Asia Dragon Trust plc

Capturing growth from world-class Asian companies

Annual Report
31 August 2021

Launched in 1987, the Company is an investment company and its Ordinary shares are listed on the premium segment of the London Stock Exchange. It is a member of the Association of Investment Companies ("AIC").

The Company is governed by a Board of Directors, all of whom are non-executive and independent. Like many other investment companies, it outsources its investment management and administration to an investment management group, abrdn plc (previously known as Standard Life Aberdeen plc).

Investment Objective

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

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 financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) 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 Asia Dragon Trust 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.

Visit our Website

To find out more about Asia Dragon Trust plc, please visit: **asiadragontrust.co.uk**

"Your Manager's long track record, on the ground presence and focus on companies with good ESG practices has enabled them to anticipate the notable strides made by Chinese corporates."

James Will, Chairman

"As stock-pickers, we remain focused on seeking out and investing in well-managed companies backed by solid fundamentals and led by sound management. These companies are dominant in their segments, have strong franchises, with sustainable earnings streams and robust balance sheets."

Adrian Lim and Pruksa Iamthongthong, abrdn (Asia) Limited

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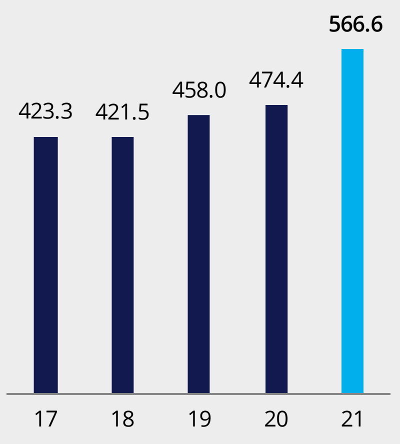
Net asset value total return[A]	Share price total return[A]	Benchmark total return[A] (in sterling terms)
+20.5%	+24.3%	+14.7%
2020: +4.7%	2020: +4.6%	2020: +10.9%

Ongoing charges[A]	Earnings per share (revenue)	Dividend per share
0.83%	7.36p	6.50p
2020: 0.89%	2020: 5.01p	2020: 4.75p

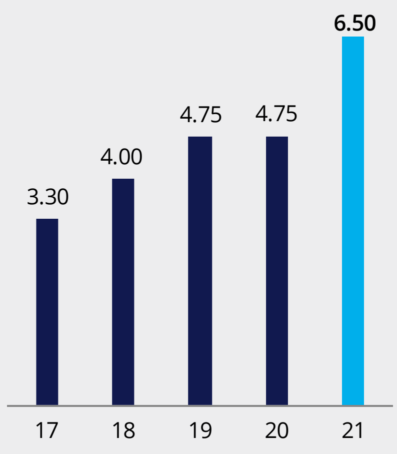
[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 86 and 87.

Net asset value per share



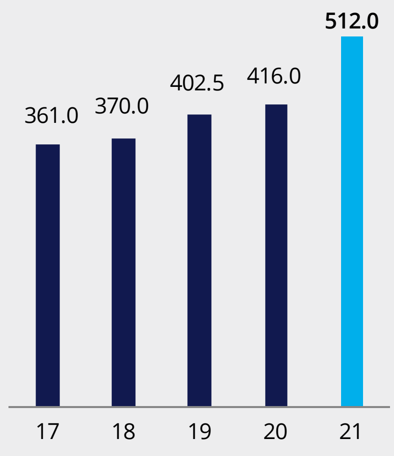
At 31 August – pence

Dividends per share



Year ended 31 August - pence

Mid-market price per share



At 31 August – pence

Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2021	6.50p	18 November 2021	19 November 2021	17 December 2021
Final 2020	4.75p	19 November 2020	20 November 2020	15 December 2020

"The Board has declared a final dividend of 6.5p per Ordinary share."

James Will, Chairman

Financial Calendar

Financial year end	31 August 2021
Annual General Meeting	15 December 2021
Payment of Final Dividend	17 December 2021

Highlights

	31 August 2021	31 August 2020	% change
Performance			
Equity shareholders' funds (£'000)	706,929	599,431	+17.9
Net asset value per share (capital return basis) (basic) (p)	566.60	474.39	+19.4
Share price (capital return basis) (p)	512.00	416.00	+23.1
Market capitalisation (£'000)	638,804	525,651	+21.5
MSCI AC Asia (ex Japan) Index (in sterling terms; capital return basis)	1138.78	1012.62	+12.5
Revenue return per share (basic) (p)	7.36	5.01	+46.9
Total return per share (basic) (p)	96.60	19.94	+384.5
Gearing			
Net gearing (%)[A]	7.9	3.5	
Discount			
Discount to net asset value (basic) (%)[A]	9.6	12.3	
Operating costs			
Ongoing charges ratio[A]	0.83	0.89	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 86 and 87.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香港交易所

Strategic Report

The Company is an investment trust and aims to achieve long-term capital growth principally through investment into companies in the Asia Pacific region which are believed by the Investment Manager to have above average prospects for growth.

Chairman's Statement

"The Company's net asset value (NAV) rose in the year by 20.5%, well ahead of its benchmark, the MSCI Asia ex Japan Index, which increased by 14.7% on a comparable basis."

James Will, Chairman

Overview

It has been a challenging year for Asian markets and, while equities in the region generally posted respectable gains, it was a volatile period, marked by widespread outbreaks of Covid-19 and a regulatory clampdown in China. Against this backdrop, the Company's net asset value (NAV) rose in the year by 20.5%, well ahead of its benchmark, the MSCI Asia ex Japan Index, which increased by 14.7% on a comparable basis. The share price rose by 23.1% to 512p as at 31 August 2021, with the discount to NAV per share narrowing to 9.6%.

The year began with regional stockmarkets in Asia posting steady advances despite intermittent Covid-19 outbreaks. Most economies re-opened and both governments and central banks offered sustained support, helping to buoy sentiment. Developed economies in Asia led the way, as wider vaccine access and aggressive mobility curbs seemed to work in containing Covid-19. In particular, Taiwan and South Korea, both markets with a bias towards technology stocks, were standout performers. Technology stocks, as a whole, remained buoyant, as a sustained surge in demand for electronics following the pandemic sparked a global chip shortage. This also lifted the Company's performance, given its higher exposure to the technology sector. Towards the end of the year, the emerging markets, namely Southeast Asia and India, staged a solid rebound as their Covid-19 infection rates showed signs of having reached a peak. These markets also benefited from a rotation away from technology stocks in Northeast Asia and towards cyclical stocks tied to economic reopening.

Aside from Covid-19, investors had to come to grips with other uncertainties. China, the first major economy to enter and exit the pandemic, started to tighten its monetary policy in early 2021 and certain sectors, such as property, began to underperform. Thereafter, as the Chinese Communist Party marked a century since its founding, it also embarked on a campaign against inequality under a "common prosperity" slogan. This precipitated a raft of reforms across sectors ranging from internet and online gaming to private education and a new focus on antitrust and data security considerations. Recognising the more interventionist tone in control and regulation, your Manager positioned the portfolio more cautiously. During 2021 the Company's positions were consolidated into higher-quality and higher-conviction names and the portfolio's internet exposure was diversified into stocks outside of China. These actions helped to mitigate the impact of the sell-off in Chinese markets shortly afterwards. The threat of government bans and fines have since continued to weigh on mainland Chinese shares.

Taking a longer-term view, your Manager believes that the structural growth of China remains intact. In particular, your Manager continues to see promise in five areas of growth in China, namely, aspiration, digital, green technology, health and wealth. New stocks that are well positioned to grow in these areas have been added to the portfolio. Details of these and more information on the Trust's performance can be found in the Manager's report.

For now, mitigating regulatory risk is key for investors in China. In this respect, your Manager's long track record, on the ground presence and focus on companies with good ESG practices has enabled them to anticipate the notable strides made by Chinese corporates. Many now appreciate the importance of engaging with long-term investors and the value it can create for a company. Boards and senior management are also paying attention to the environmental impact of their company's practices. Companies understand, too, that how they manage their relationships with key stakeholders, such as employees, vendors and society, is important, as regulatory scrutiny is tightened to address a range of issues. ESG considerations have always been an integral part of your Manager's investing process and the Trust's holdings – in China and elsewhere – are selected after careful due diligence on their ESG underpinnings, among others. You will find more details on these in the ESG report.

Gearing

The Board continues to believe that the sensible use of modest financial gearing should enhance returns to shareholders over the longer term. At the beginning of the financial year, the Company had in place a £50 million three-year loan facility, of which £25 million was fixed and fully drawn down and £25 million was revolving. Under the facility agreement, the Trust also had the option to increase the revolving facility by a further £25 million to £50 million ('the accordion option'), subject to approval from the lending bank's credit committee. In order to take advantage of the increasing attractive opportunities within the Asian stock markets, the Company implemented this accordion option under the facility in early January 2021.

At 31 August 2021, £40 million of the revolving facility was drawn and the Trust's net gearing position was 7.9%, compared to 3.5% at the end of August 2020.

Chairman's Statement Continued

The Manager continues to monitor closely gearing levels and bank covenants. As at 27 October 2021 the Company's net assets stood at £708.4 million and net gearing was 7.6%, and the Company is pleased to report that these levels remain comfortably within the covenant limits.

Discounts and Share Buybacks

The discount level of the Company's shares is closely monitored by the Board and Manager and share buybacks are undertaken when appropriate. During the year ended 31 August 2021, 1.6 million shares were bought back into treasury at a cost of £7.7 million (2020: 2.4 million shares were bought back into treasury at a cost of £9.7 million). Since the period end, a further 0.7 million shares have been bought back into treasury at a cost of £3.3 million. The discount at the end of August 2021 was 9.6% compared to 12.3% at the previous year end. As at 27 October 2021, the discount was 11.6%.

Revenue Account

I am pleased to report that the Company's revenue return per share increased to 7.36p for the year to 31 August 2021 (2020 – 5.01p). A large part of this rise, however, was due to the Board's previously announced decision to change the allocation policy for management fees and finance costs. For the year to 31 August 2020 these were allocated 100% to revenue. Under the new policy, for the year to 31 August 2021, they have been allocated 25% to revenue and 75% to capital. The Board's policy has been to pay a final dividend marginally in excess of the minimum required to maintain investment trust status, which may, of course, lead to some volatility in the level of dividend paid. Accordingly, the Board has declared a final dividend of 6.5p per Ordinary share (2020 – 4.75p). The dividend, if approved by shareholders at the Annual General Meeting, will be paid on 17 December 2021.

The Board

The Board regularly undertakes a review of its performance and structure to ensure that it has the appropriate mix of relevant skills, diversity and experience for the effective operation of the Company's business. Kathryn Langridge, having served on the Board for nine years, will retire from the conclusion of the AGM later this year. On behalf of the Board, I should like to thank Kathryn for her invaluable contribution to the Board. During the year, the Board appointed a recruitment firm to identify a potential candidate for a new Board appointment. This search is progressing well and the Board hopes to announce the appointment of a new non-executive director at, or before, the Company's AGM.

Continuation Vote and Proposed Introduction of Conditional Tender Offers

As shareholders may be aware, they are given the opportunity to vote on the continuation of the Company every three years. Asia Dragon Trust is one of the largest investment trusts specialising in the Asia (ex Japan) sector. The Board believes that the Trust offers investors a broad and marketable exposure to Asian equity markets, many of which continue to provide attractive long-term investment opportunities in the region. The Directors believe that the prospects for Asian markets remain positive and your Company is managed by one of the leading Asian fund managers. Your Board, thus, strongly recommends that shareholders vote in favour of the resolution for continuation at the forthcoming AGM.

On 21 October 2021, the Board announced that, subject to the passing of the continuation vote at the 2021 AGM, the Board will introduce five-yearly performance-related conditional tender offers (the "Conditional Tender Offers") in addition to its regular continuation votes.

There will be no tender offers in the event that the Company's net asset value total return continues to outperform the benchmark total return (MSCI All Country Asia (ex Japan) Index (sterling adjusted) (the "Benchmark")). However, should the NAV total return underperform the Benchmark over a five-year assessment period (the "Assessment Period") then shareholders will be offered the opportunity to realise a proportion of their investment for cash at a level close to NAV. The five-yearly period has been chosen as this best corresponds with the Investment Manager's typical investment time horizon.

If over the Assessment Period the Company's NAV per share total return fails to equal or exceed the total return on the Benchmark, the Board will put forward proposals to shareholders to undertake a tender offer. The size of any Conditional Tender Offer will be set by the Board up to a maximum of 25 per cent of the then issued share capital of the Company. Any such tender offer will be at a price equal to 98 per cent of the then prevailing NAV per share (after deduction of the costs of implementing the tender offer). Any tender offer would be subject to the passing of the relevant continuation vote, and itself would require the approval of shareholders, and it is expected that any tender offer will be made within three months after the passing of such continuation vote.

The Company's largest shareholder, City of London Investment Management, representing 27.73% of the Company's issued share capital, as at the date of this report, has provided an irrevocable undertaking to vote in favour of both the continuation vote and the resolution to approve the implementation of five yearly continuation votes and conditional tender offers.

Subject to the passing of Resolution 11, the Assessment Period for the first Conditional Tender Offer shall run from 1 September 2021 to 31 August 2026. Subsequent Conditional Tender Offers shall be assessed every five years thereafter.

In addition, if Resolution 11 relating to the introduction of the Conditional Tender Offers is passed, in order to align the Company's regular continuation votes with the assessment period for the Conditional Tender Offers that will be introduced by the passing of Resolution 11, the Board will move from the Company's current cycle of triennial continuation votes to five-yearly continuation votes.

Annual General Meeting ("AGM")

The Board continues to monitor the impact of the Covid-19 pandemic upon the arrangements for the Company's AGM. The Board was disappointed that the AGM in 2020 was restricted to following the minimum legal requirements for an AGM but believes it was in the best interests of shareholders.

However, in light of the improved position, the intention is to hold the Company's AGM on Wednesday, 15 December 2021 at 12:00 noon at the offices of abrdn plc, 6 St Andrew Square, Edinburgh, EH2 2BD. Should events require a change of venue this will be notified to Shareholders in the usual way via an announcement.

Outlook

Your Board remains optimistic on Asian stocks. While regulatory risks persist in China, Beijing appears to want to strike a balance between promoting innovation and achieving its political goals. A broad-brush clampdown on all new-economy sectors therefore appears unlikely, especially given their importance in China's vision for a modern, consumption-led economy. Once the dust settles, we expect that fundamental growth drivers should reassert themselves. Furthermore, simmering tensions between the US and China will continue to drive the latter's push towards self-sufficiency. This, in turn, presents opportunities for the astute investor, whether in areas linked to domestic consumption, technology or green energy.

Across the region, there are other hopeful signs. Accelerating vaccination rates should underpin further economic re-openings. This would spur consumption, adding another driver to growth alongside strong external demand. Your Manager's focus on quality companies should position the Company well to deliver sustainable returns over the long term.

For Asia Dragon Trust plc
James Will
Chairman
28 October 2021

Investment Manager's Review

Adrian Lim and Pruksa Iamthongthong, abrdn (Asia) Limited

Portfolio review

In the year under review, the MSCI Asia ex Japan Index rose by 14.7%. In comparison, your Company's net asset value (NAV) rose by 20.5% in sterling terms, whereas the share price rose by 24.3% to 512p as at 31 August, with the discount to NAV per share narrowing.

We are pleased by the significant outperformance, with the Company's portfolio well-positioned for the challenging conditions, which had deteriorated progressively as the second half evolved. We did particularly well in China, with our selection of underlying holdings accounting for the bulk of the Trust's outperformance, even though the market grew increasingly turbulent. Investors were worried by China's chilly reception to US President Joe Biden's decision to maintain the same course as his predecessor in an attempt to contain China's growing influence across the globe. Moreover, market participants were spooked by Beijing's intensified regulatory scrutiny of several key sectors as the central government sought to level the playing field and protect the interests of key stakeholders, particularly the consumer. Exacerbating this was the looming spectre of inflation, which had compelled the Chinese central bank to broadly tighten its policy stance.

At the stock level, an underweight exposure to **Alibaba Group** was a major contributor to performance as it was among a number of Internet companies that faced the ire of the authorities. The company was fined a record US$2.8 billion for monopolistic practices, while associate Ant Group, whose initial public offer was scuttled days before its billion-dollar flotation, was forced to become a financial holding company that would be regulated like any other traditional lender.

Performance benefited from our earlier decision to consolidate our exposure to the internet sector, exiting smaller companies and focusing on companies more resilient to policy change. For example, we remained invested in **Tencent Holdings** which although its share price also retreated under the same intense regulatory glare, we believe remains well positioned in an attractive sector with long-term growth.

Ultimately, we believe the regulatory changes must be seen in the context of a rapidly-changing technological landscape. It has been a challenge for the authorities to keep pace with innovations and we think that a broad-brush, heavy-handed clampdown on these innovative sectors is unlikely to be sustained given their importance to Beijing's vision of a modern, consumption-led economy. The current regulatory scrutiny reflects the government's need to adjust its priorities as the economy matures: away from the fundamental need to alleviate poverty, to more nuanced goals of shared prosperity and social equality.

Among the other mainland China holdings that stood out during the period was leading battery separator maker **Yunnan Energy New Material**, which was buoyed by optimism over demand for electric vehicles (EVs). Notably, the portfolio's significant exposure to the renewable energy segment benefited your Company, with **Longi Green Energy** also doing well. Longi is benefiting from an attractive long-term outlook for its solar modules, which is supported by President Xi Jinping's carbon zero ambitions. Also contributing to performance was **Nari Technology**, which supplies power and automation products and services to the State grid. Nari will benefit from a new pricing mechanism that should boost both power generators and encourage further investment in grid optimisation and energy storage solutions. Elsewhere, **Wuxi Biologics**'s shares advanced after the contract drugmaker upgraded its 2021 forecast for sales and earnings, underpinned by its line of vaccines that were either under development or already in production.

Apart from the changes to the portfolio already mentioned above, we also added to several China A Share names. We prefer high-quality companies that cater to domestic consumption or clean energy solutions, as these are aligned with Beijing's strategic goals and should provide some measure of shelter from the regulatory headwinds now buffeting the market. In the renewable energy sector, we see potential in companies with exposure to solar energy, electric vehicle batteries and the State grid system. To this end, we invested in **Sungrow**, a leading global supplier of inverters which are an essential component of solar projects. Sungrow benefits from greater cost advantage, superior product quality and higher brand awareness versus its domestic peers. It is also the largest domestic provider of energy storage systems and is poised to capitalise on opportunities in clean-tech development, especially in China. We also introduced **Glodon**, which offers construction budgeting software solutions and is set to benefit from Beijing's push for infrastructure development. This should support Glodon's goal of expanding into growing markets for cloud-based solutions and construction management. Another new addition to the portfolio was **Shenzhen Mindray Bio-Medical Electronics**, China's largest premium medical equipment maker. It focuses heavily on research and development and is able to price its products competitively, enabling it to win substantial market share overseas. Geopolitical tensions with the US should continue to drive China's push for self-sufficiency, which in turn presents us with investment opportunities, whether in domestic consumption, technology, or the green energy sector. Finally, we also initiated a position in **Tongcheng-Elong** (TCEL). Backed by Tencent Holdings and Trip.com, its two largest shareholders, TCEL is the biggest online travel platform in China, offering air, train and bus tickets as well as hotel bookings. The company enjoys superior margins as it has access to massive user bases, enabling it to acquire customers at a relatively low cost. Management is also keen to improve cross-selling between its ticketing and accommodation businesses. We see TCEL as being well-placed to benefit from increasing domestic travel among those living in lower-tier cities. We will continue to position your Company's portfolio around these structural growth themes, which should imbue them with the ability to withstand the near-term uncertainties.

Elsewhere in Asia, we took advantage of the rotation from growth to value stocks. This allowed us to raise our exposure to markets beyond China that had also been sold down, albeit without the accompanying regulatory risks. A notable addition was South Korea's **Kakao Corp**. The internet company offers a suite of services built around its flagship messaging platform KakaoTalk. It is well positioned to ride the trend of consumers moving online despite the competitive domestic market, given its dominant brand, an ability to innovate and led by solid management with a good track record. We also introduced US-listed **Sea**, which has key businesses in online video gaming, e-commerce and payment platforms across emerging Asia. The group owns leading Asean e-commerce platform Shopee and earns most of its revenues from Southeast Asia. It is gaining market share against its rivals in Indonesia, and continues to strengthen its ecosystem to deepen its penetration elsewhere in Asia.

In Taiwan, we added two new holdings. **Delta Electronics** makes power systems for various industries, including servers, consumer electronics, telecommunications, industrial and building automation and electric vehicles. Delta boasts a superior growth profile, a wide client base and established relationships with its suppliers. It benefits from pandemic-driven demand for data centres and cloud computing-related products. We are upbeat about its longer-term prospects too, which are underpinned by its exposure to multiple growth drivers, such as 5G, data centres and Internet of Things applications, and the rising adoption of EVs amid a global clean energy push. The other initiation was **GlobalWafers**, a Taiwanese silicon wafer manufacturer that ranks among the world's leaders in a consolidating industry. It is benefiting from improving wafer demand, while its long-term supply contracts underpin its future earnings and cash flow growth.

