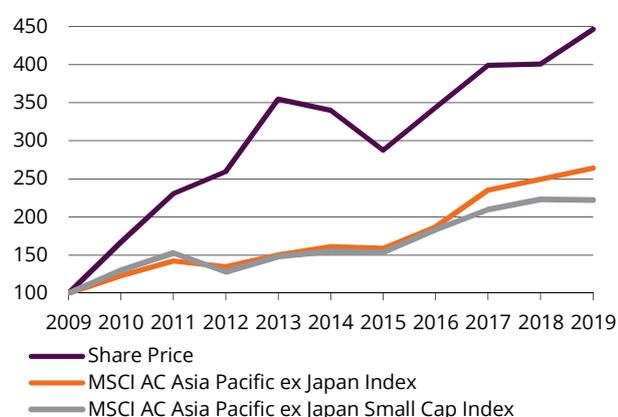
## Implementation Report

### Directors' Fees

During the year the Board carried out its annual review of the level of fees payable to Directors including a review of comparable peer group directors' fees. Following the review it was concluded that the fees should be maintained at the current levels of £35,000, £30,000 and £27,000 for the Chairman, Audit Committee Chairman and other Directors, respectively. The Directors' fees were increased to the present level with effect from 1 October 2017. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

### Company Performance

The following chart illustrates the total shareholder return (including reinvested dividends) for a holding in the Company's shares as compared to the MSCI AC Asia Pacific ex Japan Index (in Sterling terms) for the ten year period to 31 July 2019 (rebased to 100 at 31 July 2009). Given the absence of any meaningful index with which to compare performance, this index is deemed to be the most appropriate one against which to measure the Company's performance.



### Statement of Voting at General Meeting

At the Company's last Annual General Meeting, held on 16 January 2019, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 July 2018 and the following proxy votes were received on the resolutions:

Resolution	For <sup>A</sup>	Against	Withheld
(2) Receive and Adopt Directors' Remuneration Report	15.9m (99.8%)	38,557 (0.2%)	29,164
(3) To approve the Directors' Remuneration Policy <sup>B</sup>	14.46m (99.8%)	34,192 (0.2%)	40,641

<sup>A</sup> Including discretionary votes

<sup>B</sup> Approved at the AGM held on 1 December 2017

## Spend on Pay

As the Company has no employees, the Board does not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. Fees are pro-rated where a change takes place during a financial year.

The total fees paid to Directors are shown below.

### Audited Information

#### Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

Director	2019 £	2018 £
N K Cayzer (Chairman and highest paid Director)	35,000	34,167
Viscount Dunluce	27,000	26,333
H Fukuda	27,000	26,333
M J Gilbert <sup>A</sup>	-	17,333
P Yea <sup>C</sup>	28,000	26,333
C S Maude	20,000	29,333
C Black <sup>B</sup>	14,661	n/a
D Guthrie <sup>B</sup>	14,661	n/a
<b>Total</b>	<b>166,322</b>	<b>159,832</b>

<sup>A</sup> Mr Gilbert has waived his fees with effect from 1 April 2018

<sup>B</sup> Ms Guthrie and Ms Black were appointed to the Board on 16 January 2019

<sup>C</sup> Mr Yea was appointed Audit Committee Chairman on 31 March 2019 following the retirement of Mr Maude

### Sums Paid to Third Parties

None of the fees disclosed above were payable to third parties in respect of making available the services of one of the Directors (2018 - £17,000 of fees were assigned to Standard Life Aberdeen plc in respect of Mr Gilbert's remuneration). Mr Gilbert has waived his non executive Director's fees with effect from 1 April 2018, which would have amounted to £27,000 for the year ended 31 July 2019. Mr Gilbert's services to the Company are non executive and he has no part in the day to day management of the Company. The amounts paid by the Company to the Directors were for services as non-executive Directors.

### Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors' interests in contractual arrangements with the Company are as shown in note 17 to the financial statements. The Directors (including connected persons) at 31 July 2019, and 31 July 2018, had no interest in the share capital of the Company other than

## Governance

# Directors' Remuneration Report continued

those interests, all of which are beneficial interests, shown in the following table.

	31 July 2019 <sup>A</sup>		31 July 2018	
	Ordinary shares	CULS	Ordinary shares	CULS
N K Cayzer	-	-	-	-
Viscount Dunluce	800	-	848	-
H Fukuda	3,621	-	3,566	-
M J Gilbert	106,250	-	106,250	-
C S Maude	37,300	-	37,300	-
P Yea	2,063	-	2,063	-
H Young (alternate)	149,535	-	149,535	-
C Black <sup>B</sup>	958	-	n/a	-
D Guthrie <sup>B</sup>	4,690	-	n/a	-

<sup>A</sup> or date of retirement, if earlier

<sup>B</sup> Ms Guthrie and Ms Black were appointed to the Board on 16 January 2019

The above interests are unchanged at 29 October 2019, being the nearest practicable date prior to the signing of this Report.

### Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 July 2019:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

### Nigel Cayzer

Chairman

29 October 2019

## Governance

# Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report including Strategic Report, Business Review, Directors' Remuneration Report and Statement of Corporate

Governance that comply with that law and those regulations.

The financial statements are published on [asia-focus.co.uk](http://asia-focus.co.uk) which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors listed on pages 25 to 28, being the persons responsible, hereby confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy. In reaching this conclusion the Board has assumed that the reader of the Annual Report and financial statements would have a reasonable level of general investment knowledge, and in particular, of investment trusts; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Aberdeen Standard Asia Focus PLC

**Nigel Cayzer**  
Chairman  
29 October 2019

# Governance

## Report of the Audit Committee

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I am pleased to present the report of the Audit Committee for the year ended 31 July 2019 which has been prepared in compliance with applicable legislation.

### Committee Composition

Following the retirement of Mr Maude on 31 March 2019, the Audit Committee comprised four independent Directors at the year end; Viscount Dunluce, Charlotte Black, Deborah Guthrie and myself (Mr Yea), as Chairman. The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience. I am a member of the Chartered Institute of Management Accountants and I confirm that the Audit Committee as a whole has competence relevant to the investment trust sector and that at least one member has competence in accounting.

The Audit Committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day to day operations to third parties from whom it receives internal controls reports.

### Functions of the Committee

The principal function of the Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are published on the Company's website.

The Committee's main audit review functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, announcements and related formal statements;
- to review the content of the Annual Report and Financial Statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;

- to meet with the auditor to review their proposed audit programme of work and the findings of the auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. Non-audit fees of £7,000 were paid to the independent auditor during the year ended 31 July 2019 (2018 - £24,000), relating to the interim review of the Half Yearly Report. All figures are quoted exclusive of applicable VAT. Since 2016 the extent of non audit services that can be provided by EY has become very limited. The Committee has approved the on-going supply by EY of services in connection with the electronic filing of annual corporation tax returns and the Audit Committee will review the provision of future non-audit fees in the light of the potential for such services to impair the Auditor's independence and on the basis that all non-audit services require the pre-approval of the Audit Committee. For the current year tax compliance and advisory services have been supplied to the Company by Deloitte;
- to review a statement from the Manager detailing the arrangements in place within the Manager whereby the Manager's staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor;
- to monitor and review annually the auditor's independence, objectivity, effectiveness, resources and qualification; and
- to investigate, when an auditor resigns, the reasons giving rise to such resignation and consider whether any action is required.

### Activities During the Year

The Audit Committee met twice during the year when it considered the Annual Report and the Half Yearly Report in detail. Representatives of the Aberdeen Standard Investments' internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment.

### Review of Internal Control Systems and Risk

The Committee considers the internal control systems and a matrix of risks at each of its meetings. There is more detail on the process of these reviews in the Directors' Report.

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## Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 July 2019, the Audit Committee considered the following significant issues, including, in particular, those communicated by the Auditor as key areas of audit emphasis during their planning and reporting of the year end audit.

### Valuation and Existence of Investments

How the issue was addressed - The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 2(b) to the financial statements on page 54. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 102 fair value hierarchy and can be verified against daily market prices. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the auditor and a sample of price checks to independent sources is undertaken by the auditor. The Company used the services of an independent Depository (BNP Paribas Securities Services) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager to the depository/custodian records and further corroboration is received from the audit which includes independent confirmation of the existence of all investments at the year end.

### Recognition of Investment Income

How the issue was addressed – The recognition of investment income is undertaken in accordance with accounting policy note 2(d) to the financial statements on page 54. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors review monthly revenue forecasts and dividend comparisons and the Manager provides monthly internal control reports to the Board.

### Correct Calculation of Management Fees

How the issue was addressed - The management fees are calculated by the Manager and reviewed periodically by the Board. Further corroboration is received from the work undertaken by the Auditor who reviews the calculations as part of its audit.

### Review of Financial Statements

The Committee is responsible for the preparation of the Company's Annual Report. The process is extensive, requiring input from a number of different third party service providers. The Committee reports to the Board on

whether, taken as a whole, the Annual Report and financial statements are fair, balanced and understandable. In so doing, the Committee has considered the following matters:

- the existence of a comprehensive control framework surrounding the production of the Annual Report and financial statements which includes a number of different checking processes;
- the existence of extensive levels of reviews as part of the production process involving the depository, the Manager, the Company Secretary and the auditor together as well as the Committee's own expertise;
- the controls in place within the various third party service providers to ensure the completeness and accuracy of the financial records and the security of the Company's assets;
- the externally audited internal control reports of the Manager, Depository and related service providers.

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and financial statements is fair balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 39.

### Review of Auditor

The Audit Committee has reviewed the effectiveness of the Auditor including:

- **Independence:** the Auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards;
- **Quality of audit work** (i) the ability to resolve issues in a timely manner – the Audit Committee is confident that identified issues are satisfactorily and promptly resolved; (ii) its communications/presentation of outputs – the Audit Committee is satisfied that the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible; and (iii) working relationship with management – the Audit Committee is satisfied that the Auditor has a constructive working relationship with the Manager; and,
- **Quality of people and service including continuity and succession plans:** the Audit Committee is satisfied that the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of

## Governance

# Report of the Audit Committee continued

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the investment trust sector and retention on rotation of the partner.

