Asia Dragon Trust plc

Capturing growth from world-class Asian companies

Annual Report
31 August 2020

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, Aberdeen Standard Investments (the investment arm of Standard Life Aberdeen plc group of companies).

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**

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"The region remains the fastest-growing in the world, with structural trends that will play out in the years to come."

James Will, Chairman

"Despite the uncertain landscape, the drivers of Asia's long-term growth are intact. The holdings in your Company's portfolio are solid franchises, with sustainable earnings streams and robust balance sheets. We believe that the quality of the portfolio's holdings should ensure that the Trust can continue to deliver sustainable returns."

Adrian Lim and Pruksa Iamthongthong, Aberdeen Standard Investments (Asia) Limited

Highlights and Financial Calendar

Net asset value total return[A]

+4.7%

2019 +9.8%

Share price total return[A]

+4.6%

2019 +10.0%

Benchmark total return[A] (in sterling terms)

+10.9%

2019 +0.3%

Ongoing charges[A]

0.89%

2019 0.83%

Earnings per share (revenue)

5.01p

2019 4.87p

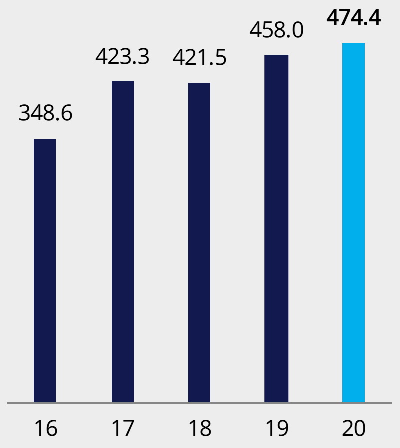
Dividend per share

4.75p

2019 4.75p

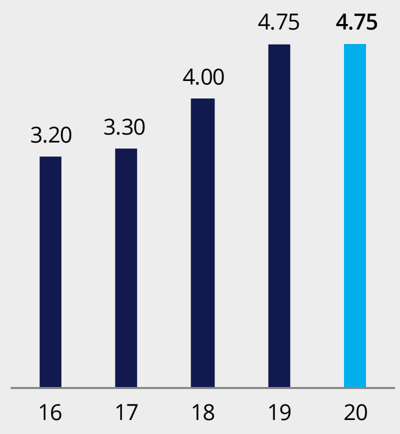
[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 80 and 81.

Net asset value per share



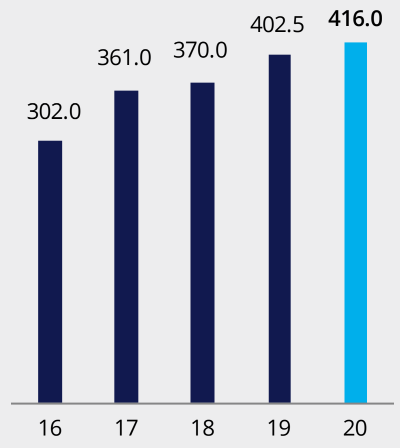
At 31 August – pence

Dividends per share



pence

Mid-market price per share



At 31 August – pence

Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2020	4.75p	19 November 2020	20 November 2020	15 December 2020
Final 2019	4.75p	21 November 2019	22 November 2019	17 December 2019

"While performance has been disappointing over the very challenging recent period, over three years the NAV has increased by 17.5%, versus the benchmark's 13.6% return."