The portfolio includes frontier market exposure in Vietnam, which is not part of the benchmark. We hold **Vietnam Technological & Commercial Bank** as a proxy for this fast-growing developing economy. Vietnam stands to benefit from the diversification of supply chains away from China. This trend started a few years ago during the Trump administration, with businesses forced to relocate elsewhere in Asia to circumvent the punitive tariffs imposed on goods made in China. The pandemic further exposed the vulnerability of placing entire supply chains within a single country, accelerating the need to diversify production facilities to countries such as Vietnam.

On the ESG front, we continued to engage with the management of the Company's underlying holdings on a regular basis. A comprehensive report on these engagement efforts can be found on page 20.

In view of better growth opportunities elsewhere, we exited Astra International, JD Health, KE Holdings, Koh Young Technology, New Oriental Education, Shanghai International Airport and Singtel. We also sold Singapore property developer CapitaLand after a share-price rally on the back of a proposed group restructuring.

Investment Manager's Review Continued

Outlook

Looking ahead, we remain cautiously optimistic about Asian markets in spite of the challenging operating environment, including fresh Covid-19 outbreaks caused by the delta variant, the intense regulatory scrutiny in China, and a build-up of inflationary pressures that could precipitate higher interest rates globally.

Notwithstanding these uncertainties, corporate earnings growth across Asia is likely to rebound sharply this year, led by the technology hardware sector. This is due in part to low-base effects, with some estimates as high as 30%. At the same time, government and central bank policies are likely to remain supportive. Notably, the bounce in earnings so far has been confined to the more developed Asian markets, with many developing ones still coming to grips with the latest spikes in Covid infections. But with vaccination rates now accelerating across the region, restrictions should ease gradually as economies re-open. This could help mitigate cost pressures tied to near-term supply chain bottlenecks. It should also make Asian equities appear more attractive vis-à-vis those in developed markets elsewhere as earnings recover further.

In the longer term, the region's growth drivers remain intact. A burgeoning middle class with rising affluence should continue to drive demand across numerous sectors, such as retail , financial services, healthcare and infrastructure. As stock-pickers, we remain focused on seeking out and investing in well-managed companies backed by solid fundamentals and led by sound management. These companies are dominant in their segments, have strong franchises, with sustainable earnings streams and robust balance sheets. We believe that the quality of the portfolio should buffer it against the uncertainties of such an unprecedented period.

abrdn (Asia) Limited*
28 October 2021

* on behalf of Aberdeen Standard Fund Managers Limited. Both companies are subsidiaries of abrdn plc.

Overview of Strategy

Business Model

The business model of the Company is to operate as an investment trust for UK capital gains tax purposes in line with its investment objective. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 August 2021 so as to enable it to comply with the relevant eligibility conditions for investment trust status as defined by Section 1158 of the Corporation Tax Act 2010.

Investment Policy

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

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

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

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

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

Company Benchmark

MSCI All Country Asia (ex Japan) Index (sterling adjusted).

Alternative Investment Fund Manager ("AIFM")

The AIFM is Aberdeen Standard Fund Managers Limited ("ASFML" or the "Manager") which is authorised and regulated by the Financial Conduct Authority.

The Company's portfolio is managed on a day-to-day basis by abrdn (Asia) Limited ("abrdn Asia" or the "Investment Manager") by way of a delegation agreement. abrdn Asia and ASFML are both wholly owned subsidiaries of abrdn plc.

Achieving the Investment Policy and Objective

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day-to-day management of the Company's assets has been delegated to the Investment Manager. The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through direct contact by its fund managers. Stock selection is the major source of added value. No stock is bought without the Investment Manager having first met management, either in person, where possible, or virtually. The Investment Manager evaluates a company's worth in two stages; quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is evaluated by reference to key financial ratios, the market, the peer group and business prospects. Stock selection is key in constructing a diversified portfolio of companies. The Investment Manager is authorised to invest up to 15% of the Company's gross assets in any single stock, calculated at the time an investment is made.

A comprehensive analysis of the Company's portfolio by country and by sector is disclosed on pages 30 to 36, including a description of the ten largest investments, the full investment portfolio by value and sector/geographical analysis. At 31 August 2021, the Company's portfolio consisted of 64 holdings.

Gearing is used to leverage the Company's portfolio in order to enhance returns when this is considered appropriate to do so. At 31 August 2021, the Company's net gearing was 7.9%.

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 position, performance and prospects.

The Board has in place a robust process to identify, assess and monitor the principal risks and uncertainties facing the Company and to identify and evaluate newly emerging risks. The Company's risks are regularly assessed by the Audit & Risk Committee and managed by the Board through the adoption of a risk matrix which identifies the key risks for the Company, including emerging risks, and covers strategy, investment management, operations, shareholders, regulatory and financial obligations and third party service providers. The principal risks and uncertainties facing the Company, which have been identified by the Board, are described in the table below, together with the mitigating actions.

Overview of Strategy Continued

Risk	Mitigating Action
Investment Performance - The Company's investment performance is the most critical factor to the Company's long term success. Sustained underperformance may result in reduced demand for the Company's shares and loss of investor confidence.	The Board continually monitors the investment performance of the Company, taking account of stockmarket factors, and reviews the Company's performance compared to its benchmark index and peer group. In addition to its own due diligence, the Board has previously used consultants to provide an independent perspective on the Manager's process and performance. The Board and Manager communicates with major shareholders regularly to gauge their views on the Company, including performance.
Concentration Risk - Trading volumes in certain securities of emerging markets can be low. The Investment Manager may accumulate investment positions across all its managed funds that represent a significant multiple of the normal trading volumes of an investment which may result in a lack of liquidity and price volatility. Accordingly, the Company will not necessarily be able to realise, within a short period of time, an illiquid investment and any such realisation that may be achieved may be at considerably lower prices than the Company's valuation of that investment for the purpose of calculating the net asset value ("NAV") per Ordinary share.	The Board reviews, on a regular basis, the Manager's total holdings for each stock within the Company's portfolio and the liquidity of these stocks.
Major market event or geo-political risk - The Company is exposed to stockmarket volatility or illiquidity as a result of a major market shock due to a national or global crisis. The impact of such risks, associated with the portfolio or the Company itself, could result in disruption on the operations of the Company and losses. The Board is cognisant of the risks arising from the outbreak and spread of Covid-19 around the world, including stockmarket instability and longer term economic effects, and the impact on the operations of the third-party suppliers, including the Manager.	Exogenous risks over which the Company has no control are always a risk. The Company does what it can to address these risks where possible, not least operationally and to try and meet the Company's investment objectives. The Manager has undertaken an assessment of the Company's portfolio and is in close communication with the underlying investee companies in order to navigate and guide the Company through the continuing challenges arising from the Covid-19 pandemic. The Manager continues to assess and review the investment risks arising from Covid-19 on companies in the portfolio, including but not limited to: employee absence, reduced demand, supply chain breakdown, balance sheet strength, ability to pay dividends, and takes the necessary investment decisions. The Manager has extensive business continuity procedures and contingency arrangements to ensure they are able to service their clients, including investment trusts. The services from third parties, including the Manager, continue to be supplied effectively and the Board will continue to monitor arrangements through regular updates from the Manager.

Risk	Mitigating Action
Resource - The Company is an investment trust and has no employees. The responsibility for the provision of investment management, marketing and administration services for the Company has been delegated to the AIFM, Aberdeen Standard Fund Managers Limited, under the management agreement. The terms of the management agreement cover the necessary duties and conditions expected of the Manager. As a result, the Company is dependent on the performance of the AIFM.	The Board reviews the performance of the Manager on a regular basis and its compliance with the management contract formally on an annual basis. As part of that review, the Board assesses the Manager's succession plans, risk management framework and marketing activities.
Reliance on Third Party Service Providers -The Company is dependent on a number of third party providers, in particular those of the Manager, depositary and registrar. Failure by any service provider to carry out its contractual obligations could have a detrimental impact or disruption on the Company operations, including that caused by information technology breakdown or other cyber-related issues.	The Board reviews the performance of third party providers on an annual basis. The Manager monitors the quality of services provided through regular reports and due diligence reviews. Third party service providers report periodically on their internal controls which includes confirmation of their business continuity arrangements and procedures to address cyber-crime.
Discount Volatility – Failure to manage the discount effectively or an inappropriate marketing strategy could result in the Company's share price trading at a discount to its underlying net asset value and reduced investor sentiment.	The Board monitors the discount level of the Company's shares and has in place a buyback mechanism whereby the Manager is authorised to buy back shares within certain limits. The Board and Manager communicates with major shareholders regularly to gauge their views on the Company, including discount volatility.
Gearing - As at 31 August 2021 the Company had £65 million of bank borrowings. Gearing has the effect of exacerbating market falls and gains.	In order to manage the level of gearing, the Board has set a maximum gearing ratio of 20% of net assets and receives regular updates from the Manager on the actual gearing levels the Company has reached together with the assets and liabilities of the Company and reviews these at each Board meeting.
Regulatory - The Company operates in a complex regulatory environment and faces a number of regulatory risks. Serious breaches of regulations, such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage.	The Audit & Risk Committee monitors compliance with regulations by reviewing internal control reports from the Manager, AIC updates and reports from the Company Secretary.

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

Overview of Strategy Continued

Performance

Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators ("KPIs") are established industry measures, and are as follows.

KPI	Description
Net asset value and share price (total return)	The Board monitors the NAV and share price performance of the Company over different time periods. Performance figures for one, three and five years are provided in the Results section.
Performance against benchmark	Performance is measured against the Company's benchmark, the MSCI All Country Asia (ex Japan) Index (in sterling terms). The Board also considers peer group comparative performance over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.
Discount/Premium to net asset value	The discount/premium relative to the NAV represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price discount relative to the NAV is shown on page 28.

Further analysis of the above KPIs is provided in the Chairman's Statement.

Promoting the Success of the Company

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

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

The Board's principal concern has been, and continues to be, the interests of the Company's shareholders and potential investors and the need to act fairly between shareholders. The Manager undertakes an annual programme of meetings with the largest shareholders and investors and reports back to the Board on issues raised at these meetings. The Investment Manager, who is based in the Singapore office, will attend such meetings in person, where possible. However, during the year under review, due to the ongoing travel restrictions arising from the Covid-19 pandemic their attendance has been by videoconference. The Board encourage all shareholders to attend and participate in the Company's AGM in normal circumstances and shareholders can contact the Directors via the Company Secretary. Shareholders and investors can obtain up-to-date information on the Company through its website and the Manager's information services and have direct access to the Company through the Manager's customer services team or the Company Secretary.

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

The Board undertakes a robust evaluation of the Manager, including investment performance and responsible ownership, to ensure that the Company's objective of providing capital growth for its investors is met, whilst taking ESG factors into account. The Board typically visits the Manager's offices in Singapore on an annual basis. This enables the Board to conduct due diligence of the fund management and research teams. Due to the ongoing travel restrictions arising from the Covid-19 pandemic, the Board undertook a virtual visit to the region to conduct due diligence on the fund management and research teams. The Board met with the senior management team and the fund management team, and attended virtual investee company meetings alongside the Manager.

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

During the year, the Board focused on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework. In addition to ensuring that the Company's investment objective was being pursued, a number of key decisions and actions were undertaken by the Directors as follows:

- In the run up to the Company's three yearly continuation vote which is due to take place on 15 December 2021, the Board and Manager have: continued to raise the Company's profile; highlighted the benefits of investing in the region; and undertaken increased engagement with investors. The Board also considered the continuation and exit mechanisms the Company has in place as a whole, considering whether these remain appropriate and in the best interests of the Company and shareholders as a whole over the longer term. Subsequently, the Board agreed to propose the introduction of five-yearly conditional tender offers to shareholders which, if approved, would also result in the Board policy on continuation votes being amended such that five yearly rather than three yearly continuation votes would be offered.
- The Board is cognisant of the importance of ESG factors to all stakeholders and has been working alongside the Manager to better understand the impact of ESG factors on the Manager's decision making. At the Board's request, the Manager has presented its ESG investment framework and, in particular, the potential impact of climate change on the Company's portfolio. More details on the Manager's approach to ESG is set out on pages 19 to 25.
- The Board has continued to consider Board succession planning, as it recognises the benefits of regular Board refreshment, and hopes to announce the appointment of a new non-executive director shortly before the Company's AGM in December 2021.
- To continue the Board's discount control policy through the buyback of shares which provides a degree of liquidity to the market at times when the discount widens.
- The Board continues to believe that the sensible use of modest financial gearing should enhance returns to shareholders over the longer term. The Company has in place a £75 million (2020: £50 million) three year loan facility, of which £25 million (2020: £25 million) is fixed and fully drawn down and £50 million is revolving (2020: £25 million). In January 2021, the Company increased the revolving facility by £25 million to £50 million to take advantage of opportunities within the Asian stock markets.

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

Duration

The Company does not have a fixed life but shareholders are given the opportunity to vote on the continuation of the Company at every third Annual General Meeting. The next continuation vote will be at the AGM on 15 December 2021.

As noted in the Chairman's Statement and the Directors' Report, if Resolution 10 to be proposed at the upcoming Annual General Meeting is passed, in order to align the Company's regular continuation votes with the assessment period for the conditional tender offers that will be introduced by the passing of Resolution 11, the Board will move from the Company's current cycle of triennial continuation votes to five-yearly continuation votes.

Board Diversity

The Board's statement on diversity is set out in the Statement of Corporate Governance. At 31 August 2021 there were two male Directors and three female Directors.

Environmental, Social and Human Rights Issues

The Company has no employees and therefore no disclosures are required to be made in respect of employees.

More information on socially responsible investment is set out on pages 19 to 25.

Overview of Strategy Continued

Viability Statement

In accordance with the provisions of the Listing Rules and UK Corporate Governance Code the Board has assessed the viability of the Company. The Company is a long-term investor and the Board believes it is appropriate to assess the Company's viability over a five year horizon which reflects the Investment Manager's long-term approach. The Directors believe this period reflects a proper balance between the long term horizon and the inherent uncertainties of looking to the future.

In assessing the viability of the Company the Directors have carried out a robust assessment of the following factors:

- the principal risks set out in the Strategic Report on pages 14 and 15 and the steps available to mitigate these risks. In particular, the Board has considered the operational ability of the Company to continue in the current environment, which has been impacted by the global Covid-19 pandemic, and the ability of the key third-party suppliers to continue to provide essential services to the Company. Third party services have continued to be provided effectively;
- the liquidity and diversity (in both sector and geography) of the Company's investment portfolio. The Company is invested in readily-realisable listed securities in normal market conditions and there is a spread of investments held. Stress testing has confirmed that shares can be easily liquidated, despite the more uncertain and volatile economic environment;
- the level of revenue surplus generated by the Company;
- the level of gearing is closely monitored by the Board. Covenants are actively monitored and there is adequate headroom in place. The Company has a fixed term loan facility of £25 million and a revolving loan facility of £50 million in place until July 2022. The Company has the ability to repay its gearing through proceeds from equity sales or renew the facility, depending on market conditions and requirements at that time; and
- the engagement with investors and expectation that the Company's continuation vote resolution will pass successfully at the forthcoming AGM, as set out in the Chairman's Statement.

Taking into account all of these factors, the Company's current position and the potential impact of the principal risks and uncertainties faced by the Company, the Board has concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of this assessment to 31 August 2026.

In making this assessment, the Board has considered that matters such as significant economic or stockmarket volatility (including the possibility of a greater than anticipated economic impact of the spread of Covid-19), 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. As an investment trust with an Asian mandate, the Company's portfolio is unlikely to be adversely impacted as a direct result of Brexit although some currency volatility could arise.

James Will,
Chairman
28 October 2021

Our Manager's Approach to ESG

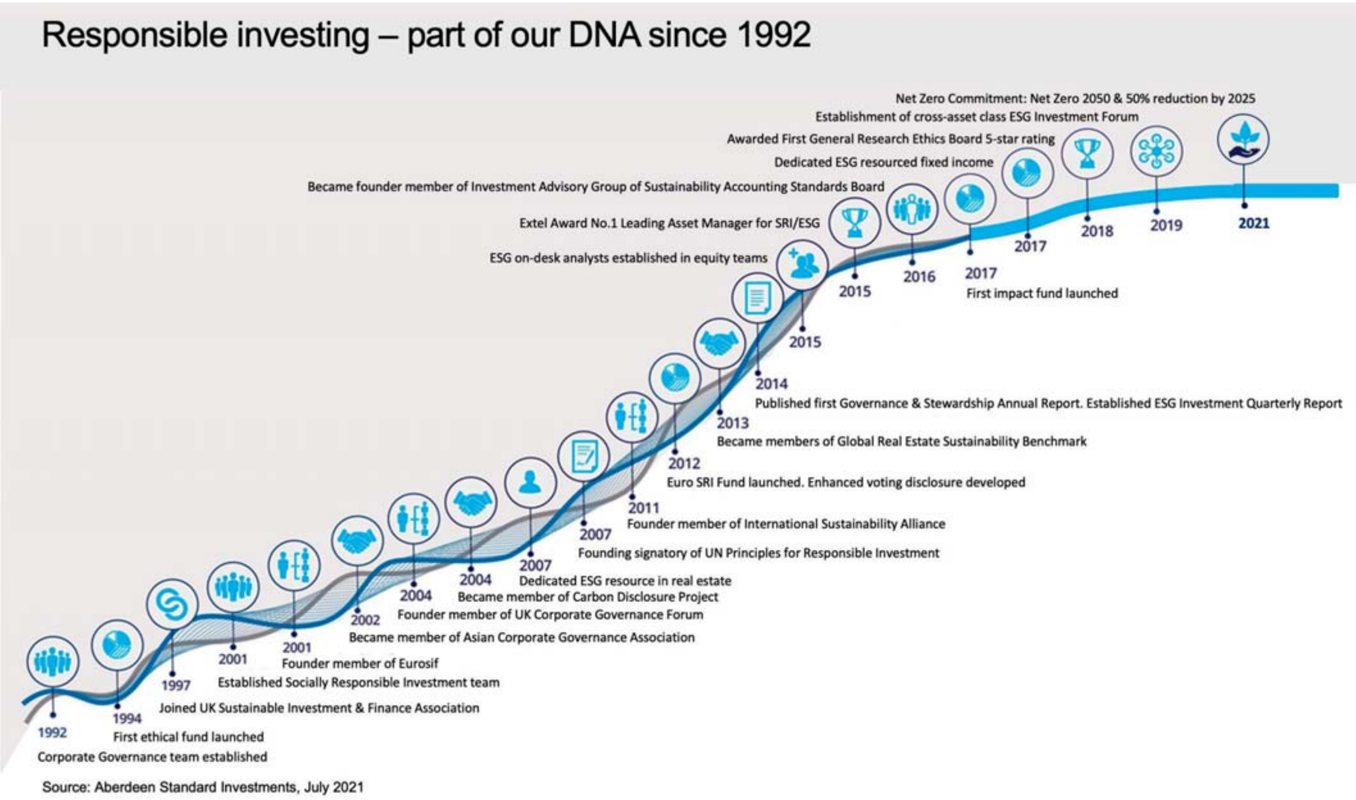
ESG Highlights for Asia Dragon

- We aim to outperform whilst maintaining a better ESG profile and a lower carbon footprint than the benchmark
- We have been actively integrating ESG into our investment decision-making process for almost 30 years and believe that ESG factors are financially material and can meaningfully affect a company's performance
- Deep, on the ground ESG resources and expertise enable us to glean insights from company visits and obtain an ESG information advantage
- The Trust's portfolio is ESG A rated by MSCI. This is higher than the benchmark rating of BBB
- The Trust is among the top 8% of all Asia ex Japan open ended and closed ended funds based on Morningstar sustainability ratings
- The Trust has 34% lower carbon intensity relative to its benchmark

What is ESG?

- **Environmental** factors relate to how a company conducts itself with regard to environmental impact and sustainability. Types of environmental risks and opportunities may include a company's energy and water consumption, waste disposal, land use and development and its carbon footprint.
- **Social** factors pertain to a company's relationship with its employees, vendors, and broad set of societal stakeholders. Risks and opportunities include conditions and rates of pay, the company's initiatives on employee attraction and retention, gender discrimination and how a company is managing its supply chain, including for example the risk of forced and child labour.
- Corporate **Governance** factors may include the corporate decision-making structure, the independence of board members, treatment of minority shareholders, executive compensation and political contributions, capital allocation and the risk of bribery and corruption

The Investment Managers ESG resources and process



Source: Aberdeen Standard Investments, July 2021

Our Manager's Approach to ESG Continued

Our ESG Investment team is a centralised resource of over twenty analysts dedicated to maximising the quality and value of ESG engagement, research and analysis across all asset classes. The function has a number of responsibilities including: standard setting on all ESG matters, quality assurance and consistency of the ESG regional analysts' research and analysis, the consideration of governance issues, undertaking thematic sustainability-driven research and highlighting themes and emerging risks in ESG. In addition, we have three dedicated ESG analysts in Singapore working alongside the Asia Pacific Equities team to ensure the integration of ESG factors within investment decisions. As part of our increased focus and investment in ESG in the region, we have recently established an APAC Sustainability Institute to build upon our ESG heritage, develop Asia-centric ESG insights and engage with policymakers to help shape the region's ESG regulatory framework.