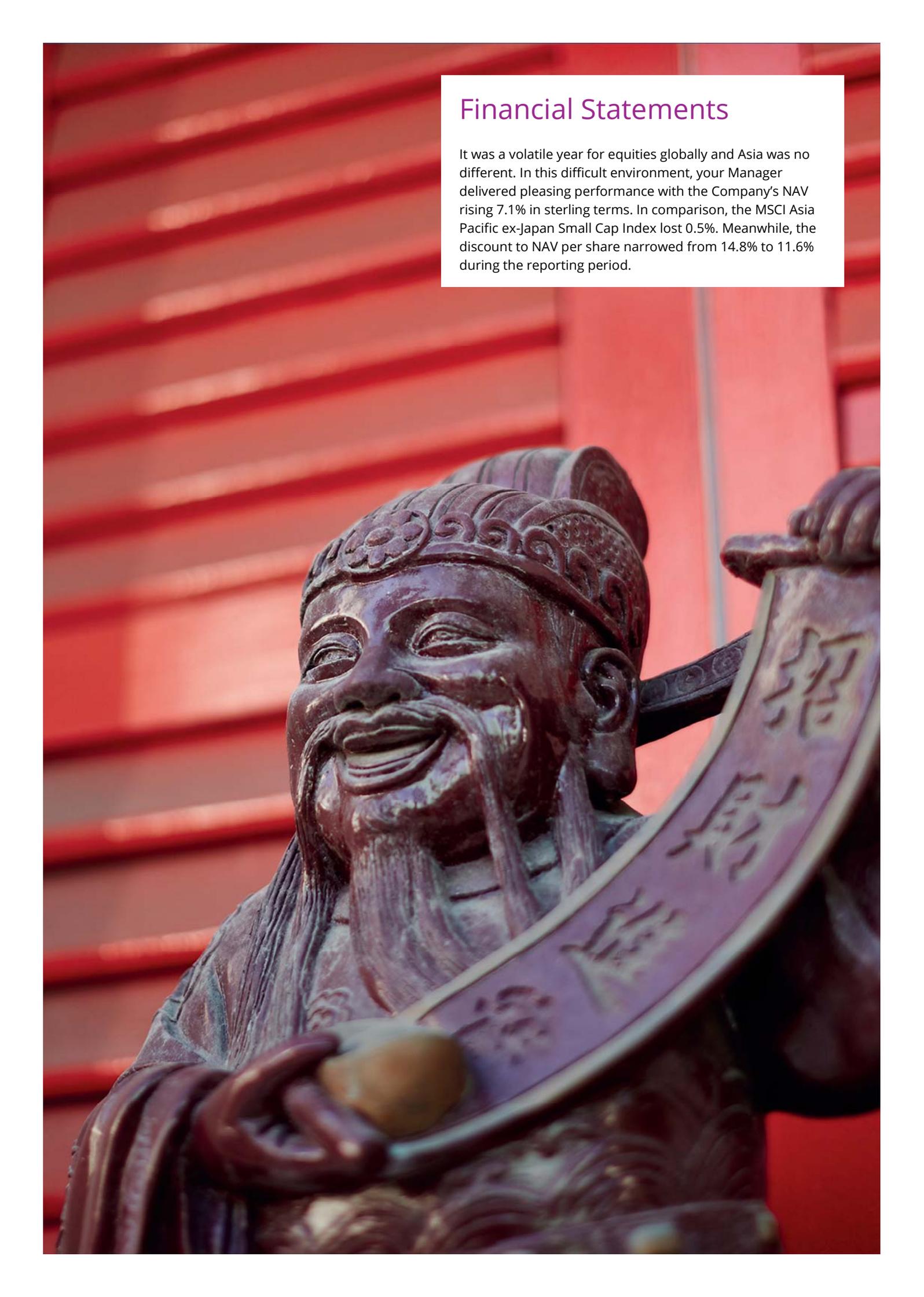
The Audit Committee therefore supports the recommendation to the Board that the reappointment of the Auditor be put to shareholders for approval at the AGM.

### **Tenure of the Auditor**

Ernst & Young LLP ("EY") has held office as auditor since the incorporation of the Company in 1995. In accordance with present professional guidelines the audit partner is rotated after no more than five years and the year ended 31 July 2019 is the second year for which the present partner has served. The Committee considers EY, the Company's auditor, to be independent of the Company. Companies Act legislation requires listed companies to tender the audit every 10 years and rotate after a maximum of 20 years. Under the transitional arrangements for firms where the tenure is between 11 and 20 years, there will be a grace period of nine years after the enactment of the EU legislation (2014). Accordingly, based upon the new legislation, EY will not be able to audit the Company after 2023. The Committee therefore expects to conduct a tender for audit services by 2022 at the very latest.

### **Philip Yea**

Audit Committee Chairman  
29 October 2019



## Financial Statements

It was a volatile year for equities globally and Asia was no different. In this difficult environment, your Manager delivered pleasing performance with the Company's NAV rising 7.1% in sterling terms. In comparison, the MSCI Asia Pacific ex-Japan Small Cap Index lost 0.5%. Meanwhile, the discount to NAV per share narrowed from 14.8% to 11.6% during the reporting period.

# Financial Statements

## Independent Auditor's Report to the Members of Aberdeen Standard Asia Focus PLC

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### Opinion

We have audited the financial statements of Aberdeen Standard Asia Focus PLC for the year ended 31 July 2019 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 8 and 9 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 8 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 32 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 10 and 11 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### Overview of our audit approach

<b>Key audit matters</b>	<ul style="list-style-type: none"><li>• Incomplete or inaccurate revenue recognition, including classification of items in the Statement of Comprehensive Income as revenue or capital</li><li>• Incorrect valuation and/or defective title of the investment portfolio</li></ul>
<b>Materiality</b>	<ul style="list-style-type: none"><li>• Overall materiality of £4.41m which represents 1% of shareholders' funds</li></ul>

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement

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(whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Incomplete or inaccurate revenue recognition, including classification of items in the Statement of Comprehensive Income as revenue or capital</b> (as described on page 41 in the Report of the Audit Committee and as per the accounting policy set out on page 54).</p> <p>The investment income receivable by the company during the year directly affects the company's ability to make a dividend payment to shareholders. The income received for the year to 31 July 2019 was £14.63m (2018: £14.67m).</p> <p>The Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.</p> <p>During the year, the company received nine special dividends with an aggregate value of £1.64m (2018: £1.82m).</p>	<p><b>We have performed the following procedures:</b></p> <p>We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition and the classification of special dividends by performing a walkthrough in which we evaluated the design and effectiveness of controls.</p> <p>We agreed a sample of dividend receipts to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount.</p> <p>We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the company to test completeness of the income recorded.</p> <p>For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 July 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where paid.</p> <p>We reviewed the income report and the acquisition and disposal report produced by the Administrator to identify special dividends recorded in the year in excess of our testing threshold. There were five special dividends in excess of our testing threshold totalling £1.53m, for which we confirmed that the classification as revenue or capital was consistent with the underlying circumstances of the payment.</p>	<p><b>The results of our procedures are:</b></p> <p>We have no issues to communicate with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including the classification of items in the Statement of Comprehensive Income as revenue or capital.</p>

Financial Statements  
**Independent Auditor's Report to the Members of  
 Aberdeen Standard Asia Focus PLC** *continued*

Risk (continued)	Our response to the risk (continued)	Key observations communicated to the Audit Committee (continued)
<p><b>Incorrect valuation and/or defective title of the investment portfolio</b> (as described on page 41 in the Report of the Audit Committee and as per the accounting policy set out on page 54).</p> <p>The valuation of the assets held in the investment portfolio is the key driver of the company's net asset value and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the company could have a significant impact on the portfolio valuation and the return generated for shareholders.</p> <p>Investments are valued at fair value, which is deemed to be bid value or the last traded price depending on the convention of the exchange on which the investment is listed.</p> <p>The valuation of the portfolio at 31 July 2019 was £484.71m (2018: £476.11m).</p>	<p><b>We performed the following procedures:</b></p> <p>Obtained an understanding of the Manager's and Administrator's processes and controls surrounding investment pricing and trade processing by performing a walkthrough procedure.</p> <p>For all investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor.</p> <p>We reviewed the price exception and stale pricing reports produced by the Administrator to highlight and investigate any unexpected price movements in investments held as at the year-end.</p> <p>We agreed the Company's investments to the independent confirmation received from the Company's custodian and Depository as at 31 July 2019.</p>	<p><b>The results of our procedures are:</b></p> <p>We have no issues to communicate with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio.</p>

**An overview of the scope of our audit**

**Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

**Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the company to be £4.41 million (2018: £4.34 million), which is 1% (2018: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

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## Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2018 75%) of our planning materiality, namely £3.31m (2018 £3.26m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the company, we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.41m (2018: £0.38m) being the greater of 5% of the net revenue return on ordinary activities before taxation and our reporting threshold.

## Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.22m (2018: £0.22m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 39** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 40 – 42** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 30 and 31** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

# Financial Statements

## Independent Auditor's Report

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### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

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Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102, the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends and option premium as revenue or capital items. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Other matters we are required to address

- We were appointed as auditors by the Company as part of the initial listing process and signed an engagement letter in October 1995 to audit the financial statements for the period ending 31 July 1996 and subsequent financial periods. Our appointment was subsequently ratified at the first annual general meeting of the Company held on 27 November 1996.
- The period of total uninterrupted engagement including previous renewals and reappointments is 24 years, covering the years ending 31 July 1996 to 31 July 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### James Beszant (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
29 October 2019

#### Notes:

1. The maintenance and integrity of the Aberdeen Standard Asia Focus PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Financial Statements

# Statement of Comprehensive Income

	Notes	Year ended 31 July 2019			Year ended 31 July 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	10	-	21,109	21,109	-	6,932	6,932
Income	3	14,632	-	14,632	14,673	-	14,673
Exchange losses		-	(1,371)	(1,371)	-	(278)	(278)
Investment management fees	4	(3,710)	-	(3,710)	(4,155)	-	(4,155)
Administrative expenses	5	(1,092)	-	(1,092)	(1,092)	-	(1,092)
<b>Net return before finance costs and taxation</b>		<b>9,830</b>	<b>19,738</b>	<b>29,568</b>	<b>9,426</b>	<b>6,654</b>	<b>16,080</b>
Finance costs	6	(1,600)	-	(1,600)	(1,861)	-	(1,861)
<b>Net return before tax</b>		<b>8,230</b>	<b>19,738</b>	<b>27,968</b>	<b>7,565</b>	<b>6,654</b>	<b>14,219</b>
Tax expense	7	(763)	(231)	(994)	(882)	(578)	(1,460)
<b>Net return after taxation</b>		<b>7,467</b>	<b>19,507</b>	<b>26,974</b>	<b>6,683</b>	<b>6,076</b>	<b>12,759</b>
<b>Return per share (pence):</b>							
<b>Basic</b>	9	<b>21.64</b>	<b>56.54</b>	<b>78.18</b>	<b>19.27</b>	<b>17.51</b>	<b>36.78</b>
<b>Diluted</b>	9	<b>21.35</b>	<b>52.69</b>	<b>74.04</b>	<b>n/a</b>	<b>16.33</b>	<b>n/a</b>

For the year ended 31 July 2018 the conversion option for potential Ordinary shares within the Convertible Unsecured Loan Stock was non-dilutive to the revenue return per Ordinary share but dilutive to the capital return per Ordinary share.