James Will, Chairman

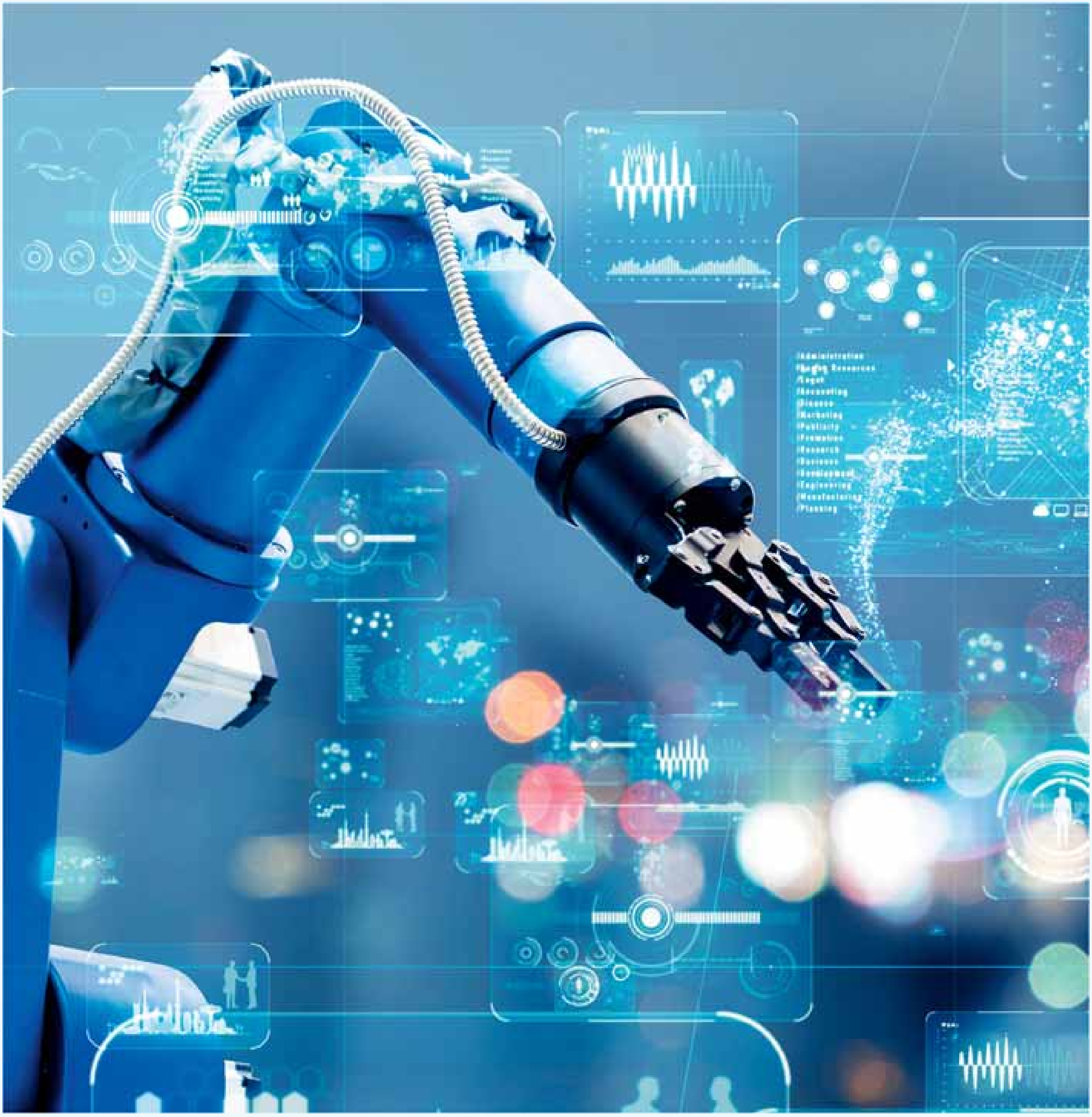
Financial Calendar

Financial year end	31 August 2020
Annual General Meeting	10 December 2020
Payment of Final Dividend	15 December 2020

Highlights

	31 August 2020	31 August 2019	% change
Performance			
Equity shareholders' funds (£'000)	599,431	589,708	+1.6
Net asset value per share (capital return basis) (basic) (p)	474.39	458.03	+3.6
Share price (capital return basis) (p)	416.00	402.50	+3.4
Market capitalisation (£'000)	525,651	518,214	+1.4
MSCI AC Asia (ex Japan) Index (in sterling terms; capital return basis)	1012.62	935.63	+8.2
Revenue return per share (basic) (p)	5.01	4.87	+2.9
Total return per share (basic) (p)	19.94	23.90	–16.6
Gearing			
Net gearing (%)[A]	3.5	3.5	
Discount			
Discount to net asset value (basic) (%)[A]	12.3	12.1	
Operating costs			
Ongoing charges ratio[A]	0.89	0.83	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 80 and 81.