We consider both macro and micro ESG issues.

- **Macro ESG factors** are broad thematic issues that impact companies and the products and services they provide. These include issues like climate change, access to finance or access to healthcare. These are secular, industry-impacting trends that may present a clear risk or opportunity for a company.

- **Micro ESG factors** are company/industry specific issues that relate to how a company's products or services are made or delivered.

Our five stages of ESG integration:

- **Idea generation:** Understanding themes and dynamics inherent in sectors, countries, and companies, we are able to use ESG as a lens to generate new investment ideas for the portfolio. This could include companies that are well placed to help in climate transition or companies that are managing their supply chain in a way that makes them more attractive to global clients.

- **Research:** ESG disclosure by companies in Asia tends to be lower quality than might be observed in Europe or North America but while such disclosure means it may be challenging to collect information, it also means that extensive company due-diligence by the us can create investment opportunities.

- **Buy / sell:** At this stage we must weigh the decision to buy (or sell) a company. We have a clear quality threshold for investment and ESG is a fundamental and non-negotiable part of this.

- **Portfolio Construction:** Whilst a simplification, the better quality a company, and the more conviction we have in the company, the more of that company we might elect to buy (whilst being sensitive to valuations). ESG is a key part of the discussion around 'position sizing', or just how much of a company to buy.

- **Engagement:** We continue discussing ESG issues with senior management over the course of the investment, both to protect the value of investments and to enhance the value of investments through constructive challenge and debate with management around strategy and execution, with the mutual aim of fostering sustainable shareholder returns.

The Importance of Engagement

We are committed to regular, ongoing engagement with companies to help maintain and enhance their ESG standards into the future. These meetings provide an opportunity to discuss various relevant ESG issues including board composition, remuneration, audit, climate change, labour issues, human rights, bribery and corruption. Companies are strongly encouraged to set clear targets or key performance indicators on all material ESG risks so as to enable performance monitoring.

Since ESG disclosure by Asian companies is often poor, ESG engagements give us an opportunity to source additional information and potentially to:

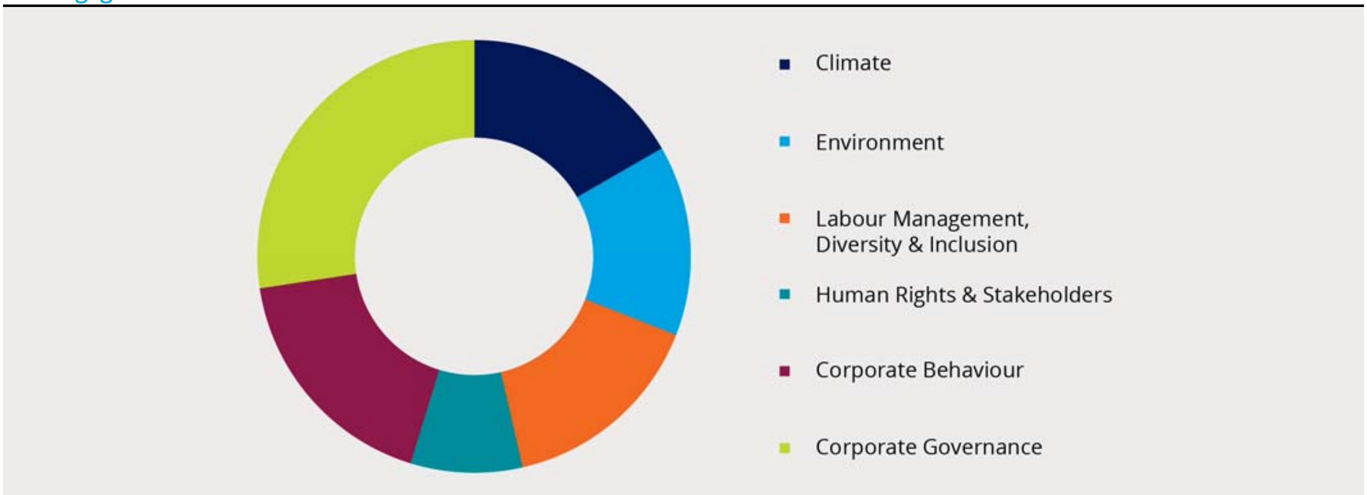
- **Exploit an information gap:** if a company does not disclose ESG information and the market is unable to form a robust view of its quality, its shares may be priced inefficiently. Making use of on-site, face to face visits, we are able to develop an informed view of every company and to exploit any pricing inefficiency that we judge may exist.

- **Close the information gap:** if we own a company that is misunderstood by the market, we can work constructively with the company's management team to encourage improved and enhanced disclosure, allowing the market to better understand, and hence better price, the company's securities.

ESG engagements are conducted with consideration of the 10 principles of the United Nations Global Compact and companies are expected to meet fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption.

Engagement is not limited to a company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's customers and clients. During the period under review the breath of issues covered in ESG specific company engagements for the Trust can be broken down as follows:

ESG Engagement



Measurement of ESG, including our Proprietary ESG Scoring System

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

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

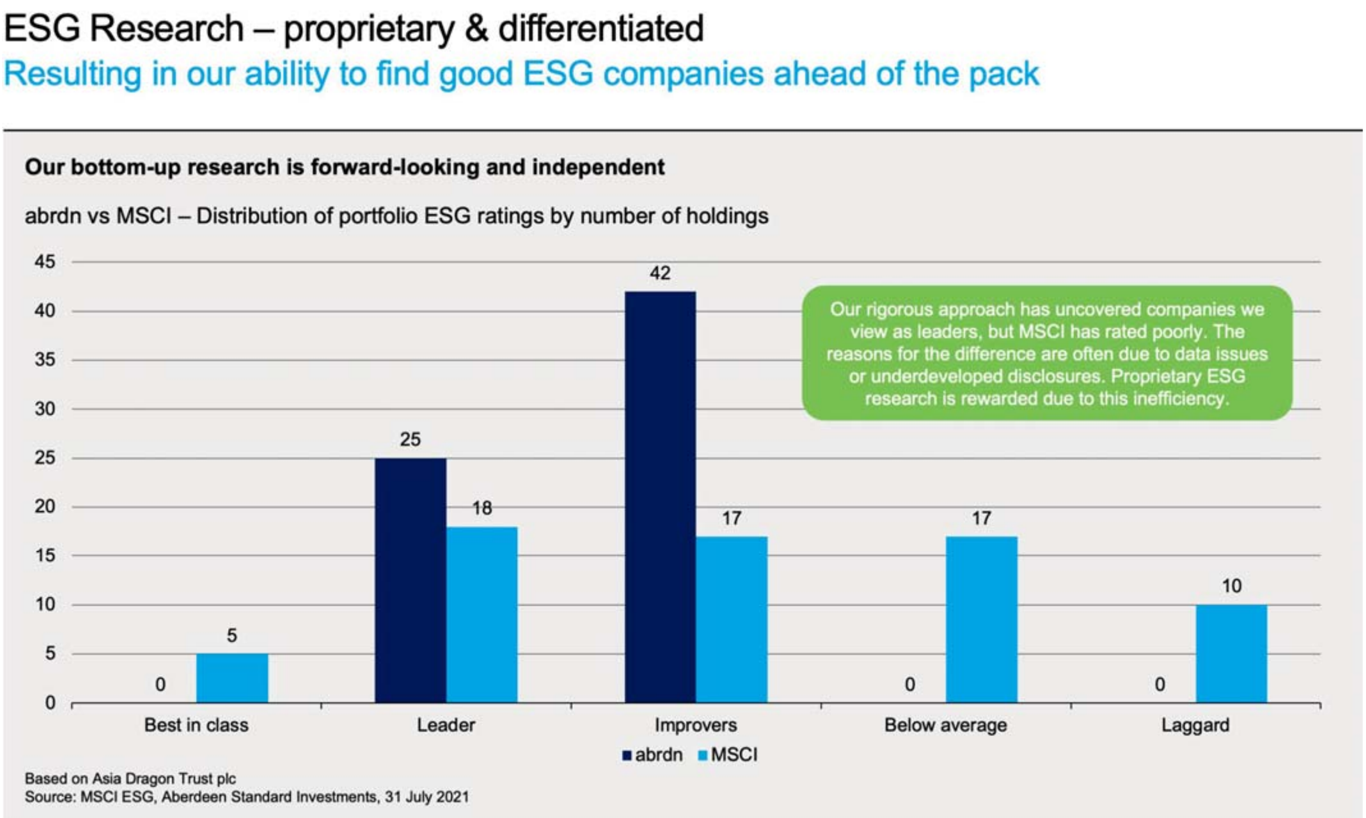
Our Manager's Approach to ESG Continued

We also make use of third party ESG data for two primary reasons:

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

Taking an independent view on ESG allows us to anticipate upgrades and drive change through our engagement. External research agencies primarily use backward looking data to create ESG ratings and in doing so form the market view of a company's ESG credentials. Through our fundamental research we form a forward-looking view of company's ESG credentials and anticipate changes, attempting to take advantage of this inefficiency.

As per the chart below, dark blue bars represent our internal scoring and light blue bars represent that of an external research agency. This shows that the external rating agency has rated a large number of our holdings as below average and laggards while we hold a different view that many of these companies are in fact leaders and improvers based on our internal research work. This resulted in our ability to find good ESG companies before they get "discovered" by the external market.



Climate Change

Climate change is one of the most significant challenges of the 21st century and has big implications for investors. The energy transition is underway in many parts of the world, and policy changes, falling costs of renewable energy, and a change in public perception are happening at a rapid pace. Assessing the risks and opportunities of climate change is a core part of the investment process. In particular, we consider:

- **Transition risks and opportunities.** Governments can take robust climate change mitigation action to reduce emissions and transition to a low-carbon economy. This is reflected in targets, policies and regulation and can have a considerable impact on high-emitting companies.
- **Physical risks and opportunities.** Insufficient climate change mitigation action will lead to more severe and frequent physical damage. This results in financial implications, including damage to crops and infrastructure and the need for physical adaptation such as flood defences.

We are a signatory to the UN supported Principles for Responsible Investment (PRI) and has aligned our approach to that advocated by the PRI agenda. This aims to promote responsible investment as a way of enhancing returns and better managing risk.

PRI provides an intellectual framework to steer the massive transition of financial capital towards low-carbon opportunities. It also encourages fund managers to demonstrate climate action across four areas: investments; corporate engagement; investor disclosure; and policy advocacy.

Climate scenario analysis proprietary tool - We believe that Climate scenario analysis provides a forward looking, quantitative assessment of the financial impact of climate risks and opportunities on the value of assets under different climate pathways. As a result, we work in partnership with Planetrics to quantify the impact of climate scenarios where a probability weighted view based on a range of off the shelf and bespoke scenarios is taken. This allows us to model a quantitative financial impact under 15 different climate risk scenarios at both the stock level and at the Trust level.

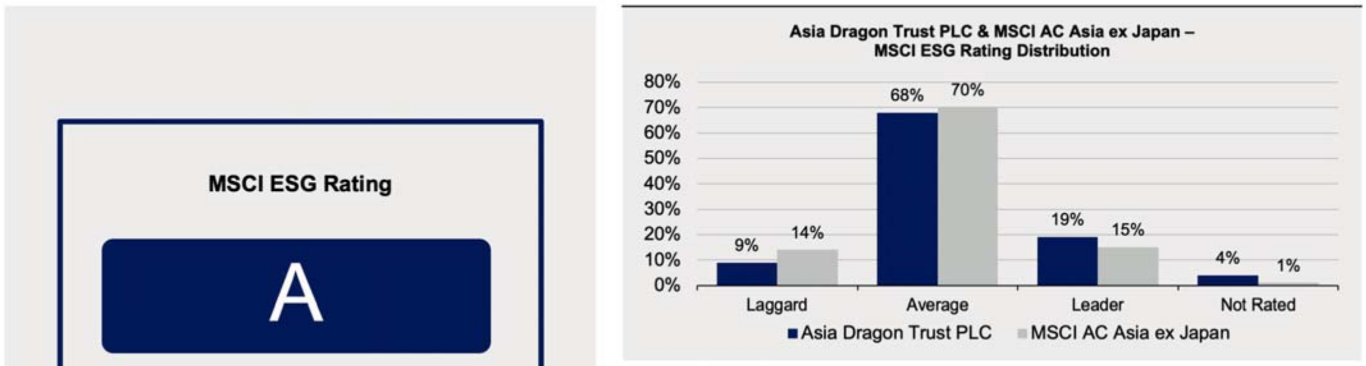
We joined the NZAM (Net Zero Asset Management) initiative to demonstrate the manager's strong support for the global net zero 2050 goal. The core commitment is to support the goal of net zero greenhouse gas ('GHG') emissions by 2050, in line with global efforts to limit warming to 1.5°C ('net zero emissions by 2050 or sooner'). It also commits to support investing aligned with net zero emissions by 2050 or sooner.

How does the Asia Dragon portfolio measure up?

Whilst we note above the many qualitative assessments of ESG undertaken, as well as the limitations of external third-party data, there is merit in demonstrating the ESG "quality" of the portfolio versus the reference benchmark. We track the score of the portfolio within MSCI's ESG framework, and compares this to a benchmark score. We also track the carbon intensity of the portfolio versus the reference benchmark.

Our Manager’s Approach to ESG Continued

ESG engagement outcome
Asia Dragon Trust



Carbon intensity lower than the benchmark

Carbon Intensity[1]	Weighted Average Carbon Intensity[2]
Portfolio	183
Benchmark	277
Relative Carbon Intensity	**66%**

[1] In tonnes of CO2e / million USD revenue; [2] Scope 1 & 2 emissions; [3] Scope 1 emissions; [4] Scope 2 emissions; Benchmark: MSCI Asia Pacific ex Japan
Source: MSCI ESG Manager, Trucost & Aberdeen Standard Investments Research, June 2021

The portfolio of the Company scores better than the benchmark (A versus BBB), and also contains more ESG “Leaders,” and fewer laggards, than the benchmark. The portfolio is 34% less carbon intensive than the benchmark.

Important Note

The Company does not specifically exclude any sectors from its investment universe. All investments have to pass a quality test and ESG issues are only part of the investment analysis.

We may, for example, invest in and vigorously engage with, a well-managed, capitalised and valued fossil fuel company that is able to deploy a sizeable balance sheet and lower cost of capital to that of a renewables-only alternative.

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

ESG Case Study

Nari Technology (China)

What does the company do?
Nari Technology supplies power grid automation and industrial control products to State Grid and South Grid, which dominate the electricity distribution market in China.

Why do we like the investment case?
We believe Nari is well positioned for clean tech opportunities. Nari is a tech leader in grid secondary equipment and software, which automates dispatch, transmission and communication of power. It contributes to China's carbon neutral initiatives as renewables and NEV roll-out demands a full-suite upgrade of power grid to avoid curtailment and safety concerns

What is our key area of engagement?
We sought clarification on a related party transaction where the company responded positively with more details on their related party transaction policies.

We subsequently engaged on disclosure surrounding more transparency on clean tech opportunity and business ethics to that of global standards.

What is the result?
Management promised to improve ESG management and established a new ESG team working on disclosure. The company recently published a new ESG report which gave us a clearer understanding of their clean tech opportunity and business ethics policy. They also provide additional details on their talent management policies in view of them being a research driven company. The new ESG report complies with GRI standards.

Results

Year's Highs/Lows

	High	Low
Share price (p)	536.0	419.0
Net asset value (p)	593.1	483.9
Discount (%)[A]	13.4	8.1

[A] Considered to be an Alternative Performance Measure.

Performance (Total Return)

	1 year return %	3 year return %	5 year return %
Share price[A]	+24.3	+43.0	+78.7
Net asset value[AB]	+20.5	+38.5	+72.3
MSCI AC Asia (ex Japan) Index (in sterling terms)	+14.7	+27.6	+65.8

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 86.
[B] 1 year and 3 year returns are presented on an undiluted basis; 5 year return presented on a diluted basis as CULS in issue during those periods were "in the money".

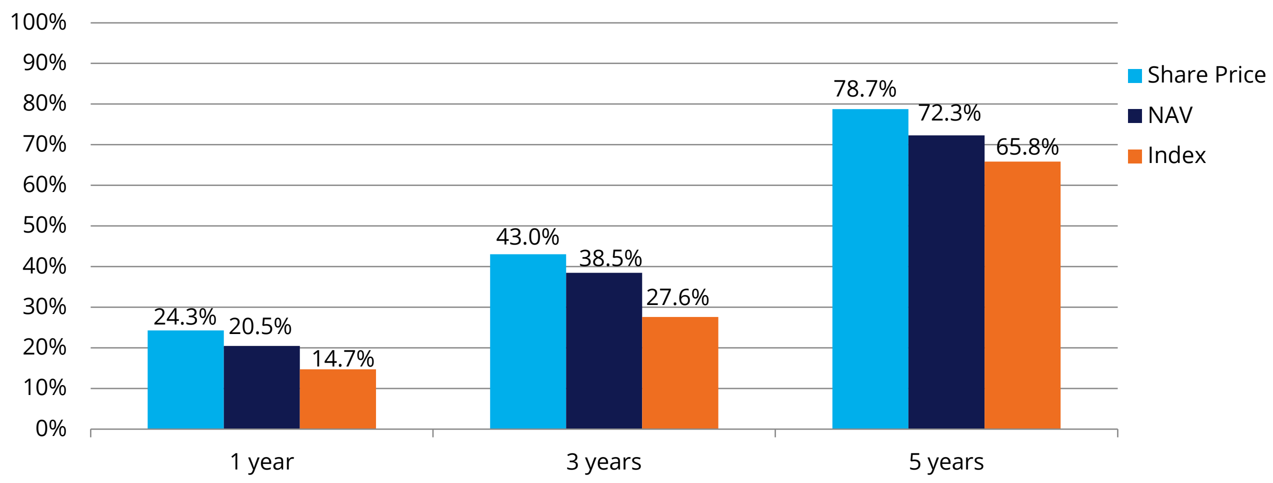
Ten Year Financial Record

Year ended 31 August	Equity shareholders' interest £'000	Net asset value per Ordinary share p	Revenue return per Ordinary share p	Ordinary share price p	Share price discount %	Expenses as a % of average shareholders' funds
2012	519,765	264.70	3.30	237.30	10.4	1.25
2013	550,346	280.26	3.42	254.70	9.1	1.23
2014	603,077	307.10	3.43	272.50	11.3	1.23
2015	518,635	267.22	4.13	235.75	11.8	1.15
2016	664,159	348.62	4.50	302.00	13.4	1.14
2017	807,330	423.26	4.68	361.00	13.1	1.03
2018	788,019	421.54	5.03	370.00	12.2	0.80
2019	589,708	458.03	4.87	402.50	12.1	0.83
2020	599,431	474.39	5.01	416.00	12.3	0.89
2021	**706,929**	**566.60**	**7.36**	**512.00**	**9.6**	**0.83**

Performance

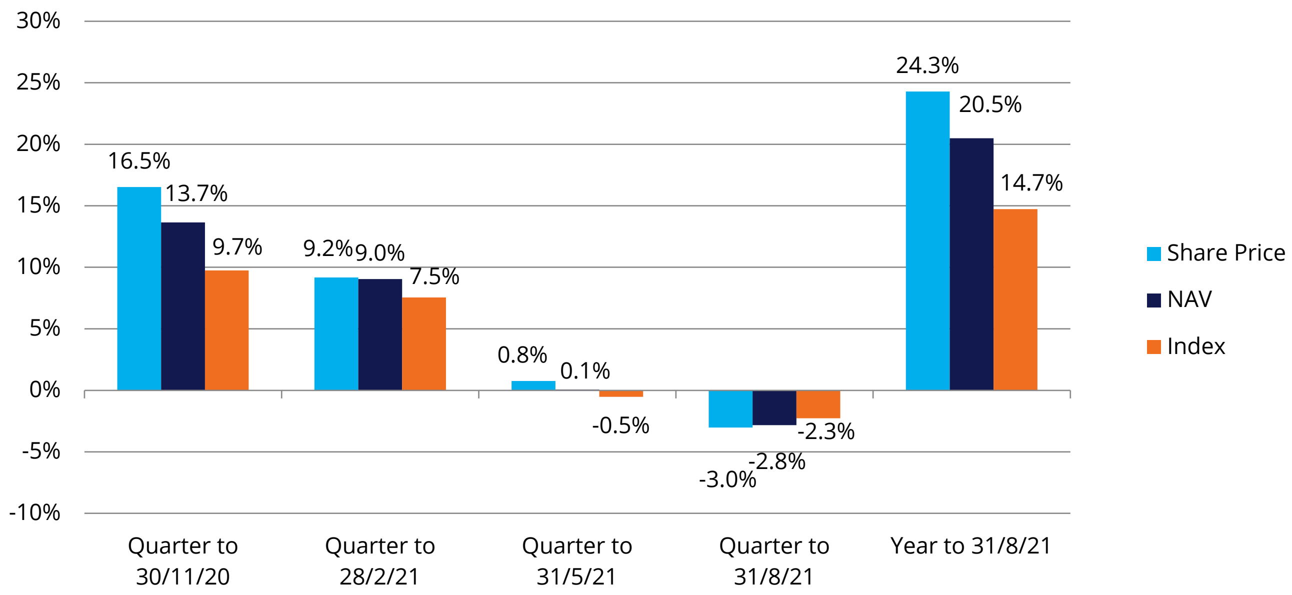
Total Return of NAV and Share Price vs MSCI All Country Asia (ex Japan) Index (in sterling terms)