The total column of this statement represents the profit and loss account of the Company. There is no other comprehensive income and therefore the net return after taxation is also the total comprehensive income for the year.

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

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

# Financial Statements

## Statement of Financial Position

	Notes	As at 31 July 2019 £'000	As at 31 July 2018 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	10	484,709	476,097
<b>Current assets</b>			
Debtors and prepayments	11	3,617	3,037
Cash and short term deposits		10,239	9,398
		13,856	12,435
<b>Creditors: amounts falling due within one year</b>			
Bank loans		(20,407)	(7,623)
Other creditors		(1,649)	(2,488)
	12	(22,056)	(10,111)
<b>Net current (liabilities)/assets</b>		(8,200)	2,324
<b>Total assets less current liabilities</b>		476,509	478,421
<b>Non-current liabilities</b>			
Bank loans	12	-	(9,506)
2.25% Convertible Unsecured Loan Stock 2025	13	(35,499)	(35,209)
		(35,499)	(44,715)
<b>Net assets</b>		<b>441,010</b>	<b>433,706</b>
<b>Capital and reserves</b>			
Called-up share capital	14	10,430	10,429
Capital redemption reserve		2,062	2,062
Share premium account		60,130	60,076
Equity component of 2.25% Convertible Unsecured Loan Stock 2025	13	1,057	1,054
Capital reserve	15	351,781	346,123
Revenue reserve		15,550	13,962
<b>Equity shareholders' funds</b>		<b>441,010</b>	<b>433,706</b>
<b>Net asset value per share (pence):</b>			
<b>Basic</b>	16	<b>1,300.56</b>	<b>1,231.83</b>
<b>Diluted</b>	16	<b>n/a</b>	<b>n/a</b>

The financial statements were approved by the Board of Directors and authorised for issue on 29 October 2019 and were signed on behalf of the Board by:

**Nigel Cayzer**  
Chairman

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

# Financial Statements

## Statement of Changes in Equity

### For the year ended 31 July 2019

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity Component CULS 2025 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 August 2018		10,429	2,062	60,076	1,054	346,123	13,962	433,706
Conversion of 2.25% CULS 2025	13	1	-	54	-	-	-	55
Expense update for issue of 2025 CULS		-	-	-	3	(60)		(57)
Purchase of own shares to treasury	14	-	-	-	-	(13,789)	-	(13,789)
Return after taxation		-	-	-	-	19,507	7,467	26,974
Dividends paid	8	-	-	-	-	-	(5,879)	(5,879)
<b>Balance at 31 July 2019</b>		<b>10,430</b>	<b>2,062</b>	<b>60,130</b>	<b>1,057</b>	<b>351,781</b>	<b>15,550</b>	<b>441,010</b>

### For the year ended 31 July 2018

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity Component CULS 2019 £'000	Equity Component CULS 2025 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 August 2017		9,796	2,062	39,695	1,361	-	365,765	11,426	430,105
Conversion of 3.5% CULS 2019	13	81	-	2,607	-	-	-	-	2,688
Maturity of 3.5% CULS 2019	13	552	-	17,774	(1,361)	-	-	1,361	18,326
Conversion of 3.5% CULS 2019 to 2.25% CULS 2025		-	-	-	-	436	(3,425)		(2,989)
Issue of 2.25% CULS 2025		-	-	-	-	618	-	-	618
Purchase of own shares to treasury	14	-	-	-	-	-	(22,293)	-	(22,293)
Return after taxation		-	-	-	-	-	6,076	6,683	12,759
Dividends paid	8	-	-	-	-	-	-	(5,508)	(5,508)
<b>Balance at 31 July 2018</b>		<b>10,429</b>	<b>2,062</b>	<b>60,076</b>	<b>-</b>	<b>1,054</b>	<b>346,123</b>	<b>13,962</b>	<b>433,706</b>

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

# Financial Statements

## Statement of Cash Flows

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
<b>Cash flows from operating activities</b>			
Return before finance costs and tax		29,568	16,080
<i>Adjustments for:</i>			
Dividend income	3	(14,585)	(14,662)
Interest income	3	(47)	(11)
Dividends received		14,354	14,252
Interest received		47	9
Interest paid		(1,386)	(1,477)
Gains on investments	10	(21,109)	(6,932)
Foreign exchange movements		1,371	278
Decrease in prepayments		2	-
Decrease in other debtors		48	36
(Decrease)/increase in other creditors		(7)	360
Stock dividends included in investment income		(308)	(139)
Overseas withholding tax suffered	7	(843)	(882)
<b>Net cash inflow from operating activities</b>		<b>7,105</b>	<b>6,912</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(122,485)	(45,008)
Sales of investments		135,186	42,520
Capital gains tax on sales		(711)	(32)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>11,990</b>	<b>(2,520)</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares to treasury		(14,253)	(21,900)
Drawdown of loan	12	1,966	7,521
Loan arrangement fees		(6)	(28)
Issue of 2.25% Convertible Unsecured Loan Stock 2025 <sup>A</sup>		-	21,039
2.25% Convertible Unsecured Loan Stock 2025 issue expenses		(22)	-
Equity dividends paid	8	(5,879)	(5,508)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(18,194)</b>	<b>1,124</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>901</b>	<b>5,516</b>
<b>Analysis of changes in cash and cash equivalents</b>			
Opening balance		9,398	4,009
(Decrease)/increase in cash and cash equivalents		901	5,516
Foreign exchange movements		(60)	(127)
<b>Closing balance</b>		<b>10,239</b>	<b>9,398</b>

<sup>A</sup> 2018 amount restated from £21,004,000.

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

# Financial Statements

## Notes to the Financial Statements

For the year ended 31 July 2019

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### 1. Principal activity

The Company is a closed-end investment company, registered in England & Wales No 03106339, with its Ordinary shares being listed on the London Stock Exchange.

### 2. Accounting policies

#### (a) Basis of preparation and going concern

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments. The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 32.

#### Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies and are continually evaluated. Special dividends are assessed and credited to capital or revenue according to their circumstances and are considered to require significant judgement. The Directors do not consider there to be any significant estimates within the financial statements.

#### (b) Valuation of investments

The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU) and investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are measured at fair value. For listed investments, this is deemed to be bid market prices. Gains and losses arising from changes in fair value and disposals are included as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

#### (c) Borrowings

Bank loans are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, they are measured at amortised cost using the effective interest method. Finance charges are accounted for on an accruals basis using the effective interest rate method and are charged 100% to revenue.

#### (d) Income

Dividends, including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time apportioned basis so as to reflect the effective yield on shares. Other returns on non-equity shares are recognised when the right to return is established. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.

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**(e) Expenses**

All expenses are accounted for on an accruals basis. Expenses, including management fees and finance costs, are charged 100% through the revenue column of the Statement of Comprehensive Income with the exception of transaction costs incurred on the purchase and disposal of investments which are charged to the capital column of the Statement of Comprehensive Income and are separately identified and disclosed in note 10 within gains on investments.

**(f) Taxation**

The tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

**(g) Foreign currency**

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Statement of Financial Position date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on dividends receivable are recognised in the Statement of Comprehensive Income and are reflected in the revenue reserve. Gains and losses on the realisation of investments in foreign currencies and unrealised gains and losses on investments in foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve.

**(h) Convertible Unsecured Loan Stock**

Convertible Unsecured Loan Stock ("CULS") issued by the Company is regarded as a compound instrument, comprising of a liability component and an equity component. At the date of issue, the fair value of the liability component of the 2.25% CULS 2025 was estimated by assuming that an equivalent non-convertible obligation of the Company would have an effective interest rate of 3.063% (3.5% CULS 2019 – 3.113%). The fair value of the equity component, representing the option to convert liability into equity, is derived from the difference between the issue proceeds of the CULS and the fair value assigned to the liability. The liability component is subsequently measured at amortised cost using the effective interest rate and the equity component remains unchanged.

Direct expenses associated with the CULS issue are allocated to the liability and equity components in proportion to the split of the proceeds of the issue. Expenses allocated to the liability component are amortised over the life of the instrument using the effective interest rate.

The interest expense on the CULS is calculated according to the effective interest rate method.

On conversion of CULS, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion.

When CULS is repurchased early for cancellation, the fair value of the liability at the redemption date is compared to its carrying amount, giving rise to a gain or loss on redemption that is recognised through profit or loss. The amount of consideration allocated to equity is recognised in equity with no gain or loss being recognised.

**(i) Nature and purpose of reserves**

**Capital redemption reserve**

The capital redemption reserve arose when Ordinary shares were redeemed and cancelled, at which point an amount equal to the par value of the Ordinary share capital was transferred from the share capital account to the capital redemption reserve.

**Special reserve**

The special reserve was created by a transfer from the share premium account and is used to fund the value of purchases in the market of the Company's own shares to be held in treasury.

**Capital reserve**

This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences arising on monetary assets and liabilities except for dividend income receivable. Additionally, the cost of share buybacks to be held in treasury is also deducted from this reserve.