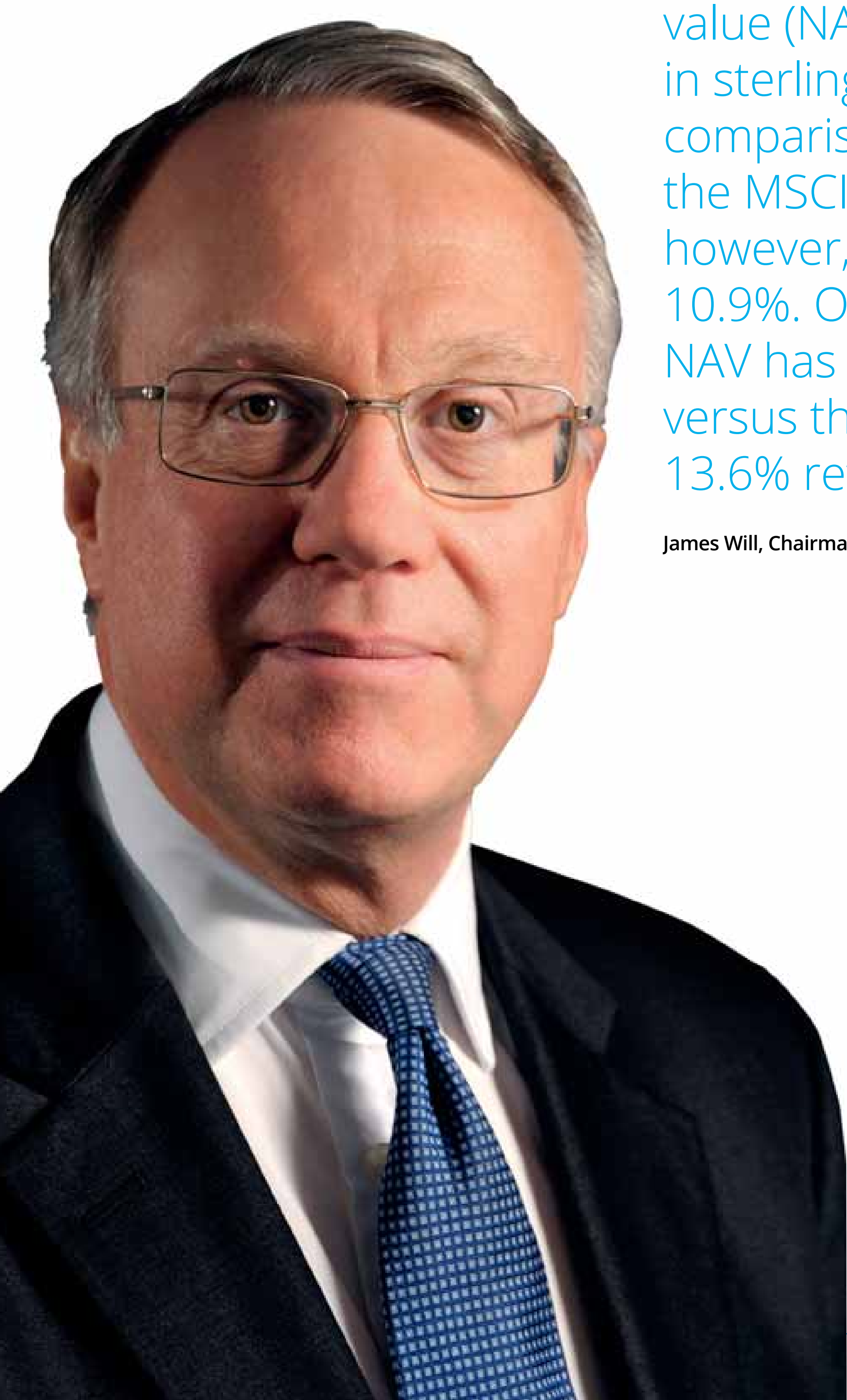


Midea
Midea is a Chinese white goods manufacturer with a solid position in most categories in China. It is the top player in air conditioners and among the leading players in refrigerators and washing machines. It is perceived as a mass market brand with a diverse product portfolio. Its competitive edge also comes from good brand equity, strong execution and management bench as well as corporate governance. The business is highly cash generative with steady free cash flow.

Strategic Report

The Company is an investment trust and aims to achieve long-term capital growth principally through investment in listed companies 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 by 4.7% in sterling terms. In comparison, the benchmark, the MSCI Asia ex Japan Index, however, did better, rising 10.9%. Over three years, the NAV has increased by 17.5%, versus the benchmark's 13.6% return."

James Will, Chairman

Results

It was a year of two halves for Asian markets. The optimism of the first six months was obviously eclipsed by the spread of Covid-19 across the world in the latter half, which sparked unprecedented market turmoil. Amid such a challenging environment, the Company's net asset value (NAV) rose by 4.7% in sterling terms. In comparison, the benchmark, the MSCI Asia ex Japan Index did better, rising 10.9%. The share price rose by 3.4% to 416p as at 31 August 2020 and the discount to NAV per share was broadly unchanged,12.3% (2019 – 12.1%). While performance has been disappointing over the very challenging recent period, over three years the NAV has increased by 17.5%, versus the benchmark's 13.6% return.

Market Background and Portfolio

In the first six months, stocks seemed tethered to the vagaries of US-China relations. As the world's two largest economies approached a trade deal near the end of 2019, markets jumped. The rally, however, was short-lived as the spread of Covid-19 from China to the rest of the world triggered a historic sell-off in March.