One, three and five years to 31 August 2021



Total Return of NAV and Share Price vs MSCI All Country Asia (ex Japan) Index (in sterling terms)

By quarter for year to 31 August 2021

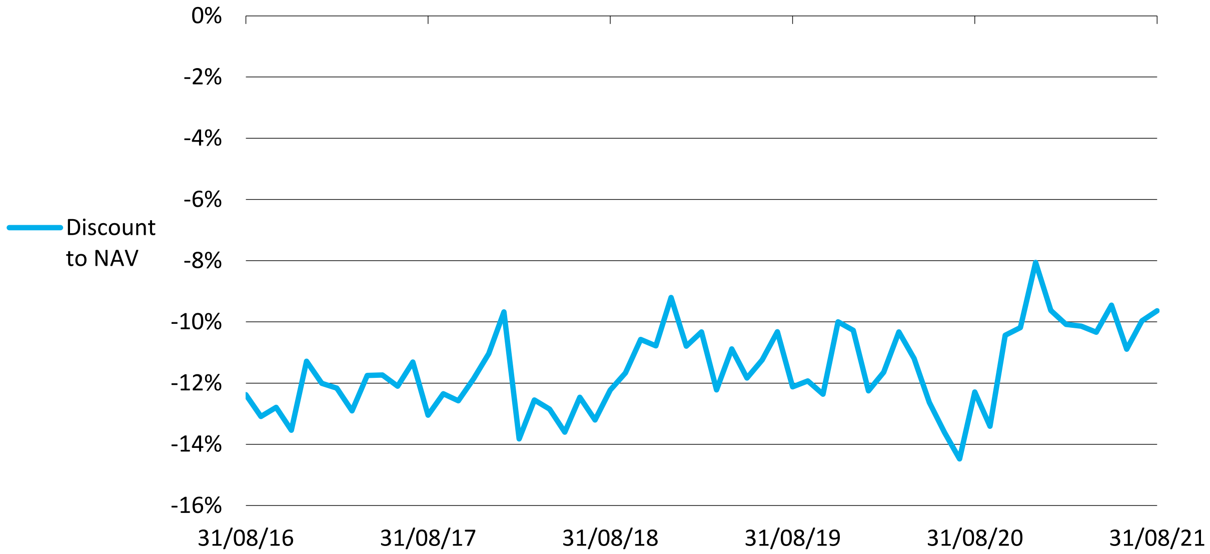


Source: abrdn, Morningstar & Factset

Performance Continued

Share Price Discount to NAV

Five years to 31 August 2021



Source: Morningstar

Portfolio

The Investment Manager's theoretical universe of companies is all listed stocks within the Asia (ex Japan) region. In practice the universe is very much smaller; having met with over 96% of all companies in the MSCI All Country Asia (ex Japan) universe in the last decade, the Manager has eliminated a vast proportion, mainly for reasons of size, business quality or governance. Asia Dragon Trust has 64 companies in its portfolio that meet the Investment Manager's selection criteria.

The Investment Manager is one of the leading Asia investment specialists with a strong active regional presence. A bottom-up, fundamentals driven approach is adopted, which seeks out high quality companies with effective management, good cash flow and healthy balance sheets at attractive valuations. The quality-focused approach enables the Trust to capture growth from world-class Asian companies.

Ten Largest Investments

As at 31 August 2021

Taiwan Semiconductor Manufacturing Company

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

Samsung Electronics (Pref)

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

Tencent Holdings

The internet giant continues to strengthen its ecosystem and whilst the regulator is keen to makes sure that large companies do not sacrifice other stakeholders' interests for their own profit, the Manager continues to see great potential in Tencent Holdings' ability to balance its multiple revenue streams, its ability to monetise its social media and payment platforms whilst addressing the regulator's concerns.

AIA Group

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

Housing Development Finance Corp

A steady, well-managed financial services conglomerate with leading positions in mortgage finance, retail banking, life insurance and asset management, supported by a broad distribution network, efficient cost structure and balance sheet quality.

Alibaba Group

The Chinese internet group is a leading global e-commerce company with many impressive businesses, including the Taobao and Tmall online platforms in the mainland. It also has interests in logistics, media as well as cloud computing platforms and payments.

Tata Consultancy Services

A best-in-class Indian IT services provider with the most consistent execution and lowest attrition rates. It is a long-term compounder with a decent outlook for revenue growth and order wins over the medium term.

Bank Central Asia

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

Hon Hai Precision Industry

Hon Hai is Apple's main iPhone supplier. We like that the company is broadening its business into electric vehicle-related opportunities, while management has become more disciplined in its investments.

Oversea-Chinese Banking Corporation

A well-managed Singapore bank with a solid capital base and good cost-to-income ratio. It is diversified by both geography and service offerings, with interests spanning Southeast Asia, North Asia, wealth management and life assurance as well as its core banking activities.

Investment Portfolio

At 31 August 2021

Company	Industry	Country	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
Taiwan Semiconductor Manufacturing Company	Semiconductors & Semiconductor Equipment	Taiwan	80,788	10.4	55,144
Samsung Electronics (Pref)	Technology Hardware, Storage & Peripherals	South Korea	66,610	8.6	52,160
Tencent Holdings	Interactive Media & Services	China	53,993	7.0	63,167
AIA Group	Insurance	Hong Kong	39,446	5.1	17,244
Housing Development Finance Corp	Thrifts & Mortgage Finance	India	32,093	4.1	14,799
Alibaba Group	Internet & Direct Marketing Retail	China	30,664	4.0	–
Tata Consultancy Services	IT Services	India	17,679	2.3	10,656
Bank Central Asia	Banks	Indonesia	16,968	2.2	17,745
Hon Hai Precision Industry	Electronic Equipment Instruments & Components	Taiwan	15,856	2.0	6,054
Oversea-Chinese Banking Corporation	Banks	Singapore	15,494	2.0	10,441
Top ten investments			**369,591**	**47.7**	
Kweichow Moutai 'A'	Beverages	China	13,627	1.8	18,051
China Merchants Bank[A]	Banks	China	13,077	1.7	11,085
Hong Kong Exchanges & Clearing	Capital Markets	Hong Kong	13,009	1.7	8,241
China Tourism Group Duty Free Corp 'A'	Speciality Retail	China	12,809	1.6	10,680
DBS Group	Banks	Singapore	12,076	1.5	5,694
Wuxi Biologics (Cayman)	Life Sciences Tools & Services	China	11,531	1.5	14,532
Kerry Logistics Network	Air Freight & Logistics	Hong Kong	11,496	1.5	6,173
Ping An Insurance 'H'	Insurance	China	11,302	1.5	18,719
Nari Technology	Electrical Equipment	China	11,144	1.4	–
China Resources Land	Real Estate Management & Development	China	10,897	1.4	16,325
Twenty largest investments			**490,559**	**63.3**	
Kotak Mahindra Bank	Banks	India	10,573	1.4	10,567
LG Chem	Chemicals	South Korea	10,459	1.3	8,233
Samsung SDI	Electronic Equipment Instruments & Components	South Korea	10,333	1.3	3,550
SBI Life Insurance	Insurance	India	10,124	1.3	7,167
Yunnan Energy New Material – A	Containers & Packaging	China	9,417	1.2	3,445
Delta Electronic	Electronic Equipment Instruments & Components	Taiwan	9,004	1.2	–
Global Wafers Co	Semiconductors & Semiconductor Equipment	Taiwan	8,954	1.2	–
Ayala Land	Real Estate Management & Development	Philippines	8,728	1.1	7,914
China Conch Venture Holdings	Construction & Engineering	China	8,611	1.1	9,049
Info Edge (India)	Interactive Media & Services	India	8,527	1.1	4,560
Thirty largest investments			**585,289**	**75.5**	

Investment Portfolio Continued

At 31 August 2021

Company	Industry	Country	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
China Resources Gas	Gas Utilities	China	8,317	1.1	6,181
ITC	Tobacco	India	8,102	1.1	6,208
Longi Green Energy Technology – A	Semiconductors & Semiconductor Equipment	China	7,986	1.0	–
Ultratech Cement	Construction Materials	India	7,959	1.0	6,579
Silergy Corp	Semiconductors & Semiconductor Equipment	Taiwan	7,702	1.0	5,255
Meituan-Dianping Class B	Internet & Direct Marketing Retail	China	6,915	0.9	10,530
China Vanke 'H'	Real Estate Management & Development	China	6,788	0.9	3,159
Shenzhou International Group	Textiles, Apparel & Luxury Goods	China	6,759	0.9	8,131
Hindustan Unilever	Household Products	India	6,713	0.9	3,062
Sea ADS	Entertainment	Singapore	6,576	0.8	–
Forty largest investments			**659,106**	**85.1**	
Samsung Biologics	Life Sciences Tools & Services	South Korea	6,564	0.8	–
Midea Group 'A'	Household Durables	China	6,474	0.8	10,337
Budweiser Brewing	Beverages	Hong Kong	6,463	0.8	4,786
Wanhua Chemical Group – A	Chemicals	China	6,400	0.8	–
Kakao Corp	Internet & Directing Marketing Retail	South Korea	6,370	0.8	–
Sands China	Hotels, Restaurants & Leisure	China	6,086	0.8	9,135
Accton Technology Corp	Communications Equipment	Taiwan	5,880	0.8	2,293
Bank of Philippine Islands	Banks	Philippines	5,765	0.8	5,606
Siam Cement 'F'	Construction Materials	Thailand	5,598	0.7	5,753
Vietnam Technological & Commercial Bank	Banks	Vietnam	5,507	0.7	4,119
Fifty largest investments			**720,213**	**92.9**	
Hangzhou Tigermed Consulting Co[A]	Life Sciences Tools & Services	China	4,378	0.6	2,424
Sungrow Power Supply Co -A	Electrical Equipment	China	4,243	0.5	–
Vietnam Dairy Products	Food Products	Vietnam	4,221	0.5	4,918
Mobile World Investment Corporation	Speciality Retail	Vietnam	4,129	0.5	2,653
Glodon Co -A	Software	China	4,021	0.5	–
ShenZhen Mindray Bio–Medical Electronics – A	Health Care Equipment & Supplies	China	3,948	0.5	–
Chacha Food Co-A	Food Products	China	3,805	0.5	–
Toncheng Elong Holdings	Hotels, Restaurants & Leisure	China	3,632	0.5	–
GDS Holdings ADS	IT Services	China	3,512	0.4	4,999
GDS Holdings – Class A	IT Services	China	2,989	0.4	–
Sixty largest investments			**759,091**	**97.8**	

At 31 August 2021

Company	Industry	Country	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
ASM Pacific Technology	Semiconductors & Semiconductor Equipment	Hong Kong	2,888	0.4	2,683
Beijing Sinnet Technology 'A'	IT Services	China	2,675	0.3	4,875
Joinn Laboratories China – H	Life Sciences Tools & Services	China	2,083	0.3	–
John Keells Holdings	Industrial Conglomerates	Sri Lanka	57	–	6,383
			766,794	**98.8**	
Net current assets[B]			**8,942**	**1.2**	
Total assets less current liabilities[B]			**775,736**	**100.0**	

[A] Holding includes investment in both 'A' and 'H' shares.
[B] Excluding bank loan of £64,998,000.

Note: Unless otherwise stated, foreign stock is held and all investments are equity holdings.

Changes in Asset Distributions

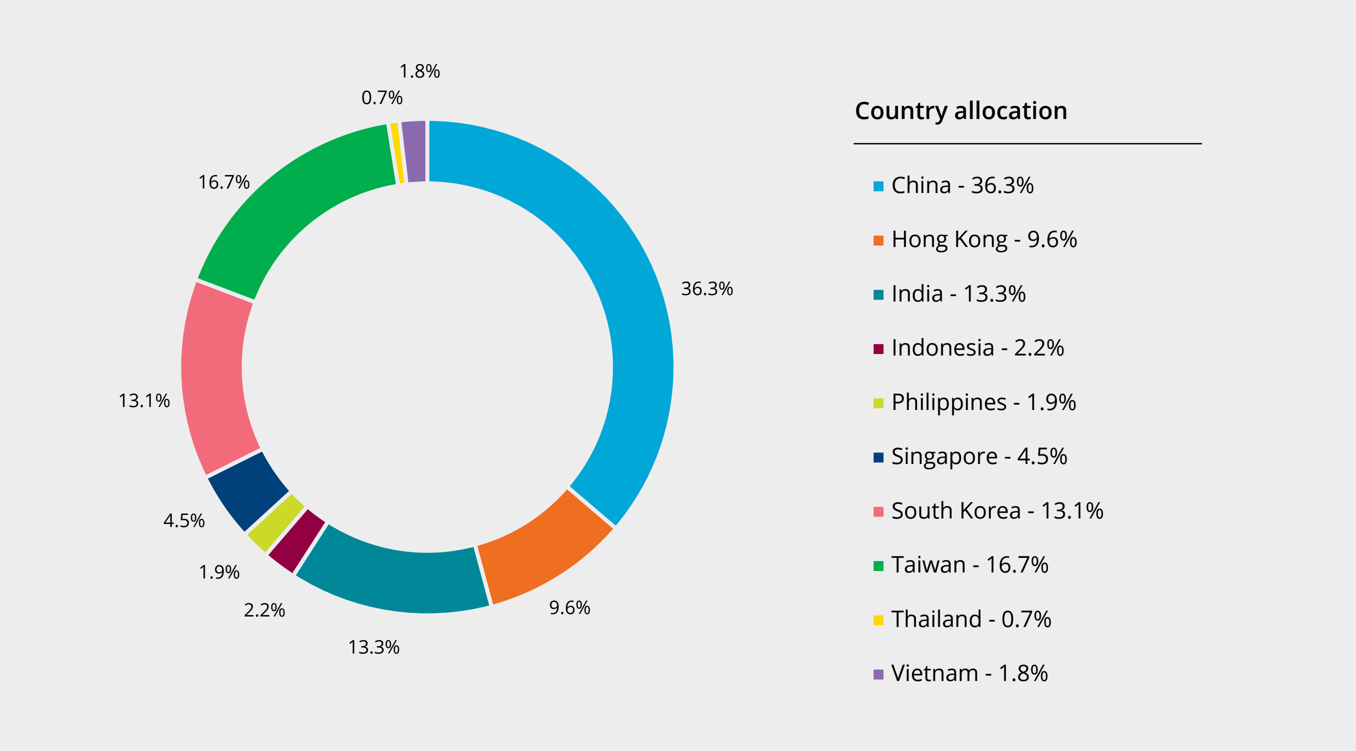
As at 31 August 2021

Country	Value at 1 September 2020 £'000	Purchases £'000	Sales proceeds £'000	Gains/ (losses) £'000	Value at 31 August 2021 £'000
China	256,359	133,177	101,748	(9,705)	278,083
Hong Kong	43,218	31,885	7,254	5,453	73,302
India	67,429	10,229	12,092	36,204	101,770
Indonesia	26,859	–	11,295	1,404	16,968
Malaysia	3,830	–	4,104	274	–
Myanmar	2,097	–	2,160	63	–
Philippines	13,520	–	910	1,883	14,493
Singapore	37,158	13,803	25,323	8,508	34,146
South Korea	65,867	33,481	29,300	30,288	100,336
Sri Lanka	9,344	–	8,878	(409)	57
Taiwan	72,648	33,669	15,577	37,444	128,184
Thailand	10,808	892	7,302	1,200	5,598
Vietnam	11,690	266	5,095	6,996	13,857
Total investments	620,827	257,402	231,038	119,603	766,794
Net current assets	10,653	–	–	(1,711)	8,942
Total assets less current liabilities	**631,480**	**257,402**	**231,038**	**117,892**	**775,736**

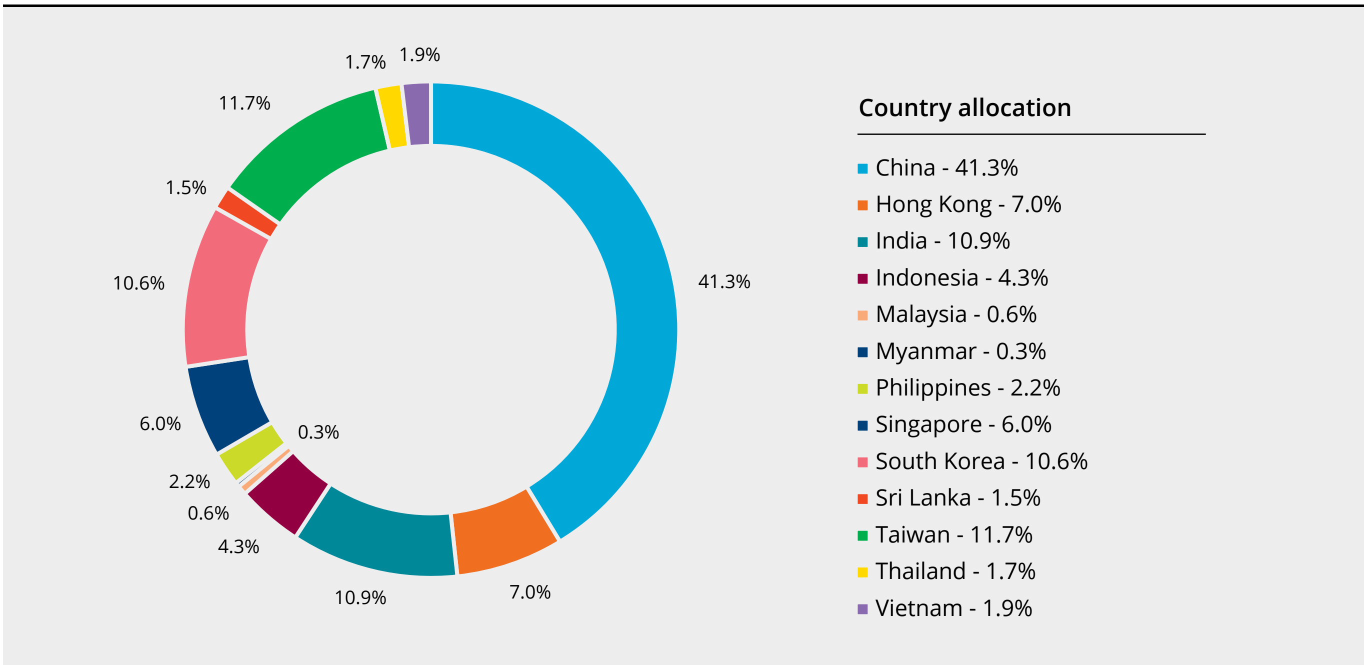
Analysis of Portfolio

Geographic Summary

As at 31 August 2021

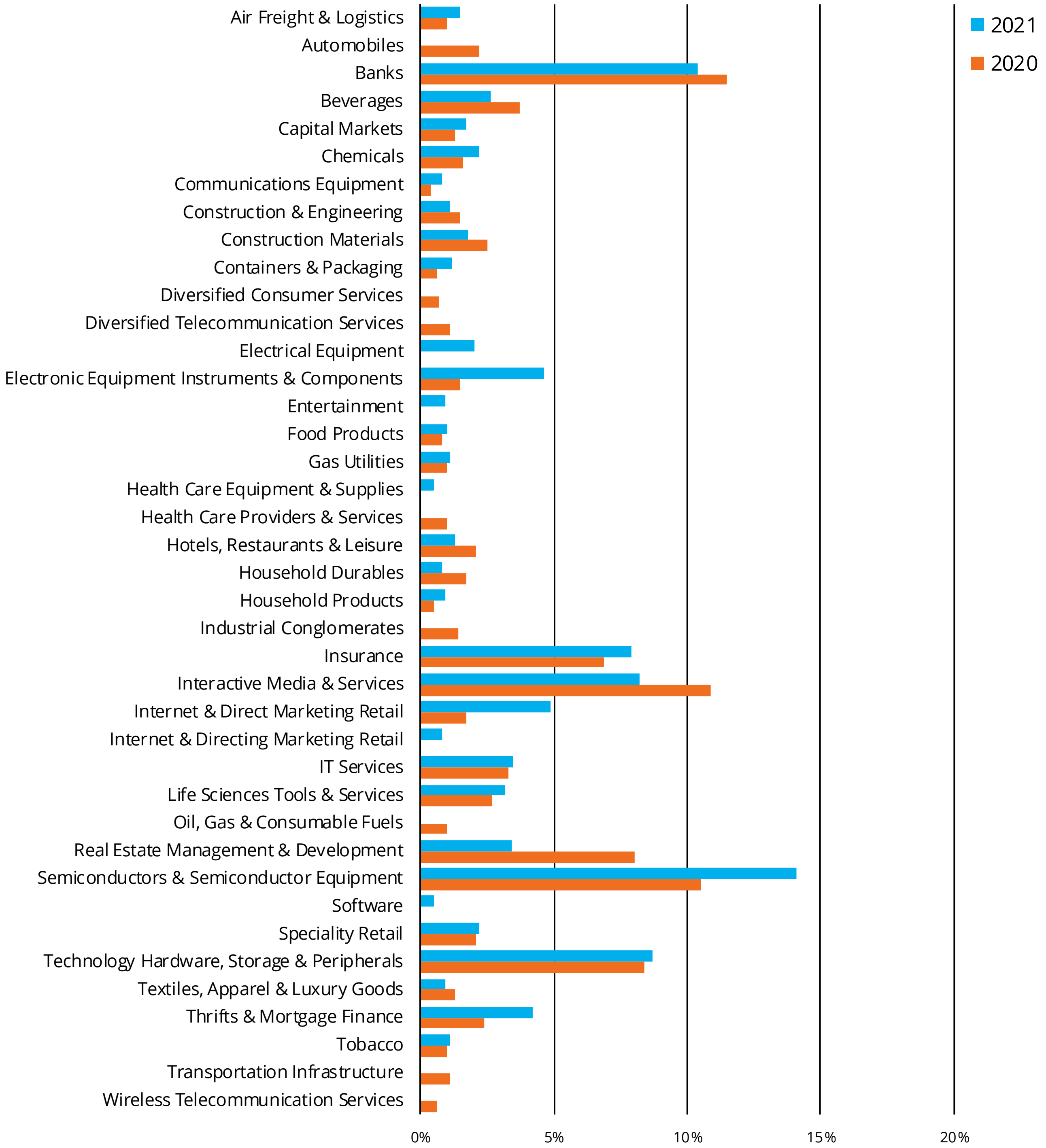


As at 31 August 2020



Analysis of Portfolio Continued

Sector Breakdown
As at 31 August 2021



Investment Case Study

Siam Cement (Thailand)

What does the company do?
Siam Cement is a Thai conglomerate with leading businesses in chemicals and cement, backed by a solid brand and professional management.