**Revenue reserve**

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

**(j) Treasury shares**

When the Company purchases the Company's equity share capital as treasury shares, the amount of the consideration paid, which includes directly attributable costs and is recognised as a deduction from equity. When these shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.

**(k) Dividends payable**

Final dividends are recognised in the financial statements in the period in which Shareholders approve them.

**(l) Segmental reporting**

The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided however an analysis of the geographic exposure of the Company's investments is provided on page 22.

	2019	2018
	£'000	£'000
<b>3. Income</b>		
<b>Income from investments</b>		
Overseas dividends	13,659	14,073
UK dividend income	300	300
REIT income	65	141
Stock dividends	308	139
Fixed interest income	253	9
	14,585	14,662
<b>Other income</b>		
Deposit interest	44	11
Other income	3	-
	47	11
<b>Total income</b>	<b>14,632</b>	<b>14,673</b>
<b>4. Investment management fees</b>		
Investment management fees	3,710	4,155

The Company has an agreement with ASFML for the provision of management services, under which investment management services have been delegated to ASI Asia.

During the year, from 1 August 2018 until 31 October 2018 the management fee was payable monthly in arrears and was based on an annual amount of 1.0% (2018 – 1.0%), calculated on the average net asset value of the Company over a 24 month period, valued monthly. The management fee was calculated by reference to the value of the Company's net assets (gross assets less liabilities excluding the amount of any loan facilities or overdraft facilities drawn down). With effect from 1 November 2018, a new fee arrangement has been agreed with the Manager. The new fee will continue to be payable monthly in arrears but at the rate of 0.08% of the Company's market capitalisation (as defined below) per calendar month, exclusive of VAT where applicable. Market capitalisation is defined as the Company's closing Ordinary share price quoted on the London Stock Exchange multiplied by the number of Ordinary shares in issue (excluding those held in Treasury), as determined on the last business day of the calendar month to which the remuneration relates. The balance due to the Manager at the year end was £613,000 (2018 – £725,000) which represents two months' fees (2018 – same).

The management agreement may be terminated by either the Company or the Manager on the expiry of twelve months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

# Financial Statements

## Notes to the Financial Statements continued

5. Administrative expenses	2019 £'000	2018 £'000
Administration fees	95	92
Directors' fees	166	160
Promotional activities	219	240
Auditor's remuneration:		
– fees payable to the auditor for the audit of the annual accounts	28	27
– fees payable to the auditor and its associates for other services <sup>A</sup>		
– interim review	7	7
– iXBRL tagging services	–	2
Custodian charges	251	199
Registrar fees <sup>B</sup>	47	48
Other expenses	279	317
	<b>1,092</b>	<b>1,092</b>

<sup>A</sup> For 2018, in addition to the fees treated as administrative expenses, Ernst & Young LLP were also paid £15,000 (including VAT) for services provided relating to advice given on the refinancing of the Convertible Unsecured Loan Stock ("CULS") during the year. These fees were capitalised and treated as issue expenses.

<sup>B</sup> For 2018, in addition to the fees treated as administrative expenses, Equiniti Limited were also paid £52,000 (excluding VAT) (2017 – £nil) for services provided relating to the refinancing of the Convertible Unsecured Loan Stock ("CULS") during the year. These fees were capitalised and treated as issue expenses.

The Company has an agreement with ASFML for the provision of administration services. The administration fee is payable quarterly in advance and is adjusted annually to reflect the movement in the Retail Prices Index. The balance due to ASFML at the year end was £24,000 (2018 – £23,000). The agreement is terminable on six months' notice.

Under the management agreement, the Company has also appointed ASFML to provide promotional activities to the Company by way of its participation in the Aberdeen Standard Investment Trust Share Plan and ISA. ASFML has delegated this role to the Standard Life Aberdeen Group. The total fee paid and payable under the agreement in relation to promotional activities was £219,000 (2018 – £240,000). There was a £82,000 (2018 – £18,000) balance due to the Standard Life Aberdeen Group at the year end.

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

6. Finance costs	2019 £'000	2018 £'000
Loans repayable in less than 1 year	516	445
Interest on 3.5% CULS 2019	–	907
Notional interest on 3.5% CULS 2019	–	183
Amortisation of 3.5% CULS 2019 issue expenses	–	137
Interest on 2.25% CULS 2025	839	144
Notional interest on 2.25% CULS 2025	154	26
Amortisation of 2.25% CULS 2025 issue expenses	91	19
	<b>1,600</b>	<b>1,861</b>

## 7. Tax expense

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>(a) Analysis of charge for the year</b>						
Indian capital gains tax charge on sales	-	711	711	-	32	32
Overseas taxation	763	-	763	882	-	882
<b>Total current tax charge for the year</b>	<b>763</b>	<b>711</b>	<b>1,474</b>	<b>882</b>	<b>32</b>	<b>914</b>
Deferred tax liability on Indian capital gains	-	(480)	(480)	-	546	546
<b>Total tax charge for the year</b>	<b>763</b>	<b>231</b>	<b>994</b>	<b>882</b>	<b>578</b>	<b>1,460</b>

On 1 April 2018, the Indian Government withdrew an exemption from capital gains tax on investments held for twelve months or longer. Accordingly, the Company has recognised a deferred tax liability of £231,000 (2018 – £546,000) on capital gains which may arise if Indian investments are sold.

At 31 July 2019 the Company had surplus management expenses and loan relationship deficits with a tax value of £8,836,000 (2018 – £7,814,000) in respect of which a deferred tax asset has not been recognised. This is due to the Company having sufficient excess management expenses available to cover the potential liability and the Company is not expected to generate taxable income in the future in excess of deductible expenses.

### (b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the current standard rate of corporation tax in the UK for a large company of 19% (2018 – 19%). The differences are explained below:

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	8,230	19,738	27,968	7,565	6,654	14,219
Return multiplied by the standard tax rate of corporation tax of 19%	1,563	3,750	5,313	1,437	1,264	2,701
<i>Effects of:</i>						
Gains on investments not taxable	-	(4,011)	(4,011)	-	(1,317)	(1,317)
Exchange losses	-	261	261	-	53	53
Overseas tax	763	-	763	882	-	882
Indian capital gains tax charge on sales	-	711	711	-	32	32
Movement in deferred tax liability on Indian capital gains	-	(480)	(480)	-	546	546
UK dividend income	(57)	-	(57)	(57)	-	(57)
Non-taxable dividend income	(2,654)	-	(2,654)	(2,700)	-	(2,700)
Expenses not deductible for tax purposes	7	-	7	3	-	3
Tax effect of expensed double taxation relief	-	-	-	(2)	-	(2)
Movement in unutilised management expenses	893	-	893	969	-	969
Movement in unutilised loan relationship deficits	248	-	248	350	-	350
<b>Total tax charge for the year</b>	<b>763</b>	<b>231</b>	<b>994</b>	<b>882</b>	<b>578</b>	<b>1,460</b>

# Financial Statements

## Notes to the Financial Statements *continued*

8. Dividends	2019	2018
	£'000	£'000
Proposed final dividend for 2018 – 13.0p (2017 – 12.0p)	4,496	4,131
Proposed special dividend for 2018 – 4.0p (2017 – 4.0p)	1,383	1,377
	<b>5,879</b>	<b>5,508</b>

Proposed final and special dividends are subject to approval by shareholders at the Annual General Meeting and are not included as a liability in the financial statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 – 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the current year is £7,467,000 (2018 – £6,683,000).

	2019	2018
	£'000	£'000
Proposed final dividend for 2019 – 14.0p (2018 – 13.0p)	4,693	4,509
Proposed special dividend for 2019 – 5.0p (2018 – 4.0p)	1,676	1,387
	<b>6,370</b>	<b>5,896</b>

The amount reflected above for the cost of the proposed final and special dividend for 2019 is based on 33,524,349 Ordinary shares, being the number of Ordinary shares in issue excluding shares held in treasury at the date of this Report.

9. Return per Ordinary share	2019			2018		
	Revenue	Capital	Total	Revenue	Capital	Total
<b>Basic</b>						
Return after taxation (£'000)	7,467	19,507	26,974	6,683	6,076	12,759
Weighted average number of shares in issue <sup>A</sup>			34,498,372			34,690,302
Return per Ordinary share (p)	21.64	56.54	78.18	19.27	17.51	36.78
<b>Diluted</b>						
Return after taxation (£'000)	7,905	19,507	27,412	7,963	6,076	14,039
Weighted average number of shares in issue <sup>AB</sup>			37,022,314			37,215,899
Return per Ordinary share (p)	21.35	52.69	74.04	n/a	16.33	n/a

<sup>A</sup> Calculated excluding shares held in treasury.

<sup>B</sup> The calculation of the diluted total, revenue and capital returns per Ordinary share is carried out in accordance with IAS 33, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 2.25% Convertible Unsecured Loan Stock 2025 ("CULS"). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 2,523,942 (2018 – 2,525,597) to 37,022,314 (2018 – 37,215,899) Ordinary shares.

For the year ended 31 July 2018 the assumed conversion for potential Ordinary shares was non-dilutive to the revenue return per Ordinary share but dilutive to the capital return per Ordinary share. Where dilution occurs, the net returns are adjusted for interest charges and issue expenses relating to the CULS (2019 – £438,000; 2018 – £1,280,000). Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted.