Why do we like the investment case?
The group is a major Asean exporter and has been expanding its core operations, mainly in the potentially higher-growth markets of Cambodia, Indonesia, Laos and Vietnam. Its balance sheet remains strong, with a decent dividend yield. This is supported by its cash-cow chemicals, cement and building materials businesses, amid continued cost and efficiency improvements. As part of its strategy, Siam Cement has been shifting its product mix towards higher value added and higher margin products across key businesses.

More importantly, the company is considered as an ESG leader in Thailand. It has not only taken carbon mitigation into account, but it has also integrated sustainability into its business strategy through the research and development of innovative and sustainable products and the use of an internal carbon pricing scheme when embarking on a new project.

What is our key area of engagement?
Our efforts have been focused on how we can collaborate with Siam Cement to further enhance its ESG credentials, given our view that it is already an ESG leader. This culminated in several engagements we had with the company through the various levels of its organisation.

Last December, we were invited to present our views on the importance of ESG and how we integrate ESG into our investment process to its sustainable development committee at the company's annual opinion panel event. Then in April this year, we were invited once again to share what we thought about ESG, the Task Force of Climate-Related Financial Disclosures (TCFD) and climate change with the company's mid and high-level management.

More recently in June, we were invited to speak to the board. In our 30-minute talk, we covered the benefits of ESG, the increasing flow of capital to ESG funds, relevant regulatory updates, and the use of our internal climate scenario tool in analysing the potential financial impact of climate change on our investee companies. A lively question and answer session followed.

We see SCG as a leader in sustainability in Thailand, and a core holding for the portfolio. More broadly, this speaks well of how our ESG knowledge and expertise continue to be valued and recognised by our investee companies.

What is the result?
We followed up on our engagements with an email to Siam Cement, suggesting improvements with regard to disclosure around toxic emission targets, a pathway to how the company can meet its greenhouse gas emission goals and TCFD reporting recommendations, as well as sharing best practices from across Asia for its consideration. The company has been receptive to our suggestions and is keen to improve its TCFD reporting efforts and communication to shareholders. All this reinforces the company's perception as an ESG leader in Thailand.

Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance. The Company is registered as a public limited company and has been approved by HM Revenue & Customs as an investment trust. The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Asia Dragon Trust plc and represent the interests of shareholders.

Your Board of Directors

James Will

Status:
Independent Chairman

Experience:
Former Chairman of law firm Shepherd and Wedderburn LLP where he was a senior corporate partner, heading its financial sector practice. He has experience of working with companies in a wide range of industry sectors including financial services, technology, energy and life sciences. He is Chairman of The Scottish Investment Trust plc and Senior Independent Director of Herald Investment Trust plc.

Length of service:
3 years, appointed on 1 October 2018

Last re-elected to the Board:
10 December 2020

Committee membership:
Management Engagement Committee (Chair), Nomination Committee (Chair) and Remuneration Committee

Contribution:
The Board has reviewed the contribution of James Will in light of his proposed re-election at the AGM and has concluded that he has chaired the Company expertly, fostering a collaborative spirit between the Board and Manager, whilst ensuring that Board meetings remain focused on the key areas of stakeholder relevance.

Gaynor Coley

Status:
Independent Non-Executive Director and Chair of the Audit & Risk Committee

Experience:
A chartered accountant with over 30 years' experience in private and public sector finance and governance. She is currently the Audit Committee Chairman of Lowland Investment Company and SQN Secured Investment Fund. She is also chairman of The Wave Group Ltd and a number of private companies. She was previously the Director of Public Programmes at the Royal Botanic Gardens Kew, Managing Director of the Eden Project in Cornwall and Director of Finance at Plymouth University.

Length of service:
2 years, appointed on 3 July 2019

Last re-elected to the Board:
10 December 2020

Committee membership:
Audit & Risk Committee (Chair), Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:
The Board has reviewed the contribution of Gaynor Coley in light of her proposed re-election at the AGM and has concluded that she has chaired the Audit & Risk Committee expertly and continues to provide significant financial, risk management and ESG insight to Board discussions.

Your Board of Directors Continued

Kathryn Langridge

Status:
Independent Non-Executive Director

Experience:
Over 30 years' experience in the investment industry. She is currently head of global emerging markets equity at Manulife. She was previously fund management director for global emerging equities at Jupiter Asset Management, head of global emerging markets team at Lloyd George Management, where she was responsible for developing investment strategy and managing equity portfolios across a range of emerging markets. She also worked at INVESCO Perpetual for 17 years where she had been head of Asian investments and head of international equity products. She began her career in Asia with Jardine Fleming.

Length of service:
9 years, appointed on 29 October 2012

Last re-elected to the Board:
10 December 2020

Committee membership:
Audit & Risk Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:
The Board has reviewed the contribution of Kathryn Langridge and has concluded that she continues to provide significant investment insight to the Board and knowledge of the investment management sector. As set out in the Chairman's Statement on pages 7 to 9, Kathryn Langridge, having served on the Board for nine years, will retire from the Board at the AGM on 15 December 2021.

Susan Sternglass Noble

Status:
Independent Non-Executive Director

Experience:
Over 30 years' experience of investment management and analysis, specialising in financial sector equities, with a focus on global, European and Asian mandates. She holds a B.A. in Asian Studies from Cornell University and a M.S. in Foreign Service from Georgetown University and is a Mandarin Chinese speaker. Susan held senior roles at Goldman Sachs, JP Morgan, CQS and AXA Investment Managers. More recently she has held a number of board, advisory and policy roles with a focus on corporate governance and investment stewardship. Susan is a non-executive director of Unity Trust Bank, a senior adviser to The Investor Forum and trustee of the charity, Link Age Southwark. She was previously a specialist adviser to the Treasury Select Committee of the House of Commons and a Commissioner on the Dormant Assets Commission.

Length of service:
1 year, appointed on 7 August 2020

Last elected to the Board:
10 December 2020

Committee membership:
Audit & Risk Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:
The Board has reviewed the contribution of Susan Sternglass Noble in light of her proposed re-election at the AGM and has concluded that her contribution to the Board, from an investment, industry and corporate governance perspective, has been invaluable.

Charlie Ricketts

Status:
Senior Independent Director

Experience:
Over 30 years' experience within the investment funds arena. He was, until 2014, the head of investment funds at Cenkos Securities, providing equity capital markets services to the fund management industry and to investment trust companies. He was previously a managing director of UBS Investment Bank and head of investment funds. He began his investment career as an investment director of Johnson Fry and then head of marketing and investment product development at Gartmore Investment Management. Charlie is a non-executive director of Templeton Emerging Markets Investment Trust and is co-Founder of the charity Carefreebreaks.

Length of service:
5 years, appointed on 19 April 2016

Last re-elected to the Board:
10 December 2020

Committee membership:
Audit & Risk Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chair)

Contribution:
The Board reviewed the contribution of Charlie Ricketts in light of his proposed re-election at the AGM and concluded that he continues to provide significant investment and ESG insight to the Board and knowledge of the investment management and investment trust sectors. He is a strong Senior Independent Director and chairs the Remuneration Committee effectively.

Directors' Report

Capital Structure

At 31 August 2021, the Company had 124,766,350 fully paid Ordinary shares of 20p each in issue (2020: 126,358,453) with a further 34,845,327 Ordinary shares of 20p held in treasury (2020: 33,253,224) in issue. During the year to 31 August 2021, 1,592,103 Ordinary Shares were bought back and held in treasury. Further details on the changes to the capital structure during the year ended 31 August 2021 are provided on page 94. Subsequent to the period end a further 665,553 Ordinary shares have been purchased in the market for treasury.

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

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

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

Directors

Biographies of the Directors of the Company are shown on pages 39 to 41.

Directors' and Officers' Liability Insurance

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

Dividends

The Directors recommend that a final dividend of 6.5p per Ordinary share (2020: 4.75p) be paid on 17 December 2021 to shareholders on the register on 19 November 2021. The ex-dividend date is 18 November 2021.

Management Agreement

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

Details of the management agreement, including the notice period and fees paid to the abrdn Group companies during the year ended 31 August 2021 are shown in note 4 to the financial statements.

Borrowings

The Company has a £50 million multicurrency revolving facility with Scotiabank Europe Plc. The agreement was entered into on 30 July 2019 with a termination date of 29 July 2022. At the year end £40 million of this facility had been drawn down at a rate of 1.003% which matured on 27 September 2021. At the date of this Report the Company had drawn down £40 million at a rate of 1.0327%.

On 30 July 2019, the Company entered into a new fixed loan facility agreement of £25 million at an interest rate of 1.61% with Scotiabank Europe, with a termination date of 29 July 2022. The agreement of this facility incurred an arrangement fee of £7,500, which will be amortised over the life of the loan.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 46 to 52.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale.

The Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. The revenue forecast for the coming year demonstrates that the Company has the ability to cover its expenses.

The Company has a three year loan facility of £50 million multicurrency revolving facility in place until July 2022. The Company also has in place a fixed loan facility of £25 million in place until July 2022. The Board has set limits for borrowing and regularly reviews the Company's gearing levels and its compliance with bank covenants. A replacement option would be sought in advance of the expiry of the facility in July 2022, or, should the Board decide not to renew this facility, any outstanding borrowing would be repaid through the proceeds of equity sales as required.

Shareholders are given the opportunity to vote on the continuation of the Company every three years. The last continuation vote held in December 2018 was passed, and the next continuation vote is due to be held in December 2021.

As noted in the Chairman's Statement and the Directors' Report, if Resolution 10 to be proposed at the upcoming Annual General Meeting is passed, in order to align the Company's regular continuation votes with the assessment period for the conditional tender offers that will be introduced by the passing of Resolution 11, the Board will move from the Company's current cycle of triennial continuation votes to five-yearly continuation votes.

The Board has considered the ongoing impact of Covid-19 on the Company and its underlying portfolio and believes that it will continue to have a limited financial impact on the Company's operational resources and existence. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Directors believe that adopting a going concern basis of accounting remains appropriate.

Substantial Share Interests

At 31 August 2021 the Company had been notified or was aware of the following substantial interests in the Ordinary shares:

Shareholder	Number of Ordinary shares held	% held
City of London Investment Management	34,461,785	27.6
Lazard Asset Management	12,697,548	10.2
Wells Capital Management	11,875,400	9.5
abrdn Retail Plans	5,108,851	4.1
Rathbones	4,823,347	3.9
Smith & Williamson Wealth Management	4,157,049	3.3

Subsequent to the year end the Company was notified of the following change:

- Wells Capital Management was interested in 12,518,657 Ordinary shares (representing 10.1% of the issued share capital).

As at the date of this Report, no other changes to the above interests had been notified to the Company.

Auditor

The respective responsibilities of the Directors and the independent auditor in connection with the financial statements appear on pages 57 and 63.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report Continued

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 15 December 2021, the following resolutions will be proposed:

(i) Continuation Vote
Resolution 10, which is an ordinary resolution, will, if approved, allow the Company to continue as an investment trust.

(ii) Conditional Tender Offers
Resolution 11, which is an ordinary resolution, will, if approved, result in the introduction by the Company of five-yearly performance-related conditional tender offers in addition to its regular continuation votes.

If Resolution 10 is passed, in order to align the Company's regular continuation votes with the assessment period for the conditional tender offers that will be introduced by the passing of Resolution 11, the Board will move from the Company's current cycle of triennial continuation votes to five-yearly continuation votes.

(iii) Section 551 Authority to Allot Shares
Resolution 12, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to 33.33% of the Company's issued Ordinary share capital (excluding treasury shares) as at the date of the passing of this resolution (up to a maximum nominal amount of £8.23 million based on the Company's issued share capital as at the date of this Report). Such authority will expire on 28 February 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

(iv) Limited Disapplication of Pre-emption Provisions
Resolution 13, which is a special resolution, seeks to give the Directors power, conditional on Resolution 12 being passed, to allot Ordinary shares and to sell Ordinary shares held in treasury for cash, without first offering them to existing shareholders in proportion to their existing holdings, up to an aggregate nominal value representing 5% of the Company's issued Ordinary share capital as at the date of passing of this resolution (up to a maximum nominal amount of £1.25 million based on the Company's issued share capital as at the date of this Report).

This authority will expire on 28 February 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

Pursuant to this power, Ordinary shares would only be issued for cash and treasury shares would only be sold for cash at a premium to the net asset value per share (calculated after the deduction of prior charges at market value).

The Directors consider that the powers proposed to be granted by the above resolutions are necessary to provide flexibility to issue shares should they deem it to be in the best interests of shareholders as a whole.

(v) Purchase of the Company's own Ordinary shares
Since the Company's last AGM the Company has undertaken share buybacks, the details of which are set out on page 94. Resolution 14, which will be proposed as a special resolution, will renew the Company's authority to make market purchases of its own shares. Shares so repurchased will be cancelled or held in treasury. In respect of the Company's Ordinary shares which it buys back and does not immediately cancel but, instead, holds "in treasury" it may sell such shares (or any of them) for cash (or its equivalent); or ultimately cancel the shares (or any of them).

No dividends will be paid on treasury shares, and no voting rights attach to them.

The maximum number of Ordinary shares which may be purchased pursuant to this authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 18.7 million Ordinary shares). The minimum price which may be paid for an Ordinary share (exclusive of expenses) shall be 20p (being an amount equal to the nominal value of an Ordinary share). The maximum price for an Ordinary share (again exclusive of expenses) shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations for the Company's Ordinary shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

This authority, if conferred, will only be exercised if to do so would enhance the net asset value per share and is in the best interests of shareholders generally. This authority will expire on 28 February 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

(vi) Notice Period for General Meetings

Resolution 15, which will be proposed as a special resolution, seeks the authority from shareholders for the Company to be able to hold general meetings (other than AGMs) on 14 clear days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on 14 days' notice.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling, in aggregate, 30,114 Ordinary shares, and representing 0.024% of the existing issued Ordinary share capital of the Company.

Greenhouse Gas Emissions

The Company can report that it has no greenhouse gas emissions or other emissions producing sources from its operations.

Other Information

The rules concerning the appointment and replacement of Directors, amendments to the articles of association and powers to issue or buy back the Company's shares are contained in the articles of association of the Company and the Companies Act 2006. There are no agreements which the Company is party to that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the management agreement with the Manager, further details of which are set out on page 42, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

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

By order of the Board,
Aberdeen Asset Managers Limited
Secretary
Edinburgh
28 October 2021

Registered office:
1 George Street
Edinburgh EH2 2LL

Company Registration Number:
SC106049

Statement of Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. The Board is responsible for good governance, and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code published in 2018 (the "UK Code"), which is available on the Financial Reporting Council's website: **www.frc.org.uk**, throughout the financial year.

The Company is a member of the Association of Investment Companies ("AIC"), which has published its own Code of Corporate Governance to recognise the special circumstances of investment trusts (**www.theaic.co.uk**) and approved by the FRC.

The Board confirms that, during the year to 31 August 2021, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below:

1. the role of the chief executive (A.1.2);
2. executive Directors' remuneration (D.1.1 and D.1.2); and
3. 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 Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company.

The Board

The Board consists of five non-executive Directors. Each Director has the requisite range of business and financial experience to enable the Board to provide clear and effective leadership and proper stewardship of the Company. Charlie Ricketts is the Senior Independent Director ("SID") and is available to shareholders in the event that there are concerns that cannot be resolved through discussion with the Chairman.

Biographical details for each of the Directors, including their significant external appointments, can be found on pages 39 to 41.

All Directors are considered to be independent of the Manager and to be free of any material relationship with the Manager which could interfere with the exercise of their independent judgement. Subject both to annual re-election and renewal of the appointment every three years, a Director's tenure of office (including that of the Chairman) will normally be for up to nine years. When making a recommendation for re-electing a Director, the Board will take into account the on-going requirements of the UK Code.

Role and Operation of the Board

The Board normally meets at least five times each year, and more frequently where business needs require. In addition, there is regular contact between the Directors and the Manager throughout the year. The table below sets out the number of routine Board and Committee meetings attended by videoconference, due to the ongoing travel restrictions arising from the Covid-19 pandemic, by each Director during the year compared to the number of meetings that each Director was eligible to attend. Directors also have additional discussions when required to address administrative matters and ad hoc issues between scheduled Board meetings.

Director	Board Meetings	Audit & Risk Committee Meetings[1]	Remuneration Committee Meetings	Nomination Committee Meetings	Management Engagement Committee Meetings
J Will	5 (5)	n/a	1 (1)	2 (2)	2 (2)
G Coley	5 (5)	3 (3)	1 (1)	2 (2)	2 (2)
K Langridge	5 (5)	3 (3)	1 (1)	2 (2)	2 (2)
P Maynard [2]	1 (1)	1 (1)	n/a	2 (2)	1 (1)
S Sternglass Noble	5 (5)	3 (3)	1 (1)	2 (2)	2 (2)
C Ricketts	5 (5)	3 (3)	1 (1)	2 (2)	2 (2)

[1] All Directors are members of the four Committees of the Board with the exception of James Will who can attend Audit & Risk Committee meetings but is a non-voting member. [2] Retired from the Board on 10 December 2020.

The Board has overall responsibility for the Company's affairs. It delegates, through a management agreement and specific instructions, the day-to-day management of the Company to the Manager, Aberdeen Standard Fund Managers Limited. The Board has a schedule of matters reserved to it for decision, and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include overall strategy, review of investment policy, performance, gearing policy, treasury, corporate governance policy, promotional activities and communications with shareholders.

Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. At each meeting the Board reviews the following:

- Reports from the Manager covering stockmarket environment, portfolio activities, performance and investment outlook;
- Company financial information including revenue forecasts, balance sheet and gearing position;
- Shareholder analysis and relations;
- Regulatory issues and industry matters;
- Reports from other service providers such as brokers and registrars.

No contract or arrangement subsisted during the period in which any of the Directors was materially interested. The Board monitors on a regular basis the direct and indirect interests of each Director and has concluded that there were no situations which gave rise to an interest of a Director which conflicted with the interests of the Company. The Board adopts a zero-tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery.

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.

Directors' Time Commitments

The Company has a policy of ensuring that all non-executive directors of the Company have sufficient time to commit to the respective duties and responsibilities applicable to their particular Board roles.

When making new appointments, the Board takes into account other demands on potential candidates' time and prior to appointment any significant commitments are disclosed with an indication of the time involved. In the year under review the Board assessed the time commitment of each individual Director on external appointments. Each Director's aggregate time commitment is discussed with him or her as part of the annual appraisal process.

In the year under review, all Directors were considered to have sufficient time to commit to their respective roles on the Board, taking account of their external appointments.

If at any time any Director wishes to accept an additional significant external appointment, the prior approval of the Board is first required. In considering whether to grant such approval, the Board will in particular consider the Director's other time commitments and any potential conflicts of interest.

Board Committees

The Board has appointed four Committees with specific operations as set out below. The terms of reference, which clearly define the responsibilities of each Committee are available on the Company's website. The terms of reference of each of the Committees are renewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit & Risk Committee

The Audit & Risk Committee Report is contained on pages 50 to 52.

Remuneration Committee

The Remuneration Committee, which comprises all directors and is chaired by Charlie Ricketts, is responsible for determining the level of Directors' fees, having regard to external sources. The terms of reference are available on request and on the Company's website. Further information may be found in the Directors' Remuneration Report.

Nomination Committee

A Nomination Committee was established in January 2020, which comprises all Directors and is chaired by James Will, and has responsibility for Board evaluation, succession planning, new appointments and training.

Statement of Corporate Governance Continued

Performance Evaluation
An appraisal of each Director, including the Chairman, and of the operation of the Board and its Committees, was undertaken during the year. The Chairman's performance assessment was led by the Senior Independent Director. The Board also reviewed the Chairman's and Directors' other commitments. The Board is satisfied that each Director's performance continues to be effective, and that each remains fully committed to the Company. The Company has not been a constituent of the FTSE 350 from March 2019 onwards and, as such, an external evaluation of the Board was not undertaken during the financial year.

Succession Planning
In line with the Company's strong commitment to its corporate governance responsibilities, the Board regularly reviews its performance and structure to ensure it has the correct mix of relevant skills, diversity and experience for the effective conduct of the Company's business to complement the existing composition of the Board whilst having due regard for the benefits of diversity, including gender, on the Board.

New Board appointments are identified against the requirements of the Company's business and the need to have a balanced Board and are routinely facilitated by an external search consultant to ensure that a wide range of candidates can be considered. Following a review of its composition and, taking into account succession plans, the Board is currently using the services of Trust Associates to identify potential candidates for a new Board appointment.

The Board has implemented the provisions of the UK Code whereby all Directors of the Company will stand for re-election on an annual basis. The Board has reviewed the skills and experience of each Director, and supports their re-election. Kathryn Langridge will retire at the AGM in December 2021.

New Directors are given appropriate induction from the Manager covering legal responsibilities, the Manager's operations and investment trust industry matters. All Directors are entitled to receive appropriate and relevant training. If necessary, there is a procedure for a Director to take independent professional advice at the Company's expense.

Management Engagement Committee
The Management Engagement Committee, which comprises all the Directors, reviews the performance of the Manager and its compliance with the management agreement.

The Committee keeps the resources of the Manager under constant review, conducts an annual review of the terms and conditions of the management agreement ("Agreement") and undertakes an evaluation of the Manager's performance under this Agreement. In monitoring the performance of the Manager, the Board reviews the investment performance, management processes, risk control mechanisms and promotional activities of the Manager.

As a result of these reviews, the Board concluded that the Manager has the investment management, promotional, secretarial and administrative skills required for the effective operation of the Company although the performance of the Manager remains under close review. The Board believes that the Manager has satisfactorily met the terms of the management agreement with the Company, and considers that the continuing appointment of the Manager is in the interests of the Company and its shareholders.

Relations with Shareholders
The Directors place great importance on communication with shareholders. Besides shareholders, the report and accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and potential investors may obtain up-to-date information on the Company through the Manager's freephone information service, and the Company responds to letters from shareholders on a wide range of issues. The Company's annual and half-yearly reports and other publications can be downloaded from the Company's website, **www.asiadragontrust.co.uk.**

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required. The Chairman meets with representatives of the major shareholders during the financial year on an annual basis in order to gauge their views. The Manager maintains regular contact with institutional shareholders and feeds back shareholder views to the Board.

It is the intention of the Board that, in the ordinary course, the notice of the Annual General Meeting included within the annual report and accounts is normally sent out at least 20 working days in advance of the meeting. In normal circumstances, the Board encourages shareholders to attend and participate at the Company's AGM. The Investment Manager usually provides a presentation at the meeting outlining the key investment issues that affect the Company and all shareholders have the opportunity to raise questions. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands and details are available on the Company's website.

Environmental, Social and Governance ("ESG") Investing

Our Investment Manager's approach to ESG matters is included on pages 19 to 25.

The UK Stewardship Code and Proxy Voting

The Company supports the UK Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. abrdn plc is a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. While delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues.

Report of the Audit & Risk Committee

The Audit & Risk Committee ("the Committee") presents its Report for the year ended 31 August 2021. The Audit Committee was renamed the Audit & Risk Committee during the financial year to better reflect the responsibilities and considerations of the Committee.

Membership and Responsibilities

The Committee is chaired by Gaynor Coley, who is a chartered accountant, and comprises all Directors, with the exception of James Will who attends meetings but is a non-voting member. The Committee is satisfied that it has the necessary recent and relevant financial experience and competence relevant to the investment trust sector in order to fulfil its responsibilities. The main responsibilities of the Committee are:

- to review the half yearly and annual financial statements of the Company, the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements;
- to assess whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to review and report to the Board on the significant issues and judgements made in connection with the financial reporting including the statement on the Company's viability;
- to consider reports from the external auditor, including its audit strategy and findings;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services;
- to consider the re-appointment, remuneration and terms of engagement of the external auditor and to review annually the external auditor's independence, objectivity, effectiveness, resources and qualification;
- to review and monitor the internal control systems and risk management systems (including 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; and
- to review the arrangements in place within the Manager whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing').

The Committee undertakes an annual performance evaluation, in relation to discharging its responsibilities, through questionnaires and discussion.

The respective responsibilities of the Directors and the external auditor in connection with the financial statements appear on pages 57 and 63.

Activities During the Year

The Committee meets at least three times per year when it reviews the annual and half yearly financial reports in detail. Reports from the Manager's internal audit, risk and compliance departments are also considered by the Committee which cover internal control systems, risk and the conduct of the business in the context of its regulatory environment. All meetings during the year were held by videoconference due to the ongoing travel restrictions arising from the Covid-19 pandemic.

Risk Management and Internal Control

The Board is responsible for the Company's system of internal control and has reviewed the effectiveness of the Company's risk management and internal control systems. The Board confirms that there is an ongoing and robust process for identifying, evaluating and managing the significant risks faced by the Company which include financial, operational, compliance and reputational risks.

Under the Management Agreement, the management of the Company's assets has been delegated to the Manager within overall guidelines. Risks are identified and documented through a risk management framework by each function within the Manager's activities. The internal control systems operated by the Manager are monitored and supported by an internal audit function which undertakes periodic examination of business processes and ensures that recommendations to improve controls are implemented. 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.

This process has been in place for the year under review and up to the date of approval of this annual report and accounts. It is regularly reviewed by the Board and accords with the Financial Reporting Council's Guidance on Internal Controls.

In addition, the Board has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers. A monitoring system is undertaken whereby the controls to mitigate these risks, and the impact of the residual risks, are assessed on a regular basis. The risk matrix is formally reviewed on a six monthly basis in order to identify emerging risks which may arise. Details of the principal risks faced by the Company are provided in Overview of Strategy on pages 14 and 15.

The key components designed 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 emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- The Board and the 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 as appropriate;
- As a matter of course, the Manager's risk management department, including compliance and internal audit functions, continually reviews the Manager's operations and provides reports to the Audit & Risk Committee;
- Written agreements are in place, which specifically define the roles and responsibilities of the Manager and other third party service providers;
- The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's risk management systems and internal audit procedures; and
- The Audit & Risk Committee carried out bi-annual reviews of the Manager's risk management and internal controls, including the internal audit and compliance functions. At its October 2021 meeting, the Audit & Risk Committee performed its annual assessment of internal controls for the year ended 31 August 2021. The results of the assessment were reported to the Board.

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 material misstatement or loss.

Significant Accounting Issues

The significant accounting issue considered by the Committee during the year in relation to the Company's financial statements was the valuation, existence and ownership of investments. All investments are in quoted securities in active markets, are considered to be liquid and have largely been categorised as Level 1 within the FRS 102 fair value hierarchy. The investments are valued using independent pricing sources, in accordance with the stated accounting policies. The portfolio holdings are reviewed and verified by the Manager on a regular basis and existence is verified through custodian reconciliations. The Committee reviews reports from the Manager to ensure that internal controls over the Company's investments are adequate. The audit includes independent confirmation of the existence of all investments from the Company's depositary and the valuation of investments to external price sources.

Other Accounting Issues

The Company's compliance with investment trust status, under section 1158 of the Corporation Tax Act 2010, is monitored by the Manager on an ongoing basis and reported to the Committee.

Report of the Audit & Risk Committee Continued

Review of Auditor

The Committee has reviewed the independence and the effectiveness of the external auditor, PricewaterhouseCoopers LLP ("PwC"), as follows:

- The external auditor reports on an annual basis the steps it takes to ensure its independence and objectivity and confirms that it has complied with the relevant UK independence guidelines. The level of fees for non-audit services provided by the auditor is assessed and for the year to 31 August 2021 was nil (2020 - £nil to previous auditor, KPMG LLP). The Board will review any future non-audit fees in the light of the requirement to maintain the auditor's independence.
- The Committee considers the experience, continuity and tenure of the external audit team, including the audit partner. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit partner. This is the first year that PwC has undertaken the audit and the first year that Tom Norrie, senior statutory auditor, has been involved in the Company's audit.
- The Committee assesses the level of audit service annually. The audit plan is reviewed well in advance and subsequent audit findings are reported comprehensively in a timely manner and are resolved satisfactorily. The auditor has a constructive working relationship with both the Board and the Manager.

Re-appointment of the Auditor

During the financial year to 31 August 2020, the Committee undertook an audit tender, following which the Board recommended the appointment of PwC as the Company's auditors. Shareholders overwhelming voted in favour of the appointment of PwC at the Company's AGM on 10 December 2020.

Based on its experience of the audit process and engagement with PwC, the Audit & Risk Committee supports the recommendation to the Board that the re-appointment of PwC be put to Shareholders for approval at the AGM.

Gaynor Coley,
Chairman of Audit & Risk Committee
28 October 2021

Directors' Remuneration Report

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

i. A Remuneration Policy, set out below, which was last approved by shareholders at the 2020 AGM. This policy is subject to a vote every three years. Any change to this policy during this interval would require shareholder approval;

ii. An annual Implementation Report, which provides information on how the Remuneration policy has been applied during the year and will be subject to an advisory vote at the AGM; and

iii. An Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 58.

Remuneration Policy

The Remuneration Policy takes into consideration the principles of the UK Code of Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. Directors' remuneration is determined by the Remuneration Committee. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for changes in the foreseeable future, except for the Directors' fees, as set out in the Implementation Report below.

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. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders would be considered on an on-going basis. Fee rates are established by having regard to external sources as to current market levels.

Directors' fees

The Directors are non-executive and their fees are set within the limits of the Company's articles of association which limit the aggregate fees payable to the Board of Directors per annum, currently £250,000. The level of cap may be increased by shareholder resolution from time to time.

Appointment

- The Company only intends to appoint non-executive Directors under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment and annually thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- 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.
- The Company indemnifies its Directors for costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.
- The Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.

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.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Directors' Remuneration Report Continued

The Directors' Remuneration Policy was last approved by shareholders at the Company's AGM on 10 December 2020. Assuming no changes to the Remuneration Policy, a resolution to approve the Directors' Remuneration Policy will next be proposed at the AGM in 2023.

Implementation Report

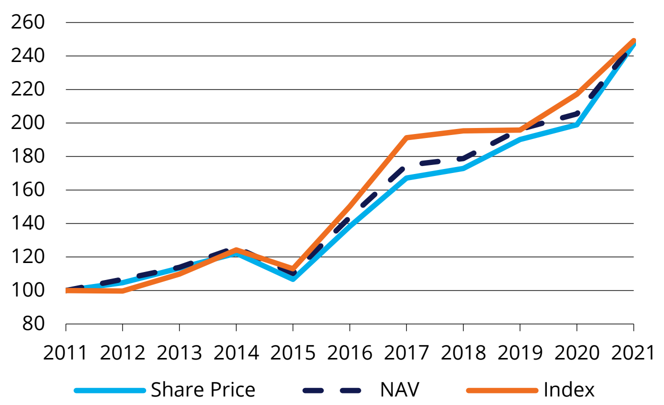
Directors' Fees

During the financial year the Board carried out a review of Directors' fees and increased the rates as shown in the following table with effect from 1 September 2021. The last increase in Directors' fees prior to this was effective from 1 September 2020.

	1 September 2021 £	1 September 2020 £
Independent Director	31,000	30,000
Additional fee for Chairman	*12,500*	*12,000*
Additional fee for Chairman of Audit & Risk Committee	*5,500*	*5,000*
Additional fee for SID	*1,500*	*1,000*

Company Performance

During the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from a composite index, in Sterling terms, consisting of the MSCI All Country Asia (ex Japan) Index for the ten year period to 31 August 2021 (rebased to 100 at 31 August 2011). This index was chosen for comparison purposes, as it is the reference index used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 10 December 2020, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 August 2020. 99.79% of proxy votes were in favour of the resolution, 0.11% were against and 0.09% abstained. Shareholders also approved the Directors' Remuneration Policy with 99.78% of proxy votes in favour, 0.08% against and 0.08% abstained.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 August 2021 will be proposed at the Annual General Meeting.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders.

The total fees paid to Directors are shown below.

Fees Payable (audited)

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable. This represents the entire remuneration paid to the Directors.

Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

Director	2021 £	2020 £
J Will	42,000	40,800
G Coley [1]	35,000	30,598
K Langridge	30,000	28,951
P Maynard (retired 10 December 2020)	8,306	29,600
S Sternglass Noble (appointed 7 August 2020)	30,000	2,027
I McLaren (retired 30 April 2020)	-	20,993
C Ricketts	31,000	29,600
Total	**176,306**	**182,569**

[1] Became AC Chair on 12 December 2019

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the past two years from 1 September 2019 to 31 August 2021.

J Will	58.6%
G Coley	629.2%
K Langridge	12.8%
S Sternglass Noble	1,380.0%
C Ricketts	10.1%

The above percentage changes take account of the following factors which impacted each Director's remuneration:

- James Will took over as Chairman on 3 July 2019;
- Gaynor Coley was appointed to the Board on 1 July 2019 and became Audit & Risk Committee Chair on 13 December 2019;
- Kathryn Langridge joined the Audit & Risk Committee on 1 January 2020;
- Charlie Ricketts joined the Audit & Risk Committee on 17 December 2018 and was appointed as Senior Independent Director on 1 May 2020; and
- Susan Sternglass Noble was appointed to the Board on 7 August 2020.

Directors' Interests in the Company (audited)

The Directors (including their connected persons) at 31 August 2021 and 31 August 2020 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 August 2021 Ordinary shares	31 August 2020 Ordinary shares
J Will	10,114	10,114
G Coley	5,000	Nil
K Langridge	5,000	5,000
P Maynard[1]	2,500	2,500
S Sternglass Noble	5,000	Nil
C Ricketts	5,000	5,000
I McLaren [1]	17,456[1]	17,456[1]

[1] holding at date of retirement from Board

The above interests were unchanged as at the date 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 to 31 August 2021:

- 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.

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Charlie Ricketts,
Chairman of Remuneration Committee
28 October 2021

Financial Statements

The Company's NAV per share rose by 20.5% for the year ended 31 August 2021 compared to a rise in the benchmark of 14.7% (all figures in sterling total return terms).

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

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

For Asia Dragon Trust plc
James Will,
Chairman
28 October 2021

Independent auditors' report to the members of Asia Dragon Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Asia Dragon Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 August 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

The Company is a standalone Investment Trust Company and engages Aberdeen Standard Fund Managers Limited (the "AIFM") to manage its assets.

Overview

Audit scope

- We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the AIFM referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at the AIFM and adopted a fully substantive testing approach using reports obtained from the AIFM.

Key audit matters

- Income from Investments.
- Valuation and existence of listed investments.
- Ability to continue as a going concern - Continuation Vote.
- Consideration of the impacts of Covid-19.

Materiality

- Overall materiality: £7,069,290 based on 1% of Net Assets.
- Performance materiality: £5,301,968.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Income from Investments Refer to page 50 (Report of the Audit & Risk Committee), page 69 (Accounting Policies) and page 69 (Notes to the Financial Statements). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). As the Company has a capital objective, there may be an incentive to overstate capital. We therefore focussed on the completeness of revenue, in particular the allocation of special dividends from revenue to capital, as well as existence of gains/losses from investments and the presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. To test for completeness of dividend income we tested that appropriate dividends had been recorded as received in the year by reference to independent data of dividends declared. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Based on the audit procedures performed and evidence obtained, we concluded that income from investments was not materially misstated.
Valuation and existence of listed investments Refer to page 50 (Report of the Audit & Risk Committee), page 69 (Accounting Policies) and page 69 (Notes to the Financial Statements). The investment portfolio at 31 August 2021 comprised listed equity investments of £767 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We tested the valuation of all listed investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of all listed investments by agreeing the holdings of all investments to an independent confirmation from the Depository, BNP Paribas Securities Services as at 31 August 2021. No material misstatements were identified from this testing.
Ability to continue as a going concern - Continuation Vote Refer to the Viability Statement in the Strategic Report (page 18), the Going Concern statement of the Directors' Report (page 42), the Report of the Audit & Risk Committee (page 50) and the Basis of Preparation in the Notes to the Accounts (page 69). A continuation vote is due to take place at the 2021 AGM, which, if passed, will allow the Company to continue as an investment trust for a further three years. The Directors have considered and assessed the potential impact of the continuation vote on the ability of the Company to continue as a going concern.	We have reviewed the Directors' assessment of going concern in relation to the passing of the continuation vote. In challenging the reasonableness of the Directors' assessment and arriving at our conclusions, we have considered aspects which include, but are not limited to, the following: · The stability and diversity of the Company's shareholder register and number of shareholders with significant voting power on the register; · The Company has a positive performance track record since the last continuation vote; · The demand for the Company's shares over the last three years represented by its share price discount or premium to net asset value, which we determined to be within a reasonable range; and · The feedback that the Manager has received with regards to shareholders voting intentions. We have concluded that there were no material uncertainties relating to the continuation vote that may cast significant doubt on the entities ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our conclusions relating to going concern overall are set out in the 'Going Concern' section below.