## 10. Investments

	2019			2018		
	Listed in UK £'000	Listed overseas £'000	Total £'000	Listed in UK £'000	Listed overseas £'000	Total £'000
Fair value through profit or loss:						
Opening book cost	7,067	258,622	265,689	9,404	236,782	246,186
Opening fair value gains on investments held	6,168	204,240	210,408	5,008	217,420	222,428
Opening fair value	13,235	462,862	476,097	14,412	454,202	468,614
Movements in year:						
Purchases at cost	-	122,930	122,930	-	45,142	45,142
Sales - proceeds	-	(135,540)	(135,540)	(2,865)	(41,726)	(44,591)
Sales - gains on sales	-	61,607	61,607	528	18,424	18,952
Effective yield adjustment	-	113	113	-	-	-
Movement in fair value gains on investments held	(1,198)	(39,300)	(40,498)	1,160	(13,180)	(12,020)
<b>Closing fair value</b>	<b>12,037</b>	<b>472,672</b>	<b>484,709</b>	<b>13,235</b>	<b>462,862</b>	<b>476,097</b>

	2019			2018		
	Listed in UK £'000	Listed overseas £'000	Total £'000	Listed in UK £'000	Listed overseas £'000	Total £'000
Closing book cost	7,067	307,732	314,799	7,067	258,622	265,689
Closing fair value gains on investments held	4,970	164,940	169,910	6,168	204,240	210,408
	<b>12,037</b>	<b>472,672</b>	<b>484,709</b>	<b>13,235</b>	<b>462,862</b>	<b>476,097</b>

### Gains/(losses) on investments

Gains on sales	-	61,607	61,607	528	18,424	18,952
Movement in fair value gains on investments held	(1,198)	(39,300)	(40,498)	1,160	(13,180)	(12,020)
	<b>(1,198)</b>	<b>22,307</b>	<b>21,109</b>	<b>1,688</b>	<b>5,244</b>	<b>6,932</b>

### Transaction costs

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

	2019 £'000	2018 £'000
Purchases	259	100
Sales	332	94
	<b>591</b>	<b>194</b>

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

# Financial Statements

## Notes to the Financial Statements continued

	2019	2018
	£'000	£'000
<b>11. Debtors: amounts falling due within one year</b>		
Amounts due from brokers	2,438	2,085
Other debtors	184	12
Prepayments and accrued income	995	940
	<b>3,617</b>	<b>3,037</b>

None of the above amounts are past their due date or impaired (2018 – same).

	2019	2018
	£'000	£'000
<b>12. Creditors</b>		
<b>(a) Amounts falling due within one year</b>		
Bank loans	20,417	7,623
Loan arrangement fees	(10)	–
Amounts due to brokers	371	233
Amount due for the purchase of own shares to treasury	86	551
Deferred tax liability on Indian capital gains	57	546
Other creditors	1,135	1,158
	<b>22,056</b>	<b>10,111</b>

On 30 August 2018 the Company's US\$25,000,000 revolving facility agreement with The Royal Bank of Scotland PLC was novated to The Royal Bank of Scotland International Limited, London Branch. The loan incurred an arrangement fee of US\$50,000 at the time of the original drawdown, which is being amortised over the life of the loan. As at 31 July 2019, US\$12,500,000 (Sterling equivalent – £10,209,000) had been drawn down at an all-in rate of 3.1% which matured on 23 August 2019 (31 July 2018 – US\$10,000,000 (Sterling equivalent – £7,623,000) drawn down at an all-in rate of £2.9% which matured on 23 August 2018).

In addition, at 31 July 2019 US\$12,500,000 (Sterling equivalent – £10,198,000) (31 July 2018 – \$12,500,000 with a Sterling equivalent of £9,506,000) was drawn down from the term loan facility at a fixed interest rate of 2.506% until 8 June 2020. The terms of the loan facilities contain covenants that the minimum net assets of the Company are £300,000,000, the percentage of borrowings against net assets is less than 20%, and the portfolio contains a minimum of forty five eligible investments (investments made in accordance with the Company's investment policy). All covenants have been complied with during the year.

All financial liabilities are measured at amortised cost.

	2019	2018
	£'000	£'000
<b>(b) Amounts falling due after more than one year</b>		
Long-term bank loan	–	9,506
Loan arrangement fees	–	(12)
	<b>–</b>	<b>9,494</b>

### 13. Non-current liabilities

	Number of units £'000	2019 Liability component £'000	Equity component £'000	Number of units £'000	2018 Liability component £'000	Equity component £'000
<b>(a) 3.5% Convertible Unsecured Loan Stock 2019</b>						
Balance at beginning of year	-	-	-	32,990	32,441	1,361
Conversion of 3.5% CULS 2019	-	-	-	(2,688)	(2,688)	-
Maturity of 3.5% CULS 2019	-	-	-	(30,302)	(30,073)	(1,361)
Notional interest on CULS transferred to revenue reserve	-	-	-	-	183	-
Amortisation and issue expenses	-	-	-	-	137	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Number of units £'000	2019 Liability component £'000	Equity component £'000	Number of units £'000	2018 Liability component £'000	Equity component £'000
<b>(b) 2.25% Convertible Unsecured Loan Stock 2025</b>						
Balance at beginning of year	37,000	35,209	1,054	-	-	-
Conversion of 3.5% CULS 2019 to 2.25% CULS 2025	(55)	(55)	-	15,236	14,800	436
Issue of 2.25% CULS 2025	-	-	-	21,764	21,123	641
Issue expenses	-	100	3	-	(759)	(23)
Notional interest on CULS transferred to revenue reserve	-	153	-	-	26	-
Amortisation and issue expenses	-	92	-	-	19	-
<b>Balance at end of year</b>	<b>36,945</b>	<b>35,499</b>	<b>1,057</b>	<b>37,000</b>	<b>35,209</b>	<b>1,054</b>

The 2.25% Convertible Unsecured Loan Stock 2025 ("2025 CULS") can be converted at the election of holders into Ordinary shares during the months of May and November each year throughout their life, commencing 30 November 2018 to 31 May 2025 at a rate of 1 Ordinary share for every 1465.0p nominal of CULS. Interest is payable on the 2025 CULS on 31 May and 30 November each year, commencing on 30 November 2018. 100% of the interest will be charged to revenue in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

The 2025 CULS has been constituted as an unsecured subordinated obligation of the Company by the Trust Deed between the Company and the Trustee, the Law Debenture Trust Corporation p.l.c., dated 23 May 2018. The Trust Deed details the 2025 CULS holders' rights and the Company's obligations to the CULS holders and the Trustee oversees the operation of the Trust Deed. In the event of a winding-up of the Company the rights and claims of the Trustee and 2025 CULS holders would be subordinate to the claims of all creditors in respect of the Company's secured and unsecured borrowings, under the terms of the Trust Deed.

In 2018 the Company received elections from 2025 CULS holders to convert 54,768 nominal amount of CULS into 3,727 Ordinary shares.

The fair value of the 2025 CULS at 31 July 2019 was £37,684,000 (2018 - £37,000,000).

# Financial Statements

## Notes to the Financial Statements continued

14. Called up share capital	2019	2018
	£'000	£'000
<b>Allotted, called-up and fully paid</b>		
Ordinary shares of 25p	8,477	8,802
Treasury shares	1,953	1,627
	<b>10,430</b>	<b>10,429</b>

	Ordinary shares Number	Treasury shares Number	Total shares Number
At 31 July 2018	35,208,272	6,507,012	41,715,284
Conversion of CULS	3,727	-	3,727
Buyback of own shares	(1,302,650)	1,302,650	-
<b>At 31 July 2019</b>	<b>33,909,349</b>	<b>7,809,662</b>	<b>41,719,011</b>

During the year 1,302,650 Ordinary shares of 25p were purchased by the Company (2018 – 2,137,138 Ordinary shares purchased) at a total cost of £13,789,000 (2018 – total cost of £22,293,000), all of which were held in treasury (2018 – same). At the year end 7,809,662 (2018 – 6,507,012) shares were held in treasury, which represents 23.03% (2018 – 15.60%) of the Company's total issued share capital at 31 July 2019. During the year there were a further 3,727 Ordinary shares issued as a result of CULS conversions (2018 – 2,531,685).

Since the year end a further 385,000 Ordinary shares of 25p have been purchased by the Company at a total cost of £4,203,000, all of which are held in treasury.

15. Reserves	2019	2018
	£'000	£'000
<b>Capital reserve</b>		
At 31 July 2018	346,123	365,765
Movement in investment holdings fair value	(40,498)	(12,020)
Gains on realisation of investments at fair value	61,607	18,952
Purchase of own shares to treasury	(13,789)	(22,293)
Issue of 2.25% CULS 2025	-	(3,425)
Expense update for issue of 2025 CULS	(60)	-
Indian capital gains tax charge	(231)	(578)
Foreign exchange movement	(1,371)	(278)
<b>At 31 July 2019</b>	<b>351,781</b>	<b>346,123</b>

The capital reserve includes investment holding gains amounting to £169,910,000 (2018 – £210,408,000) as disclosed in note 10. The above split in capital reserve is shown in accordance with provisions of the Statement of Recommended Practice 'Financial Statements Of Investment Trust Companies and Venture Capital Trusts'.

16. Net asset value per Ordinary share	2019	2018
<b>Basic</b>		
Net assets attributable	£441,010,000	£433,706,000
Number of Ordinary shares in issue <sup>A</sup>	33,909,349	35,208,272
Net asset value per Ordinary share	1,300.56p	1,231.83p

	2019	2018
<b>Diluted</b>		
Net assets attributable	£476,509,000	£468,915,000
Number of Ordinary shares in issue <sup>A</sup>	36,431,208	37,733,869
Net asset value per Ordinary share <sup>B</sup>	n/a	n/a

<sup>A</sup> Calculated excluding shares held in treasury

<sup>B</sup> The diluted net asset value per Ordinary share has been calculated on the assumption that £36,945,232 (2018 –£37,000,000) 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") is converted at 1465.0p per share, giving a total of 36,431,208 (2018 – 37,733,869) 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 1,465.0p per share. In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 July 2019 the cum income NAV was 1,300.56p (2018 – 1,231.83p) and thus the CULS were 'not in the money' (2018 – same).

## 17. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 36 to 38. The balance of fees due to Directors at the year end was £nil (2018 – £nil).

Mr Gilbert is a director of Standard Life Aberdeen plc. Both Mr Gilbert and his alternate, Mr Young are directors of its subsidiary ASI Asia which has been delegated, under an agreement with ASFML, to provide management services to the Company, the terms of which are outlined in notes 4 and 5 along with details of transactions during the year and balances outstanding at the year end. Neither Mr Gilbert nor Mr Young are directors of ASFML.

Mr Yea is chairman of Equiniti Group Plc which acts as Registrar and Receiving Agent to the Company. Mr Yea is excluded from participation in all discussions relating to the appointment of Equiniti. Details of the transactions during the year with Equiniti are outlined in note 5 on page 58. Balances outstanding at the year end amounted to £5,000 (2018 – £5,000).