Independent auditors' report to the members of Asia Dragon Trust plc Continued

Consideration of the impacts of Covid-19 Refer to the Chairman's Statement (page 7), Principal Risks and Uncertainties (pages 14 and 15), the Viability Statement (page 18) and the Going Concern Statement (page 42), which disclose the impact of the Covid-19 pandemic. The Covid-19 outbreak was declared a pandemic by the World Health Organisation in the first quarter of 2020 and continues to have a significant adverse humanitarian impact. It has caused significant economic uncertainty globally, disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates. This could have an impact on the valuation of investments in the Company, available liquidity and operational impacts given the Company's reliance on third parties. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels throughout the Covid-19 pandemic.	We evaluated the Directors' assessment of the impact of the Covid-19 pandemic on the Company by: · Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by Covid-19. · Evaluating management's assessment of operational and financial impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. · We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report by obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers. We assessed the disclosures presented in the Annual Report in relation to Covid-19 by reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions related to going concern' section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where subjective judgements are made, for example in respect of classification of special dividends as revenue or capital.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£7,069,290.
How we determined it	1% of Net Assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £5,301,968 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £353,465 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including those presented by Covid-19 and the continuation vote;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in NAV as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Asia Dragon Trust plc Continued

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 August 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement
The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement 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 Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the audit committee, including specific enquiry of known or suspected instances of noncompliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Audit & Risk Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular manual year end journal entries posted during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

Independent auditors' report to the members of Asia Dragon Trust plc Continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit & Risk Committee, we were appointed by the members on 10 December 2020 to audit the financial statements for the year ended 31 August 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 October 2021

Statement of Comprehensive Income

		Year ended 31 August 2021			Year ended 31 August 2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	10	–	119,603	119,603	–	19,336	19,336
Currency losses		–	(573)	(573)	–	(893)	(893)
Income	3	13,074	–	13,074	13,240	–	13,240
Investment management fee	4	(1,194)	(3,580)	(4,774)	(4,058)	–	(4,058)
Administrative expenses	5	(1,102)	–	(1,102)	(1,070)	–	(1,070)
Net return before finance costs and taxation		10,778	115,450	126,228	8,112	18,443	26,555
Interest payable and similar charges	6	(189)	(567)	(756)	(548)	–	(548)
Return before taxation		10,589	114,883	125,472	7,564	18,443	26,007
Taxation	7	(1,349)	(2,942)	(4,291)	(1,167)	618	(549)
Return after taxation		**9,240**	**111,941**	**121,181**	**6,397**	**19,061**	**25,458**
Return per share (pence)	9	**7.36**	**89.24**	**96.60**	**5.01**	**14.93**	**19.94**

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

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

The accompanying notes on pages 69 to 84 are an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 August 2021 £'000	As at 31 August 2020 £'000
Non-current assets			
Investments at fair value through profit or loss	10	766,794	620,827
Current assets			
Debtors and prepayments	11	5,782	3,929
Cash and cash equivalents	12	5,000	11,390
		10,782	15,319
Creditors: amounts falling due within one year			
Bank loan	13(a)	(64,998)	(6,000)
Other creditors	13(b)	(1,840)	(4,666)
		(66,838)	(10,666)
Net current (liabilities)/assets		(56,056)	4,653
Creditors: amounts falling due after more than one year			
Bank loan	13(a)	–	(24,995)
Deferred tax liability on Indian capital gains	13(c)	(3,809)	(1,054)
		(3,809)	(26,049)
Net assets		**706,929**	**599,431**
Share capital and reserves			
Called-up share capital	14	31,922	31,922
Share premium account		60,416	60,416
Capital redemption reserve		28,154	28,154
Capital reserve	15	545,582	441,359
Revenue reserve		40,855	37,580
Equity shareholders' funds		**706,929**	**599,431**
Net asset value per Ordinary share (pence)	16	**566.60**	**474.39**

The financial statements on pages 65 to 84 were approved by the Board of Directors and authorised for issue on 28 October 2021 and were signed on its behalf by:

James Will
Chairman

The accompanying notes on pages 69 to 84 are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 August 2021

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2020		31,922	60,416	28,154	441,359	37,580	599,431
Return after taxation		–	–	–	111,941	9,240	121,181
Buyback of Ordinary shares for treasury	14	–	–	–	(7,718)	–	(7,718)
Dividend paid	8	–	–	–	–	(5,965)	(5,965)
Balance at 31 August 2021		**31,922**	**60,416**	**28,154**	**545,582**	**40,855**	**706,929**

For the year ended 31 August 2020

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2019		31,922	60,416	28,154	431,945	37,271	589,708
Return after taxation		–	–	–	19,061	6,397	25,458
Buyback of Ordinary shares for treasury	14	–	–	–	(9,656)	–	(9,656)
Buyback of Ordinary shares for cancellation as a result of the Tender Offer		–	–	–	9	–	9
Dividend paid	8	–	–	–	–	(6,088)	(6,088)
Balance at 31 August 2020		**31,922**	**60,416**	**28,154**	**441,359**	**37,580**	**599,431**

The capital reserve includes investment holding gains amounting to £241,988,000 (2020 – £179,491,000), as disclosed in note 10.

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

The accompanying notes on pages 69 to 84 are an integral part of the financial statements.

Statement of Cash Flows

	Notes	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Operating activities			
Net return before taxation		125,472	26,007
Adjustment for:			
Gains on investments		(119,603)	(19,336)
Currency losses		573	893
Decrease in accrued dividend income		568	138
Decrease in other debtors		14	31
Increase in other creditors		176	81
Interest payable and similar charges	6	756	548
Scrip dividends included in investment income		(587)	(222)
Overseas withholding tax		(1,767)	(1,329)
Cash from operations		5,602	6,811
Interest paid	6	(749)	(545)
Net cash inflow from operating activities		4,853	6,266
Investing activities			
Purchases of investments		(259,733)	(179,449)
Sales of investments		229,021	190,990
Capital gains tax on sales		(187)	(112)
Net cash (outflow)/inflow from investing activities		(30,899)	11,429
Financing activities			
Equity dividends paid	8	(5,965)	(6,088)
Buyback of Ordinary shares		(7,806)	(9,489)
Tender Offer for Ordinary shares inclusive of expenses		–	(5)
Drawdown of bank loan		34,000	–
Net cash from/(used in) financing activities		20,229	(15,582)
(Decrease)/increase in cash and cash equivalents		**(5,817)**	**2,113**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		11,390	10,170
Effect of exchange rate fluctuations on cash held		(573)	(893)
(Decrease)/increase in cash and cash equivalents as above		(5,817)	2,113
Closing cash and cash equivalents		**5,000**	**11,390**
Represented by:			
Money market funds		500	3,300
Cash and short term deposits		4,500	8,090
		5,000	**11,390**

The accompanying notes on pages 69 to 84 are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 August 2021

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

2. **Accounting policies**

   (a) **Basis of preparation.** The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in April 2021. The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The accounting policies applied are unchanged from the prior year and have been applied consistently.

   The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale. The Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. The revenue forecast for the coming year demonstrates that the Company has the ability to cover its expenses. The Company has a three year loan facility of £50 million multicurrency revolving facility in place until July 2022. The Company also has in place a fixed loan facility of £25 million in place until July 2022. The Board has set limits for borrowing and regularly reviews the Company's gearing levels and its compliance with bank covenants. A replacement option would be sought in advance of the expiry of the facility in July 2022, or, should the Board decide not to renew this facility, any outstanding borrowing would be repaid through the proceeds of equity sales as required. Shareholders are given the opportunity to vote on the continuation of the Company every three years. The last continuation vote held in December 2018 was passed, and the next continuation vote is due to be held in December 2021. If Resolution 10 to be proposed at the upcoming Annual General Meeting is passed, in order to align the Company's regular continuation votes with the assessment period for the conditional tender offers that will be introduced by the passing of Resolution 10, the Board will move from the Company's current cycle of triennial continuation votes to five-yearly continuation votes. As set out in the Chairman's Statement, the Board has engaged with the Company's largest investors and expects that the Company's continuation vote resolution will pass successfully at the forthcoming AGM. The Board has considered the ongoing impact of Covid-19 on the Company and its underlying portfolio and believes that it will continue to have a limited financial impact on the Company's operational resources and existence. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Directors believe that adopting a going concern basis of accounting remains appropriate.

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

   (b) **Investments.** Listed investments have been designated upon initial recognition as held at fair value through profit or loss. Investments are recognised and de-recognised on the trade date at fair value, which is generally deemed to be the cost of the investment at that point. Subsequent to initial recognition, investments are valued at fair value, which for listed investments is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included as a capital item in the Income Statement and are ultimately recognised in the capital reserve.

Notes to the Financial Statements Continued

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

(d) Expenses. All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

– expenses directly relating to the acquisition or disposal of an investment, which are charged to the capital column of the Statement of Comprehensive Income and are separately identified and disclosed in note 10; and

– the Company charges 75% of investment management fees and finance costs to the capital column and 25% to the revenue column of the Statement of Comprehensive Income, in accordance with the Board's expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company.

(e) Taxation. The tax expense represents the sum of the tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

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

(f) Nature and purpose of reserves

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

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

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

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

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

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

(g) **Foreign currency**. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the reporting date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve. Unrealised and realised gains and losses on foreign currency movements on investments held through profit or loss are recognised in the capital column of the Statement of Comprehensive Income.

(h) **Dividends payable**. Final dividends are recognised in the financial statements in the period in which Shareholders approve them.

(i) **Treasury shares**. When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the capital reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.

(j) **Cash and cash equivalents**. Cash comprises cash at bank and in hand. Cash equivalents are short-term, comprising money market funds and highly-liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

(k) **Borrowings**. Bank loans are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, they are measured at amortised cost using the effective interest method. Finance charges are accounted for on an accruals basis using the effective interest rate method and are charged 25% to revenue and 75% to capital.

3. Income

	2021 £'000	2020 £'000
Income from investments		
UK dividend income	–	38
Overseas dividend income	12,474	12,946
Scrip dividends	587	222
	13,061	13,206
Other income		
Deposit interest	–	9
Interest from money market funds	3	23
Other income	10	2
	13	34
Total income	**13,074**	**13,240**

4. Management fee

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,194	3,580	4,774	4,058	–	4,058

Management fees paid to Aberdeen Standard Fund Managers Limited ("the Manager") are calculated at 0.85% per annum on net assets up to £350 million and 0.50% per annum on net assets over £350 million. Management fees are calculated and payable on a quarterly basis.

Notes to the Financial Statements Continued

Net assets exclude long term borrowings less (i) the value of any investment funds managed by the Manager and (ii) 50% of the value of any investment funds managed or advised by investment managers other than the Manager. During the year and at the year end, the Company held £500,000 (2020 – £3,300,000) in Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund which is managed and administered by abrdn. The Company pays a management fee on the value of these holdings but no fee is chargeable at the underlying fund level.

With effect from 1 September 2020, the Board agreed a change in the allocation of management fees and finance charges from 100% to revenue, to 75% capital and 25% to revenue.

The balance due to the Manager at the year end was £1,190,000 (2020 – £1,056,000).

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

5. Administrative expenses

	2021 £'000	2020 £'000
Promotional activities	200	200
Directors' fees	176	183
Custody fees	289	244
Depositary fees	69	63
Auditor's remuneration: Fees payable to the Company's auditor for		
– audit of the Company's annual report	30	30
Legal and professional fees	61	104
Other expenses	277	246
	1,102	**1,070**

The Company has an agreement with Aberdeen Standard Fund Managers Limited for the provision of promotional activities. The total fees paid and payable under the agreement were £200,000 (2020 – £200,000) and the sum due to the Manager at the year end was £34,000 (2020 – £84,000).

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

The Company does not have any employees.

6. Interest payable and similar charges

			2021			2020
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	189	567	756	548	–	548

With effective from 1 September 2020, the Board agreed a change in the allocation of management fees and finance charges from 100% to revenue, to 75% capital and 25% to revenue

7. Taxation

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Indian capital gains tax charge on sales	–	187	187	–	135	135
Indian capital gains tax rebate on sales	–	–	–	–	(23)	(23)
Overseas tax suffered	1,349	–	1,349	1,167	–	1,167
Total current tax charge for the year	1,349	187	1,536	1,167	112	1,279
Movement of deferred tax liability on Indian capital gains	–	2,755	2,755	–	(730)	(730)
Total tax charge for the year	**1,349**	**2,942**	**4,291**	**1,167**	**(618)**	**549**

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 £3,809,000 (2020 – £1,054,000) on capital gains which may arise if Indian investments are sold.

The Company has not recognised a deferred tax asset of £24,071,000 (2020 – £17,039,000) arising as a result of excess management expenses and non-trading loan relationship deficits. These expenses will only be utilised if the Company has profits chargeable to UK corporation tax in the future. The Finance Act 2021 received Royal Assent on 10 June 2021 and the rate of Corporation Tax of 25% effective from 1 April 2023 has been used to calculate the potential deferred tax asset.

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

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	10,589	114,883	125,472	7,564	18,443	26,007
Effective rate of corporation tax at 19.00% (2020 – 19.00%)	2,012	21,828	23,840	1,437	3,504	4,941
Effects of:						
UK dividend income	–	–	–	(7)	–	(7)
Gains on investments not taxable	–	(22,725)	(22,725)	–	(3,674)	(3,674)
Currency losses not taxable	–	109	109	–	170	170
Other non-taxable income	(2,482)	–	(2,482)	(2,502)	–	(2,502)
Expenses not deductible for tax purposes	3	–	3	4	–	4
Increase in excess expenses and loan relationship deficit	467	788	1,255	1,068	–	1,068
Indian capital gains tax charge on sales	–	187	187	–	112	112
Movement in deferred tax liability on Indian capital gains	–	2,755	2,755	–	(730)	(730)
Net overseas tax suffered	1,349	–	1,349	1,167	–	1,167
Total tax charge for year	**1,349**	**2,942**	**4,291**	**1,167**	**(618)**	**549**

Notes to the Financial Statements Continued

8. **Dividends.** In order to comply with the requirements of Sections 1158 -1159 of the Corporation Tax Act 2010 and with company law, the Company is required to make a final dividend distribution.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 – 1159 are considered. The revenue available for distribution by way of dividend for the year is £9,240,000 (2020 – £6,397,000).

	2021 £'000	2020 £'000
Proposed final dividend for 2021 – 6.50p per Ordinary share (2020 – 4.75p)	**8,067**	**5,983**

The amounts reflected above for the cost of the proposed final dividend for 2021 is based on 124,100,797 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

The final dividend will be paid on 17 December 2021 to shareholders on the register at the close of business on 19 November 2021.

9. **Return per Ordinary share**

	2021		2020	
	£'000	pence	£'000	pence
Revenue return	9,240	7.36	6,397	5.01
Capital return	111,941	89.24	19,061	14.93
Total return	121,181	96.60	25,458	19.94
Weighted average Ordinary shares in issue		125,442,821		127,658,730

10. **Investments at fair value through profit or loss**

	2021 £'000	2020 £'000
Opening book cost	441,336	412,480
Opening investment holding gains	179,491	199,349
Opening fair value	620,827	611,829
Analysis of transactions made during the year		
Purchases at cost	257,402	182,769
Sales – proceeds	(231,038)	(193,107)
Gains on investments	119,603	19,336
Closing fair value	**766,794**	**620,827**
Closing book cost	524,806	441,336
Closing investment gains	241,988	179,491
Closing fair value	**766,794**	**620,827**

	2021 £'000	2020 £'000
Investments listed on an overseas investment exchange	766,794	620,827
	766,794	**620,827**

The Company received £231,038,000 (2020 – £193,107,000) from investments sold in the period. The book cost of these investments when they were purchased was £173,932,000 (2020 – £153,915,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

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

	2021 £'000	2020 £'000
Purchases	313	295
Sales	466	327
	779	**622**

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.

11. Debtors and prepayments

	2021 £'000	2020 £'000
Accrued income	137	670
Overseas withholding tax recoverable	1,062	679
Amounts due from brokers	4,150	2,133
Other debtors and prepayments	433	447
	5,782	**3,929**

12. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	4,500	8,090
Money market funds	500	3,300
	5,000	**11,390**

Notes to the Financial Statements Continued

13. Creditors

(a) Bank loans	2021 £'000	2020 £'000
Falling due within one year	65,000	6,000
Falling due in more than one year	–	25,000
Unamortised expenses	(2)	(5)
	64,998	**30,995**

The Company has a £50,000,000 multi-currency revolving facility with Scotiabank Europe Plc. The agreement was entered into on 30 July 2019 with a termination date of 29 July 2022. At the year end £40,000,000 of this facility had been drawn down at a rate of 1.003% which matured on 27 September 2021. At the date of this Report the Company had drawn down £40,000,000 at a rate of 1.0327%.

On 30 July 2019, the Company entered into a new fixed loan facility agreement of £25,000,000 at an interest rate of 1.61% with Scotiabank Europe, with a termination date of 29 July 2022. The facility has been drawn down in full. The agreement of this facility incurred an arrangement fee of £7,500, which will be amortised over the life of the loan.

The agreements contains the following covenants:

– the net asset value of the Company shall not at any time be less than £385 million.

– the adjusted asset coverage of the Company, as defined in the loan facility agreement, shall not at any time be less than 4.00 to 1.00.

All covenants have been complied with throughout the year.

(b) Other creditors – falling due within one year	2021 £'000	2020 £'000
Amounts due to brokers	181	3,099
Amounts due for the purchase of own shares to treasury	79	167
Other amounts due	1,580	1,400
	1,840	**4,666**

	2021 £'000	2020 £'000
(c) Deferred tax liability on Indian capital gains	3,809	1,054

14. Called-up share capital

	2021 £'000	2020 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 20p	24,953	25,272
Treasury shares	6,969	6,650
	31,922	**31,922**

	Ordinary shares Number	Treasury shares Number	Total shares Number
At 31 August 2020	126,358,453	33,253,224	159,611,677
Buyback of own shares	(1,592,103)	1,592,103	–
At 31 August 2021	124,766,350	34,845,327	159,611,677

During the year 1,592,103 Ordinary shares of 20p each were purchased to be held in treasury by the Company (2020 – 2,390,395) at a total cost of £7,718,000 (2020 – £9,656,000). At the year end 34,845,327 (2020 – 33,253,224) Ordinary shares of 20p each were held in treasury, which represents 21.8% (2020 – 20.8%) of the Company's total issued share capital at 31 August 2021.

Since the year end a further 665,553 Ordinary shares of 20p each have been purchased by the Company at a total cost of £3,344,,000 all of which were held in treasury.

15. Capital reserve

	2021 £'000	2020 £'000
At 1 September 2020	441,359	431,945
Movement in fair value gains	119,603	19,336
Foreign exchange movement	(573)	(893)
Buyback of Ordinary shares for treasury	(7,718)	(9,656)
Tender Offer of Ordinary shares for cancellation	–	9
Expenses allocated to capital	(4,147)	–
Movement in capital gains tax charge	(2,942)	618
As at 31 August 2021	**545,582**	**441,359**

The capital reserve includes investment holding gains amounting to £241,988,000 (2020 – £179,491,000), as disclosed in note 10.

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

	2021	2020
Net assets attributable to the Ordinary shareholders (£'000)	706,929	599,431
Number of Ordinary shares in issue [A]	124,766,350	126,358,453
Net asset value per share (p)	566.60	474.39

[A] Excluding shares held in treasury.

Notes to the Financial Statements Continued

17. Analysis of changes in net debt

	At 1 September 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2021 £'000
Cash and short term deposits	11,390	(573)	(5,817)	–	5,000
Debt due within one year	(6,000)	–	(34,000)	(24,998)	(64,998)
Debt due after one year	(24,995)	–	–	24,995	–
	(19,605)	**(573)**	**(39,817)**	**(3)**	**(59,998)**

	At 1 September 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2020 £'000
Cash and short term deposits	10,170	(893)	2,113	–	11,390
Debt due within one year	(6,000)	–	–	–	(6,000)
Debt due after one year	(24,993)	–	–	(2)	(24,995)
	(20,823)	**(893)**	**2,113**	**(2)**	**(19,605)**

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

18. Financial instruments

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

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

Risk management framework. The directors of Aberdeen Standard Fund Managers Limited 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 (the "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 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 Group CEO. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

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

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

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

Market risk. The fair value of, or future cash flows from a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk. The Company is exposed to gearing risk which has the effect of exacerbating market falls and gains. The level of net gearing is shown on page 3. Details of the loan facilities the Company has in place can be found in note 13 on page 76.

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

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

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

At 31 August 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	–	0.04	–	2,991
Hong Kong Dollars	–	–	–	224
Indian Rupee	–	–	–	24
Sri Lanka Rupee	–	–	–	1,553
Taiwanese Dollar	–	–	–	97
Thailand Baht	–	–	–	100
US Dollar	–	–	–	9
Vietnamese Dong	–	–	–	2
Total assets	**n/a**	**n/a**	**–**	**5,000**
Liabilities				
Short–term loan – £40,000,000	0.07	1.00	40,000	–
Long–term loan – £25,000,000	0.91	1.61	24,998	–
	–	**–**	**64,998**	**–**

Notes to the Financial Statements Continued

At 31 August 2020	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	–	0.40	–	5,990
Chinese Yuan	–	–	–	2
Hong Kong Dollars	–	–	–	24
Indian Rupee	–	–	–	21
Indonesian Rupiah	–	–	–	99
Taiwanese Dollar	–	–	–	3,089
Thailand Baht	–	–	–	80
US Dollar	–	–	–	4
Vietnamese Dong	–	–	–	2,081
Total assets	**n/a**	**n/a**	**–**	**11,390**
Liabilities				
Short–term loan – £6,000,000	0.24	1.01	6,000	–
Long–term loan – £25,000,000	1.91	1.61	24,995	–
	–	**–**	**30,995**	**–**

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

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

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

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

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

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

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

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

	31 August 2021			31 August 2020		
	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000
Chinese Yuan[A]	278,083	–	278,083	256,359	2	256,361
Hong Kong Dollar[A]	73,302	43	73,345	43,218	1,186	44,404
Indian Rupee	101,770	24	101,794	67,429	21	67,450
Indonesian Rupiah	16,968	1,415	18,383	26,859	99	26,958
Korean Won	100,336	2,735	103,071	65,867	–	65,867
Malaysian Ringgit	–	–	–	3,830	–	3,830
Philippine Peso	14,493	–	14,493	13,520	–	13,520
Singapore Dollar	34,146	–	34,146	39,255	–	39,255
Sri Lankan Rupee	57	1,553	1,610	9,344	–	9,344
Taiwanese Dollar	128,184	97	128,281	72,648	961	73,609
Thailand Baht	5,598	100	5,698	10,808	80	10,888
US Dollar[A]	–	9	9	–	4	4
Vietnamese Dong	13,857	2	13,859	11,690	2,081	13,771
	766,794	5,978	772,772	620,827	4,434	625,261
Sterling	–	2,912	2,912	–	5,823	5,823
Total	**766,794**	**8,890**	**775,684**	**620,827**	**10,257**	**631,084**

[A] If currency denomination of overseas investments is used then exposure for Chinese Yuan is £91,958,000 (2020 – £63,955,000), for Hong Kong Dollar £255,915,000 (2020 – £220,056,000) and for US Dollar £10,088,000 (2020 – £15,566,000).