## 18. Financial instruments

### Risk management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise equities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

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

### Risk management framework

The directors of ASFML collectively assume responsibility for ASFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

ASFML is a fully integrated member of the Standard Life Aberdeen Group, which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Standard Investments (Asia) Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

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

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

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

### **Risk management**

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

### **Market risk**

The fair value of or future cash flows from a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

### **Interest rate risk**

Interest rate movements may affect:

- the level of income receivable on cash deposits;
- valuation of debt securities in the portfolio.

### **Management of the risk**

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. When drawn down, interest rates are fixed on borrowings.

### **Interest rate risk profile**

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

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
<b>At 31 July 2019</b>				
<b>Assets</b>				
Sterling	-	0.47	-	4,119
Indian Rupee	-	-	-	5,749
Pakistan Rupee	-	-	-	16
Thailand Baht	-	-	-	4
Vietnam Dong	-	-	-	170
Taiwan Dollar	-	-	-	180
New Zealand Dollar	-	-	-	1
	-	-	-	<b>10,239</b>
<b>Liabilities</b>				
Short-term loan	0.86	2.5	10,198	-
Short-term loan	0.06	3.1	10,209	-
2.25% Convertible Unsecured Loan Stock 2025	5.77	3.1	35,499	-
	-	-	<b>55,906</b>	-

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
<b>At 31 July 2018</b>				
<b>Assets</b>				
Sterling	-	0.22	-	9,329
Indian Rupee	-	-	-	46
Pakistan Rupee	-	-	-	19
Thailand Baht	-	-	-	4
	-	-	-	<b>9,398</b>
<b>Liabilities</b>				
Short-term loan	1.95	2.5	9,506	-
Short-term loan	0.06	2.9	7,623	-
2.25% Convertible Unsecured Loan Stock 2025	6.83	2.3	35,209	-
	-	-	<b>52,338</b>	-

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on interest payable, weighted by the value of the loan. Details of the Company's loan are shown in note 12 to the financial statements.

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

The Company's equity portfolio and short term debtors and creditors (excluding bank loans) have been excluded from the above tables.

#### Interest rate sensitivity

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

# Financial Statements

## Notes to the Financial Statements *continued*

### Foreign currency risk

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

### Management of the risk

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

The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. It is not the Company's policy to hedge this currency risk but the Board keeps under review the currency returns in both capital and income.

Foreign currency risk exposure by currency of denomination:

	31 July 2019			31 July 2018		
	Overseas	Net monetary	Total	Overseas	Net monetary	Total
	investments	assets/ (liabilities)	currency exposure	Investments	assets/ (liabilities)	currency exposure
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	9,938	-	9,938	8,323	-	8,323
Danish Krona	8,083	-	8,083	9,104	-	9,104
Hong Kong Dollar	60,095	-	60,095	65,327	-	65,327
Indian Rupee	69,584	5,749	75,333	67,173	46	67,219
Indonesian Rupiah	37,929	-	37,929	37,495	-	37,495
Korean Won	13,702	-	13,702	5,443	-	5,443
Malaysian Ringgit	52,448	-	52,448	66,986	-	66,986
Taiwan Dollar	19,442	180	19,622	11,770	-	11,770
New Zealand Dollar	17,619	-	17,619	17,265	-	17,265
Pakistan Rupee	980	16	996	3,940	19	3,959
Philippine Peso	28,150	-	28,150	28,644	-	28,644
Singapore Dollar	52,787	-	52,787	54,798	-	54,798
Sri Lankan Rupee	18,360	-	18,360	14,376	-	14,376
Thailand Baht	72,939	4	72,943	72,711	4	72,715
United States Dollar	-	(20,407)	(20,407)	-	(17,129)	(17,129)
Vietnamese Dong	10,616	170	10,786	-	-	-
	472,672	(14,288)	458,384	463,355	(17,060)	446,295
Sterling	12,037	(31,379)	(19,342)	12,742	(25,880)	(13,138)
<b>Total</b>	<b>484,709</b>	<b>(45,667)</b>	<b>439,042</b>	<b>476,097</b>	<b>(42,940)</b>	<b>433,157</b>

### Foreign currency sensitivity

The Company's foreign currency financial instruments are in the form of equity investments, fixed interest investments and bank loans. The sensitivity of the former has been included within other price risk sensitivity analysis so as to show the overall level of exposure. The sensitivity of the fixed interest investments and bank loans has been included within interest rate sensitivity above. Based upon exchange rates at the Statement of Financial Position date, a 10% increase in Sterling would result in a decrease in the value of the United States Dollar bank loan of £1,515,000 (2018 - £1,187,000) and a 10% decrease in Sterling would result in an increase in the value of the United States Dollar bank loan of £1,852,000 (2018 - £1,451,000). Due consideration is paid to foreign currency risk throughout the investment process.

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### Other price risk

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

Investment in Far East equities or those of companies that derive significant revenue or profit from the Far East involves a greater degree of risk than that usually associated with investment in the securities in major securities markets. The securities that the Company owns may be considered speculative because of this higher degree of risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets and the stock selection process, as detailed on page 77, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

### Other price risk sensitivity

If market prices at the reporting date had been 10% (2018 – 10%) higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 July 2019 would have increased/(decreased) by £48,471,000 (2018 – increased/(decreased) by £47,610,000) and equity reserves would have increased/(decreased) by the same amount.

### Liquidity risk

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

### Management of the risk

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Gearing comprises both bank loans and convertible unsecured loan stock. The Board has imposed a maximum gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of 25%. Details of borrowings at the 31 July 2019 are shown in notes 12 and 13.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of a loan facility, details of which can be found in note 12. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the investment policy section on page 3.

### Liquidity risk exposure

At 31 July 2019 the Company had borrowings in the form of the £36,945,000 (2018 – £37,000,000) nominal of 2.25% Convertible Unsecured Loan Stock 2025.

At 31 July 2019 the Company's term bank loan, amounting to £10,198,000 (2018 – £9,506,000; repayment date 8 June 2020), was due for repayment on 8 June 2020. In addition, the Company's rolling bank loan, amounting to £10,209,000 (2018 – £7,623,000), was due for repayment on 23 August 2019. The maximum exposure during the year was £20,407,000 (2018 – £17,152,000) and the minimum exposure during the year was £17,233,000 (2018 – £9,283,000).

## Financial Statements

# Notes to the Financial Statements continued

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

	Expected cashflows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
2.25% Convertible Unsecured Loan Stock 2025	41,179	-	831	40,348
Short-term loan	10,238	10,238	-	-
Short-term loan	12,759	65	12,694	-
	<b>64,176</b>	<b>10,303</b>	<b>13,525</b>	<b>40,348</b>

### Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

### Management of the risk

Investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker. Settlement of investment transactions are also done on a delivery versus payment basis;

- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the third party administrator carries out a stock reconciliation to Custodian records on a monthly basis to ensure discrepancies are picked up on a timely basis. The Manager's compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's risk management committee. This review will also include checks on the maintenance and security of investments held; and
- cash is held only with reputable banks with high quality external credit ratings.

It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

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

### Credit risk exposure

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

	2019		2018	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
<b>Current assets</b>				
Debtors	3,617	3,617	3,037	3,037
Cash and short term deposits	10,239	10,239	9,398	9,398
	<b>13,856</b>	<b>13,856</b>	<b>12,435</b>	<b>12,435</b>

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

### Fair values of financial assets and financial liabilities

Investments held at fair value through profit or loss are valued at their quoted bid prices which equate to their fair values. The Directors are of the opinion that the other financial assets and liabilities, excluding CULS which are held at amortised cost, are stated at fair value in the Statement of Financial Position and considered that this approximates to the carrying amount.

## 19. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

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

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

The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at 31 July 2019 as follows:

As at 31 July 2019	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets and liabilities at fair value through profit or loss</b>					
Quoted equities	a)	484,709	-	-	484,709
<b>Net fair value</b>		<b>484,709</b>	<b>-</b>	<b>-</b>	<b>484,709</b>

As at 31 July 2018	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets and liabilities at fair value through profit or loss</b>					
Quoted equities	a)	476,097	-	-	476,097
<b>Net fair value</b>		<b>476,097</b>	<b>-</b>	<b>-</b>	<b>476,097</b>

### a) Quoted equities

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

## 20. Capital management policies and procedures

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt (comprising bank borrowings and CULS) and equity balance.

# Financial Statements

## Notes to the Financial Statements continued

The Company's capital comprises the following:

	2019 £'000	2018 £'000
<b>Equity</b>		
Equity share capital	10,430	10,429
Reserves	430,580	423,277
<b>Liabilities</b>		
Bank loans	20,407	17,129
CULS	35,499	35,209
	<b>496,916</b>	<b>486,044</b>

The Board's policy is to utilise gearing when the Manager believes it appropriate to do so, up to a maximum of 25% geared at the time of drawdown. Gearing for this purpose is defined as the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative, this is shown as a 'net cash' position.

	2019 £'000	2018 £'000
Investments at fair value through profit or loss	484,709	476,097
Current assets excluding cash and cash equivalents	1,550	1,185
Current liabilities excluding bank loans	(1,649)	(2,488)
	<b>484,610</b>	<b>474,794</b>
<b>Net assets</b>	<b>441,010</b>	<b>433,706</b>
<b>Gearing (%)</b>	<b>9.9</b>	<b>9.5</b>

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The review includes:

- the planned level of gearing which takes account of the Manager's views on the market;
- the level of equity shares in issue;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company does not have any externally imposed capital requirements.

## Financial Statements

# Alternative Performance Measures

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.

### Total return

Total return is considered to be an alternative performance measure. 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 total return involves a calculation that invests 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 a calculation that invests the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 July 2019 and 31 July 2018 and total return for the year.

	Dividend rate	NAV	Share price
<b>2019</b>			
31 July 2018	N/A	1,231.90p	1,050.00p
20 December 2018	17.00p	1,159.30p	1,000.00p
31 July 2019	N/A	1,300.56p	1,150.00p
<b>Total return</b>		<b>+7.1%</b>	<b>+11.4%</b>

	Dividend rate	NAV	Share price
<b>2018</b>			
31 July 2017	N/A	1,192.49p	1,062.00p
2 November 2017	16.00p	1,273.76p	1,065.00p
31 July 2018	N/A	1,231.90p	1,050.00p
<b>Total return</b>		<b>+4.6%</b>	<b>+0.4%</b>

### Discount to net asset value per Ordinary share

The difference between the share price of 1,150.00p (31 July 2018 – 1,050.00p) and the net asset value per Ordinary share of 1,300.56p (31 July 2018 – 1,231.83p) expressed as a percentage of the net asset value per Ordinary share.

### Dividend cover

Revenue return per share of 21.64p (2018 – 19.27p) divided by dividends declared for the year per share of 19.00p (2018 – 17.00p) expressed as a ratio.

### Net gearing

Net gearing measures the total borrowings of £55,906,000 (31 July 2018 – £52,338,000) less cash and cash equivalents of £12,306,000 (31 July 2018 – £11,250,000) divided by shareholders’ funds of £441,010,000 (31 July 2018 – £433,706,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due and to brokers at the year end as well as cash and cash equivalents. These balances can be found in notes 11 and 12 on page 62.

## Financial Statements

# Alternative Performance Measures continued

### Ongoing charges

Ongoing charges is considered to be an alternative performance measure. 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 net asset values with debt at fair value throughout the year.

	2019	2018
Investment management fees (£'000)	3,711	4,155
Administrative expenses (£'000)	1,091	1,092
Less: non-recurring charges (£'000)	(3)	-
<b>Ongoing charges (£'000)</b>	<b>4,799</b>	<b>5,247</b>
<b>Average net assets (£'000)</b>	<b>412,437</b>	<b>429,584</b>
<b>Ongoing charges ratio</b>	<b>1.16%</b>	<b>1.22%</b>

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations.



## Corporate Information

The Company's Investment Manager is Aberdeen Standard Investments (Asia) Limited, a wholly owned subsidiary of Standard Life Aberdeen plc with assets under management and administration of £577.5 billion as at 30 June 2019.

# Corporate Information

## Information about the Manager

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### Aberdeen Standard Fund Managers Limited

Aberdeen Standard Fund Managers Limited (“ASFML”), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. ASFML has in turn delegated portfolio management to Aberdeen Standard Investments (Asia) Limited (“ASI Asia”).

### Aberdeen Standard Investments

Worldwide, the Manager has a combined £577.5 billion (as at 30 June 2019) in assets under management and

administration for a range of clients, including individuals and institutions, through mutual and segregated funds.

Aberdeen Standard Investments has its headquarters in Edinburgh with principal offices in Aberdeen, London, Singapore, Philadelphia, Bangkok, Edinburgh, Hong Kong, Luxembourg, Kuala Lumpur, Jersey, Sao Paulo, Stockholm, Sydney, Taipei, and Tokyo.

### The Investment Team Senior Managers



**Hugh Young**  
Managing Director, Asia Pacific Region

BA in Politics from Exeter University. Started investment career in 1980. In charge of ASI Asia’s Far East funds since 1985.



**Flavia Cheong**  
Head of Equities - Asia Pacific, Equities - Asia

Masters in Economics from University of Auckland. Previously with Investment Company of the People’s Republic of China and Development Bank of Singapore. Started investment career in 1987. Joined ASI Asia in August 1996.



**Gabriel Sacks**  
Investment Director, Equities Asia

Chartered Financial Analyst, MA in Land Economy from Cambridge University. Joined ASI in 2008 as part of the London-based Global Emerging Markets Equities team and transferred to Equities Asia in 2018.



**Pruksa Iamthongthong**  
Investment Director, Equities Asia

Chartered Financial Analyst, BA in Business Administration from Chulalongkorn University, Thailand joined ASI Asia in 2007.

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## The Investment Process

### Philosophy and Style

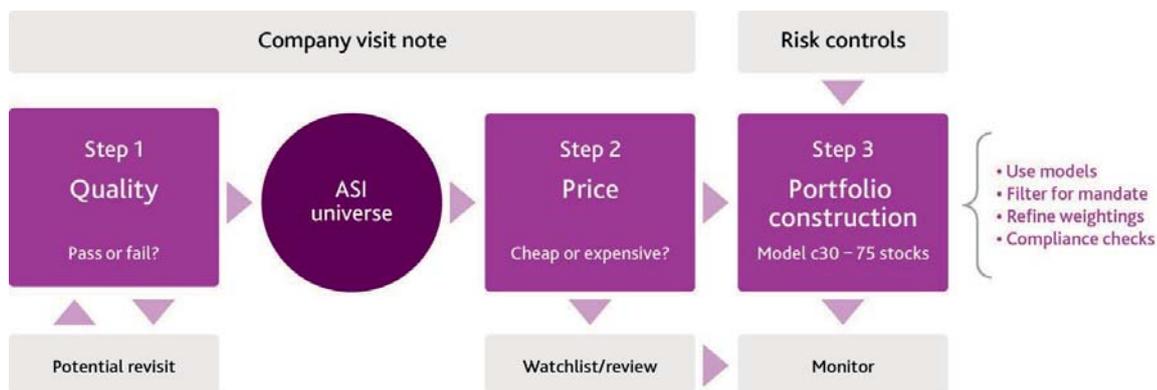
The Manager's investment philosophy is that markets are not always efficient. We (ASI Asia) believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment.

Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during a typical year.

### Risk Controls

ASI Asia seeks to minimise risk by its in depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

ASI Asia's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool



# Corporate Information

## Investor Information

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### AIFMD

The Company has appointed Aberdeen Standard 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](http://asia-focus.co.uk). The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 81.

### Comparative Indices

The Company does not have a benchmark, but the Investment Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted), as well as peer comparisons for Board reporting.

### Website

Further information on Aberdeen Standard Asia Focus PLC can be found on its own dedicated website: [asia-focus.co.uk](http://asia-focus.co.uk). This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

### Investor Warning

Aberdeen Standard Investments has been made aware that some investors may have received telephone calls from people purporting to work for Aberdeen Standard Investments, 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 Standard Investments and any third party making such offers has no link with Aberdeen Standard Investments. Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details below.

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

### Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly

fact sheet is available from the Trust's website:

[asia-focus.co.uk](http://asia-focus.co.uk) and the TrustNet website: [trustnet.co.uk](http://trustnet.co.uk). Alternatively direct private investors can call 0808 500 00 40 (free when dialling from a UK landline) for trust information. Alternatively, internet users may email Aberdeen Standard Investments at [inv.trusts@aberdeen-asset.com](mailto:inv.trusts@aberdeen-asset.com) or write to Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

### 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 at Aspect House, Spencer Road, Lancing West Sussex BN99 6DA or by telephoning on 0371 384 2416. Lines are open 8.30a.m. to 5.30 p.m. (London Time) Monday to Friday. 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, Aberdeen Standard Asia Focus PLC, Bow Bells House, 1 Bread Street, London EC4M 9HH or by emailing [company.secretary@aberdeenstandard.com](mailto:company.secretary@aberdeenstandard.com).

### Direct

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

### Aberdeen Standard Investment Plan for Children

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

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Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

### Aberdeen Standard Investment Trust Share Plan

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

### Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2019/2020.

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

### ISA Transfer

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

### Pre-investment Disclosure Document (PIDD)

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager of Aberdeen Standard Asia Focus PLC, to make available to investors certain information prior to such investors' investment in the Company. The Company's PIDD is available for viewing at: [asia-focus.co.uk](http://asia-focus.co.uk).

### Literature Request Service

For literature and information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer including application forms for the Company and the Manager's investment trust products, please contact:

#### Aberdeen Standard Investment Trust Administration

PO Box 11020  
Chelmsford  
Essex, CM99 2DB  
Telephone: 0808 500 00 40  
(free when dialling from a UK landline)

Terms and conditions for the Aberdeen Standard Investments managed savings products can also be found under the literature section of [invtrusts.co.uk](http://invtrusts.co.uk)

### Online Dealing details

#### Investor information

There are a number of other ways in which you can buy and hold shares in this investment company.

#### Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell Youinvest; Alliance Trust Savings; Barclays Stockbrokers / Smart Investor; Charles Stanley Direct; Equiniti / Shareview; Halifax Share Dealing; Hargreave Hale; Hargreaves Lansdown; iDealing; Interactive Investor / TD Direct; Selftrade; The Share Centre; Stocktrade

### 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 Wealth Management Association at [thewma.co.uk](http://thewma.co.uk).

### Independent Financial Advisers

To find an adviser who recommends on investment trusts, visit [unbiased.co.uk](http://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 [www.fca.org.uk/firms/systems-reporting/register/search](http://www.fca.org.uk/firms/systems-reporting/register/search)

Email: [register@fca.org.uk](mailto:register@fca.org.uk)

### Suitable for Retail/NMPI Status

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

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, in order that the shares issued by Aberdeen Standard 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 (NMPs).

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 78 to 80 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority*

## Corporate Information

# Alternative Investment Fund Managers Directive Disclosures (Unaudited)

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Aberdeen Standard Investments and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') which can be found on the Company's website [asia-focus.co.uk](http://asia-focus.co.uk). There have been no material changes to the disclosures contained within the PIDD since December 2018.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 18 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by ASFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 78) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 31 December 2018 are available on the Company's website.

### Leverage

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

	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 July 2019	1.12	1.14

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which ASFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

*The above information above has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority*

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# General

## Notice of Annual General Meeting

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Notice is hereby given that the twenty-fourth Annual General Meeting of Aberdeen Standard Asia Focus PLC will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 11.30 a.m. on 4 December 2019 for the following purposes:

To consider and if thought fit, pass the following Resolutions of which Resolutions 1 to 12 will be proposed as Ordinary Resolutions and Resolutions 13 to 15 as Special Resolutions:

### Ordinary Business

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2019, together with the auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 July 2019 (other than the Directors' Remuneration Policy).
3. To approve the payment of a final dividend of 14.0p per Ordinary share.
4. To approve the payment of a special dividend of 5.0p per Ordinary share.
5. To re-elect Mr N.K. Cayzer as a Director.
6. To re-elect Mr M.J. Gilbert as a Director.
7. To re-elect Ms H. Fukuda as a Director.
8. To re-elect Viscount Dunluce as a Director.
9. To elect Ms Black as a Director.
10. To elect Ms Guthrie as a Director.
11. To re-appoint Ernst & Young LLP as auditor and to authorise the Directors to determine their remuneration.