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

	2021 £'000	2020 £'000
Chinese Yuan	27,808	25,636
Hong Kong Dollar	7,335	4,440
Indian Rupee	10,179	6,745
Indonesian Rupiah	1,838	2,696
Korean Won	10,307	6,587
Malaysian Ringgit	–	383
Philippine Peso	1,449	1,352
Singapore Dollar	3,415	3,926
Sri Lankan Rupee	161	934
Taiwanese Dollar	12,828	7,361
Thailand Baht	570	1,089
US Dollar	1	–
Vietnamese Dong	1,386	1,377
	77,277	**62,526**

Notes to the Financial Statements Continued

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

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets and the stock selection process, as detailed on page 13, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Other price risk sensitivity. If market prices at the reporting date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 August 2021 would have increased/decreased by £76,679,000 (2020 – increased/decreased by £62,083,000) and equity reserves would have increased/decreased by the same amount.

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

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

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

Liquidity risk exposure. At 31 August 2021, the Company had drawn down £40,000,000 from a £50,000,000 Revolving Facility Agreement with Scotiabank Europe, which matured on 27 September 2021. At the date of this Report the Company had drawn down £40,000,000 at a rate of 1.0327%. There was a further facility of £25,000,000 with Scotiabank Europe due for repayment on 29 July 2022, details of which are disclosed in note 13 on page 76.

Management of the risk

– investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty, including the Depositary, exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, the third party administrators' carries out a stock reconciliation to the Depositary's records on a daily basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Depositary's operations and reports its finding to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;

– cash is held only with reputable banks with high quality external credit enhancements.

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

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

		2021		2020
Current assets	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Loans and receivables	5,782	5,782	3,929	3,929
Cash and cash equivalents	5,000	5,000	11,390	11,390
	10,782	**10,782**	**15,319**	**15,319**

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

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

	2021 £'000	2020 £'000
In less than one year	66,838	10,666
In more than one year	–	24,995
	66,838	**35,661**

Fair value of financial assets and liabilities. As at 31 August 2021, there is no fair value long-term loan calculation as the loan is repayable in less than one year. As at 31 August 2020, the fair value long-term loan was calculated at £25,108,000 compared to an accounts value in the financial statements of £24,995,000 (note 13). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. The carrying values of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices.

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

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

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

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

All of the Company's investments are in quoted equities (2020 – same) which are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments as at 31 August 2021 of £766,794,000 (31 August 2020 – £620,827,000) has therefore been deemed as Level 1.

Notes to the Financial Statements Continued

20. **Related party transactions and transactions with the Manager.** Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on pages 54 and 55.

The Company has an agreement in place with Aberdeen Standard Fund Managers Limited for the provision of management and administration services, promotional activities and secretarial services. Details of transactions during the year and balances outstanding at the year end disclosed in notes 4 and 5.

At the year end the Company had £500,000 (31 August 2020 – £3,300,000) invested in Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund which is managed and administered by abrdn. The Company pays a management fee on the value of these holdings but no fee is chargeable at the underlying fund level.

21. **Capital management policies and procedures.** The Company's capital management objectives are:

– to ensure that the Company will be able to continue as a going concern; and

– to maximise the capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board has imposed a maximum gearing level of 20% of net assets.

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

The Company has no externally imposed capital requirements.

Corporate Information

The Manager is a subsidiary of abrdn plc. Assets under the management of the abrdn investment division, were equivalent to £532 billion at 30 June 2021.

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. 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 investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

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 August 2021 and 31 August 2020 and total return for the period.

2021	Dividend rate	NAV	Share price
31 August 2020	N/A	474.39p	416.00p
19 November 2020	4.75p	540.65p	479.50p
31 August 2021	N/A	566.60p	512.00p
Total return		**+20.5%**	**+24.3%**

2020	Dividend rate	NAV	Share price
31 August 2019	N/A	458.03p	402.50p
21 November 2019	4.75p	445.34p	396.50p
31 August 2020	N/A	474.39p	416.00p
Total return		**+4.7%**	**+4.6%**

Discount to net asset value per Ordinary share. The difference between the share price and the net asset value per Ordinary share expressed as a percentage of the net asset value per Ordinary share. The highest and lowest discount during the year is shown on page 26.

		31 August 2021	31 August 2020
NAV per Ordinary share (p)	a	566.60	474.39
Share price (p)	b	512.00	416.00
Discount	(a-b)/a	9.6%	12.3%

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

		31 August 2021	31 August 2020
Borrowings (£'000)	a	64,998	30,995
Cash (£'000)	b	5,000	11,390
Amounts due to brokers (£'000)	c	260	3,266
Amounts due from brokers (£'000)	d	4,150	2,133
Shareholders' funds (£'000)	e	706,929	599,431
Net gearing	(a-b+c-d)/e	**7.9%**	**3.5%**

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

	2021	2020
Investment management fees (£'000)	4,774	4,058
Administrative expenses (£'000)	1,102	1,070
Less: non-recurring charges[A] (£'000)	(18)	(49)
Ongoing charges (£'000)	**5,858**	**5,079**
Average net assets (£'000)	**707,217**	**573,046**
Ongoing charges ratio	**0.83%**	**0.89%**

[A] Comprises legal and professional fees which are not expected to recur.

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

Information about the Manager

Aberdeen Standard Fund Managers Limited

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

abrdn (Asia) Limited ("abrdn Asia")

abrdn Asia is the investment manager of the Company. abrdn Asia is based in Singapore and is a wholly-owned subsidiary of abrdn plc. Assets under the management of the combined investment division of abrdn were equivalent to £532 billion at 30 June 2021.

The Investment Team Senior Managers

Adrian Lim

The Company's Portfolio Manager

Adrian graduated with a B.Acc from Nanyang Technological University (Singapore) and is a Chartered Financial Analyst®. He was an associate director at Arthur Andersen before joining abrdn Asia in 2001. He became Manager to Asia Dragon in 2013.

Adrian is part of the investment team managing Indian Equities and covers South Asia with his Singapore-based colleagues. He also sits on the Asia Pacific ex Japan Equities investment team, where he is responsible for company research and portfolio construction.

Pruksa Iamthongthong

The Company's Portfolio Manager

Pruksa graduated with a BA in Business Administration from Chulalongkorn University, Thailand and is a Chartered Financial Analyst®. She joined abrdn Asia in 2007 and became Co-manager to Asia Dragon in 2019.

Pruksa is part of the investment team managing Chinese Equities and jointly covers Greater China with her Singapore and Hong Kong-based colleagues. She also sits on the Asia Pacific ex Japan Equities investment team, where she is responsible for company research and portfolio construction.

Hugh Young

Managing Director, abrdn Asia

Hugh graduated with a BA in Politics from Exeter University. He started his investment career in 1980 and has been in charge of abrdn Asia's Far East funds since 1985.

Flavia Cheong

Head of Equities, abrdn Asia

Flavia graduated with a Masters in Economics from University of Auckland. She started her investment career in 1987 at Investment Company of the People's Republic of China and Development Bank of Singapore before joining abrdn Asia in 1996.

Chartered Financial Analyst® is a registered trademark owned by CFA Institute.

Investor Information

How to Invest

Investors can buy and sell shares in Asia Dragon Trust plc (the "Company") directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for retail clients, shares may be bought directly through the abrdn Investment Trust Share Plan, Individual Savings Account ("ISA") and Investment Plan for Children.

abrdn Investment Trust Share Plan

abrdn operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable on purchases. 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 abrdn in writing at any time.

abrdn Investment Trust ISA

abrdn operates an Investment Trust ISA ("ISA") through which an investment made be made of up to £20,000 in the tax year 2021/22.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can 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 deducted on 31 March (or the last business day in March) 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. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

abrdn Investment Plan for Children

abrdn operates 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 (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. 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 purchases. 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 abrdn in writing at any time.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in the abrdn Investment Trust Share Plan, Investment Trust ISA or Investment Plan for Children are held in nominee accounts and investors have full voting and other rights of share ownership.

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2021/22 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

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.

Investor Information Continued

Keeping You Informed

The Company's share price is listed in the Financial Times. Information on the Company can be found on its dedicated website (**www.asiadragontrust.co.uk**) and the TrustNet website (**www.trustnet.co.uk**). This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Twitter:
twitter.com/abrdnTrusts

LinkedIn:
linkedin.com/company/abrdn-trusts

Details on the Company or literature and application forms on the abrdn managed savings products can be found:

Website: **www.invtrusts.co.uk**
Email: **inv.trusts@abrdn.com**
Tel: **0808 500 0040**

Address: abrdn Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB

Terms and conditions for the abrdn investment trust products can be found under the Literature section of this website.

Company's Registrars

Alternatively, if you have an administrative query which relates to a direct holding, please contact the Company's Registrar, as follows:

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

Shareholder helpline: 0371 384 2499
Shareview enquiry line: 0371 384 2020
Overseas helpline: +44 (0) 121 415 7047

(Lines open 9.00am to 5.00pm, Monday to Friday excluding public holidays in England and Wales. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider).

Pre-investment Disclosure Document ("PIDD")

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager of the Company, to make available to investors certain information prior to such investors' investment in the Company.

The Company's PIDD is available for viewing on its website.

PRIIPS (Packaged Retail and Insurance-based Investment Products)

Investors should be aware that the PRIIPS Regulation requires the Manager, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The KID relating to the Company and published by the Manager can be found on the Manager's website at: **invtrusts.co.uk/en/investmenttrusts/literature-library**.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors primarily in the UK, including retail investors, professional-advised private clients and institutional investors who seek total returns from investment in Asian markets 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 so that securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are not subject to the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

Online Dealing providers and platforms

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company, such as self-invested personal pension (SIPP). 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.

Discretionary Private Client Stockbrokers

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

Financial Advisers

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

Regulation of Stockbrokers

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

Tel: **0800 111 6768** or
Website: **fca.org.uk/firms/systems-reporting/register/search**
Email: **register@fca.org.uk**

Investor Warning: Be alert to share fraud and bolier room scams

abrdn is aware that some investors have received telephone calls and emails from people, purporting to work for abrdn or for third party firms, who have offered to buy their investment company shares. abrdn Investments has also been notified of emails claiming that certain investment companies under their management have issued claims in the courts against individuals.

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/senders do not work for abrdn and any third party making such offers has no link with abrdn. abrdn never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact abrdn's investor services centre using the details provided above.

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

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 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.

Glossary of Terms and Conditions

abrdn plc or the Group
The abrdn plc group of companies. abrdn plc (previously known as Standard Life Aberdeen plc) was formed by the merger of Aberdeen Asset Management plc and Standard Life plc on 14 August 2017.

ASFML, AIFM or Manager
Aberdeen Standard Fund Managers Limited ("ASFML") is a wholly owned subsidiary of abrdn plc and acts as the Alternative Investment Fund Manager ("AIFM") for the Company. It is authorised and regulated by the Financial Conduct Authority.

abrdn Asia or Investment Manager
abrdn (Asia) Limited ("abrdn Asia" or "Investment Manager") is a subsidiary company of abrdn plc which has been delegated responsibility for the Company's day-to-day investment management.

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.

AIFMD
Alternative Investment Fund Managers Directive

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 net asset value 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.

FCA
Financial Conduct Authority

Key Information Document (KID)
The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website.

Leverage
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.

Listing Rules
The Financial Conduct Authority's Listing Rules are a set of regulations that are applicable to all companies that are listed on the London Stock Exchange.

Net Asset Value ("NAV")
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Net Gearing
Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.

NMPIs
Non-mainstream pooled investment products.

Ongoing Charges
Ratio of ongoing expenses expressed as percentage of average daily shareholders' funds calculated as per the industry standard.

Pre-Investment Disclosure Document ("PIDD")
The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a PIDD, which can be found on the Company's website.

Premium
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.

Price/Earnings Ratio
The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loan 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.

Total Assets
Total Assets less current liabilities (before deducting prior charges as defined above).

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Trust on the date to which that dividend was earned, eg half year or year end date.

Your Company's Share Capital History

Issued Share Capital at 31 August 2021

159,611,677 Ordinary shares of 20p (of which 34,845,327 are held in treasury).

Capital History

Issued Share Capital at 31 August 2021
1,592,103 Ordinary shares were repurchased into treasury.

Year to 31 August 2020
2,390,395 Ordinary shares were repurchased into treasury.

Year to 31 August 2019
In January 2019, following a Tender Offer for up to 30% of the Ordinary shares of the Company at a discount of 2 per cent. to Formula Asset Value, 30% of the Ordinary shares (55,692,676 shares) were repurchased for cancellation at the repurchase price of 388.69p per share. 2,496,885 Ordinary shares were repurchased into treasury.

Year to 31 August 2018
14,405,297 Ordinary shares were issued following the final conversion of £44,678,748 nominal of CULS. 18,208,444 Ordinary shares were repurchased into treasury.

Year to 31 August 2017
4,868,554 Ordinary shares were issued following elections by CULS holders to convert £15,100,040 nominal of CULS. 4,636,200 Ordinary shares were repurchased into treasury.

Year to 31 August 2016
2,658 Ordinary shares were issued following elections by CULS holders to convert £8,254 nominal of CULS. 3,577,800 Ordinary shares were repurchased into treasury.

Year to 31 August 2015
3,085 Ordinary shares were issued following elections by CULS holders to convert £9,582 nominal of CULS. 352,000 Ordinary shares were repurchased for cancellation and 1,943,500 Ordinary shares were repurchased into treasury.

31 August 2011 - 31 August 2014
30,409 Ordinary shares were issued following elections by CULS holders to convert £94,389 nominal of CULS.

Year to 31 August 2011
In January 2011, the Company issued £60 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS). In August 2011, 35,131 Ordinary shares were issued following elections by CULS holders to convert £108,987 nominal of CULS.

Year to 31 August 2010
In January 2010, following a Tender Offer for up to 15% of the Ordinary shares of the Company at a discount of 3 per cent. to Formula Asset Value, 15% of the Ordinary shares (34,643,156 shares) were repurchased for cancellation at the repurchase price of 197.2794p per share.

2006-2009
6,122,500 Ordinary shares were repurchased for cancellation in the year to 31 August 2008 and 200,000 Ordinary shares were repurchased for cancellation in the year to 31 August 2007.

1993 – 2005
In 1995 and 1996 the Company issued 841,571 Ordinary shares at a premium to the NAV.

All of the 5,864,444 warrants 1996 were converted in the period up to 31 January 1996, the final conversion date.

During the period 1998 - 2000 the Company repurchased 43,760,874 Ordinary shares for cancellation.

Prior to their final conversion date in 2005, 421,540 warrants 2005 were converted into Ordinary shares and 8,926,018 warrants 2005 were purchased for cancellation. The final conversion of 10,508,903 warrants 2005 took place in 2005.

1987 – 1993
The Company was launched in 1987 with a share capital of 120,000,000 Ordinary 5p shares and 24,000,000 warrants 1996. In 1989, following a placing and open offer, 192,000,000 Ordinary 5p shares and 38,400,000 warrants 2005 were issued. In April 1993, following the acquisition of Drayton Asia Trust plc, the Company issued 740,002,520 Ordinary shares and 42,086,268 warrants 2005. During the period 1987-1993, 542,223 warrants 1996 and 1,060,423 warrants 2005 were converted into Ordinary shares. In November 1993, following a four for one consolidation, the Company's issued share capital was 263,401,291 Ordinary 20p shares, 5,864,444 warrants 1996 and 19,856,461 warrants 2005.

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Aberdeen Standard Fund Managers Limited ("ASFML") 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. There have been no material changes to the disclosures contained within the PIDD since its publication in November 2020.

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

- Information on the investment strategy 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 Secretary, Aberdeen Asset Managers Limited on request (see contact details on page 101) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2020 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 August 2021	1.18:1	1.18:1

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 have been no changes to the circumstances in which the Company may be required to post assets as collateral and no 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 information on this page 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 in the United Kingdom.

General

Notice of Annual General Meeting

Notice is hereby given that the thirty-third annual general meeting of Asia Dragon Trust plc will be held at the offices of abrdn, 6 St Andrew Square, Edinburgh on 15 December 2021 at 12:00 noon to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 12 inclusive will be proposed as ordinary resolutions and resolutions 13 to 15 inclusive will be proposed as special resolutions:

Ordinary Business

As ordinary business to consider and, if thought fit, pass the following resolutions:

1. To receive the reports of the Directors and auditor and the audited financial statements for the year to 31 August 2021.
2. To receive and adopt the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, for the year to 31 August 2021.
3. To approve payment of a final dividend of 6.5p per Ordinary share.
4. To re-elect James Will as a Director of the Company.
5. To re-elect Gaynor Coley as a Director of the Company.
6. To re-elect Susan Sternglass Noble as a Director of the Company.
7. To re-elect Charlie Ricketts as a Director of the Company.
8. To re-appoint PwC LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
9. To authorise the Directors to determine the remuneration of the auditor for the year to 31 August 2022.

Special Business

10. To continue the Company as an investment trust company.
11. That, subject to the passing of resolution 10 as set out above, the Company shall offer five-yearly performance-related conditional tender offers in accordance with the terms and performance criteria set out on pages 8 and 9 of the Company's annual report for the year ended 31 August 2021.
12. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("securities") up to an aggregate nominal amount of £8.23 million or, if less, the number representing 33.3% of the Company's issued Ordinary share capital as at the date of passing of this resolution, such authority to expire on 28 February 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.
13. That, subject to the passing of resolution 12 as set out above and in substitution for any existing power under Sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority under Section 551 of the Act conferred by resolution 12 or by way of a sale of treasury shares (within the meaning of Section 560 (3) of the Act) as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall:

(i) be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal amount of £1.25 million or, if less, the number representing 5% of the Company's issued Ordinary share capital as at the date of passing of this resolution; and;

(ii) expire on 28 February 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities or sell treasury shares to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Notice of Annual General Meeting Continued

14. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 20p each in the capital of the Company ("shares") and to cancel or hold in treasury such shares, provided that:

(i) the maximum aggregate number of shares hereby authorised to be purchased is 18.7 million or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;

(ii) the minimum price which may be paid for a share shall be 20p (exclusive of expenses);

(iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and;

(iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 28 February 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

15. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution.

By order of the Board
Aberdeen Asset Managers Limited
28 October 2021

Registered office:
1 George Street
Edinburgh EH2 2LL

NOTES:

(i) A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share.

(ii) A form of proxy for use by shareholders is enclosed with this document. Completion and return of the form of proxy will not prevent any shareholder from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority at the address stated thereon, so as to be received not later than 12:00 noon on 13 December 2021.

(iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 6.30pm on 13 December 2021 (or, in the event that the Meeting is adjourned, at 6.30pm on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. 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.

(v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) no later than 12:00 noon on 13 December 2021 (or in the event the Meeting is adjourned no later than 48 hours (excluding non-working days) before the time of the adjourned 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 Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) 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.

(viii) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above does not apply to nominated persons. The rights described in these notes can only be exercised by members of the Company.

(ix) No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection at the Meeting venue for at least 15 minutes prior to the Meeting and during the Meeting.

(x) As at close of business on 28 October 2021 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 124,100,797 Ordinary shares of 20 pence each and there were a further 35,510,880 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 28 October 2021 is 124,100,797. Treasury shares represent 22.2% of the total issued Ordinary share capital (inclusive of treasury shares).

(xi) Any person holding 3% or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

(xii) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

(xiii) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: The Company Secretary, Asia Dragon Trust plc, 1 George Street EH2 2LL.

(xiv) Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, **www.asiadragontrust.co.uk.**

Notice of Annual General Meeting Continued

(xv) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:

- answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

(xvi) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xvii) There are special arrangements for holders of shares through the abrdn Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

(xviii) If the law or Government guidance so requires at the time of the meeting, for example as a result of the COVID-19 pandemic,, the Chairman will limit, in his/her sole discretion, the number of individuals in attendance at the meeting. The Chairman of the meeting may impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

Corporate Information

Directors
James Will (Chairman)
Gaynor Coley
Kathryn Langridge
Susan Sternglass Noble
Charlie Ricketts

Manager, Secretary and Registered Office
Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Website: **www.abrdn.com**

(authorised and regulated by the Financial Conduct Authority)

Investment Manager
abrdn (Asia) Limited

(a subsidiary of abrdn plc which is authorised and regulated by the Financial Conduct Authority)

Secretary and Registered Office
Aberdeen Asset Managers Limited
1 George Street
Edinburgh EH2 2LL
Telephone: 0131 528 4000

(authorised and regulated by the Financial Conduct Authority)

Website
www.asiadragontrust.co.uk

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

Telephone: 0371 384 2499
Website: **www.equiniti.com**

Depositary
BNP Paribas Securities Services, London Branch

Auditor
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Broker
Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Foreign Account Tax Compliance Act ("FATCA") Registration Number ("GIIN")
IRS Registration Number (GIIN): 2WA1VW.99999.SL.826

Legal Entity Identifier ("LEI")
549300W4KB0D75D1N730

Company Registration Number
SC106049

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