### Special Business

12. THAT in substitution for all existing powers the Directors of the Company be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act"), to allot shares in the Company, and to grant rights ("Relevant Rights") to subscribe for, or to convert any security into, shares in the Company:

(a) up to an aggregate nominal amount of £2,793,695; and

(b) up to a further aggregate nominal amount of £2,793,695 in connection with an offer made by means of a negotiable document to (a) all holders of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") in proportion (as nearly as may be) to the respective numbers of such Ordinary shares held by them and (b) to holders of other equity securities required by the rights of those securities (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);

such authorisation to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2020 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

13. THAT subject to the passing of Resolution numbered 12 above and in substitution for all existing powers the Directors be empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 (1), (2) and (3) of the Act) either pursuant to the authorisation under Section 551 of the Act as conferred by Resolution 12 above or by way of a sale of treasury shares, in each case for cash as if Section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £838,108 which are, or are to be, wholly paid up in cash, at a price representing a premium to the net asset value per share at allotment, as determined by the Directors, and do not exceed up to 10% of the issued share capital (as at the date of the Annual General Meeting convened by this notice); and

(b) the allotment of equity securities in connection with an offer to (a) all holders of Ordinary shares of 25p each in the

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capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price representing a premium to the net asset value per share at allotment, as determined by the Directors; and

such power shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2020, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may do so as if such expiry had not occurred.

14. THAT, the Company be generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares"), and to cancel or hold in treasury such shares provided that:

(a) the maximum number of Ordinary shares hereby authorised to be purchased is 14.99% of the Ordinary shares in issue as at the date of the passing of this Resolution 14;

(b) the minimum price which may be paid for an Ordinary share is 25p;

(c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the higher of (i) an amount equal to 5% above the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 unless such authority is renewed, revoked or varied prior to such time by the Company in general meeting; and

(e) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

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

Bow Bells House  
1 Bread Street  
London EC4M 9HH  
5 November 2019

By order of the Board  
**Aberdeen Asset Management PLC**  
Secretaries

#### Notes:

1. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [asia-focus.co.uk](http://asia-focus.co.uk).
2. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.
3. To be valid, any form of proxy or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's registrars so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed form of proxy or other instrument of proxy will not prevent you attending the Meeting and voting in person if you wish to do so.
4. The right to vote at the meeting is determined by reference to the Company's Register of Members as at 6.30 p.m. on 2 December 2019 or, if this meeting is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that Register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.

## General Notice of Annual General Meeting continued

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6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at [euroclear.com](http://euroclear.com). The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
11. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
12. As at close of business on 29 October 2019 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 33,524,349 Ordinary shares of 25 pence each and there were a further 8,194,662 shares held in treasury. Each Ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 29 October 2019 is 33,524,349. Treasury shares represent 24.4% of the total issued Ordinary share capital (inclusive of treasury shares).
13. No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
14. Under Section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting. Under Section 338A of that Act, members may request the Company to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business.
15. Members should note that it is possible that, pursuant to requests made by the members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on the website.
16. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
18. There are special arrangements for holders of shares through Aberdeen Standard Investment's Investment Plan for Children, Investment Trust Share Plan and Investment Trust Individual Savings Account ('Plan Participants'). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Report.

# General

## Glossary of Terms and Definitions

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ASI Asia or the Investment Manager	Aberdeen Standard Investments (Asia) Limited is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Company's investment manager
Standard Life Aberdeen plc	Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017
Aberdeen Standard Investments	Aberdeen Standard Investments is a brand of the investment businesses of Standard Life Aberdeen plc
Standard Life Aberdeen Group	the Standard Life Aberdeen group of companies
ASFML or Manager	Aberdeen Standard Fund Managers Limited
AIC	Association of Investment Companies
AIFM	the alternative investment fund manager, being ASFML
AIFMD	The Alternative Investment Fund Managers Directive
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security
CULS 2025	The £36.9 million nominal of 2.25% Convertible Unsecured Loan Stock 2025 issued on 29 May 2018
CULS Conversion Date	The CULS is convertible at any time during the periods of 28 days ending on 30 November and 31 May in each year from November 2018 to May 2025 (each such period and any other period during which Conversion Rights may be exercised being a "Conversion Period") conversions requests are to be received by 5.00 p.m. on the last day of the relevant Conversion Period (each such last day being a "Conversion Date" and the Conversion Date falling on 31 May 2025 or Final Repayment Date being the "Final Conversion Date")
CULS Conversion Price	The CULS is convertible semi-annually on the Conversion Date on the basis of 1465p nominal of CULS for one Ordinary share. This equated to a 20% premium to the unaudited NAV per Ordinary share (including income) on 18 May 2018, rounded down to the nearest 5 pence
Dilution	Dilution is the potential impact of the conversion of CULS to Ordinary shares on the net asset value and share price of the Company
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the NAV per share
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio
Dividend Yield	The annual dividend expressed as a percentage of the share price

## General Glossary of Terms and Definitions *continued*

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<b>FRC</b>	Financial Reporting Council
<b>Leverage</b>	For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other
<b>Net Asset Value or NAV</b>	The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share
<b>Net Gearing</b>	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage
<b>Ongoing Charges</b>	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the industry standard
<b>PIDD</b>	The pre-investment disclosure document made available by the AIFM in relation to the Company
<b>Premium</b>	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share
<b>Prior Charges</b>	The name given to all borrowings including CULS, long and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment
<b>Total Assets</b>	Total assets less current liabilities (before deducting prior charges as defined above)
<b>Total Return</b>	Total return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV total return (including diluted) involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned

# General

## Your Company's Recent Share Capital History

### Issued Share Capital at 31 July 2019

33,909,349	Ordinary shares of 25p (excluding treasury shares)
7,809,662	Ordinary shares held in treasury

### Capital History

19 October 1995	35,000,000 Ordinary shares of 25p each placed at 100p with 7,000,000 Warrants attaching, each conferring the right to subscribe for one Ordinary share of 25p at 100p
Year ended 31 July 2010	502,069 Ordinary shares purchased for treasury at prices ranging from 296.7p to 455.0p and 442,698 Ordinary shares issued following the exercise of Warrants
Year ended 31 July 2011	3,823,595 Ordinary shares issued following the final exercise of Warrants
18 May 2012	£35 million nominal of Convertible Unsecured Loan Stock 2019 ("CULS") issued at 100p per unit
Year ended 31 July 2013	23,372 new Ordinary shares issued following the conversion of 194,182 units of CULS in December 2012 and 182,787 new Ordinary shares issued following the conversion of 1,517,404 units of CULS in May 2013
Year ended 31 July 2013	2,605,000 Ordinary shares issued for cash and sold from treasury at a premium to NAV
Year ended 31 July 2014	300,000 Ordinary shares issued for cash at a premium to NAV; 23,228 new Ordinary shares issued following the conversion of 192,896 units of CULS in December 2013; and, 2,210 new Ordinary shares issued following the conversion of 18,397 units of CULS in May 2014
Year ended 31 July 2015	142,000 Ordinary shares purchased for treasury at a discount to NAV; 3,510 new Ordinary shares issued following conversion of 29,188 units of CULS in December 2014; 573 new Ordinary shares issued following conversion of 4,790 units of CULS in June 2015
Year ended 31 July 2016	2,059,834 Ordinary shares purchased for treasury at a discount to NAV; 137 new Ordinary shares issued following conversion of 1,137 units of CULS in December 2015; 141 new Ordinary shares issued following conversion of 1,176 units of CULS in June 2016
Year ended 31 July 2017	1,091,750 Ordinary shares purchased for treasury at a discount to NAV; 2,595 new Ordinary shares issued following conversion of 21,594 units of CULS in December 2016; 3,546 new Ordinary shares issued following conversion of 29,473 units of CULS in June 2017
Year ended 31 July 2018	2,137,138 Ordinary shares purchased for treasury at a discount to NAV; 323,835 new Ordinary shares issued following conversion of 2,687,937 units of CULS in December 2017
29 May 2018	£37 million nominal of 2.25% Convertible Unsecured Loan Stock 2025 issued at 100p per unit. 2019 CULS redeemed and/or converted into Ordinary shares.
Year ended 31 July 2019	1,302,650 Ordinary shares purchased for treasury at a discount to NAV; 2,348 new Ordinary shares issued following conversion of 34,482 units of CULS in December 2018; 1,379 new Ordinary shares issued following conversion of 20,286 units of CULS in June 2019.

# General Contact Addresses

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## Investor Directors

Nigel Cayzer, Chairman  
Philip Yea, Audit Committee Chairman  
Charlotte Black  
Randal Dunluce (Viscount Dunluce)  
Haruko Fukuda, OBE  
Martin Gilbert  
Deborah Guthrie

## Alternate Director

Hugh Young (alternate for Martin Gilbert)

## Alternative Investment Fund Manager

Aberdeen Standard Fund Managers Limited  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

## Investment Manager

Aberdeen Standard Investments (Asia) Limited  
21 Church Street  
#01-01 Capital Square Two  
Singapore 049480

## Secretaries and Registered Office

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

## Registration Number

03106339

## Legal Entity Identifier (LEI):

5493000FBZP1J92OQY70

## Website

asia-focus.co.uk

## Depositary

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

## Stockbrokers

Panmure Gordon & Co  
1 New Change  
London EC4M 9AF

## Independent Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Bankers

The Royal Bank of Scotland International Limited,  
London Branch  
Level 3, 280 Bishopsgate,  
London, EC2M 4RB

## Solicitors

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

## CULS Trustee

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

## Registrars

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

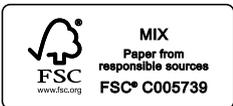
Tel: 0371 384 2416

Tel: +44 (0) 121 415 7047 (International)

Lines open 8:30am to 5:30pm (UK time), Monday to  
Friday, (excluding public holidays in England and Wales)

## Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number ("GIIN"): 5ITCFT.99999.SL.826



Visit us online  
[asia-focus.co.uk](http://asia-focus.co.uk)