The Covid-19 lockdowns and the impact upon consumer spending, travel tourism and many other industries have been widely reported. This triggered a slump in the oil price, along with a collapse in talks between Saudi Arabia and Russia as well as recession fears. Companies began to withdraw their earnings forecasts and cut dividends. Faced with severe economic pain, central banks and governments unleashed unprecedented monetary and fiscal support. This supported sentiment and stocks recovered. While Covid-19 infection rates stabilised, allowing a gradual re-opening in some countries, this re-opening has not been universal and business activity has languished. In certain sectors, such as travel and hospitality, job losses have increased and some companies have struggled to stay afloat.

The impact of the pandemic was uneven. On one level, it depended on the efficiency of policymakers. For example, China and Taiwan dealt with the virus deftly and were able to re-focus quickly on reviving their economies. However, India and Indonesia are still grappling with high Covid-19 infection rates at the time of writing. On another level, the more trade-dependent economies, including Singapore, faced the brunt of weak external demand. As a result, the Trust's higher exposure to India and Singapore hurt performance.

Meanwhile, Hong Kong was caught in the worsening political crossfire between Washington and Beijing. After China passed a national security law for Hong Kong, the US revoked the former British colony's special economic status. This created economic uncertainty and cast a pall over the stockmarket. While the Trust divested some holdings, such as Standard Chartered, during the period, this was due to the waning outlook of those individual stocks. Your Manager continues to be selective in investing in good quality companies in the Hong Kong market.

Amid the gloom, a silver lining emerged. The sharp drop in share prices, especially in February and March, gave your Manager the opportunity to buy into attractive stocks that were previously too expensive. These companies were a mix of both old and new economy with businesses tied to long-term trends, such as rising consumption, technological innovation and clean energy. Your Manager also views such companies as being in sectors that should benefit from structural changes arising from Covid-19, such as working from home arrangements. Pleasingly, some of these new holdings have started to boost the portfolio's returns. These include Taiwan-listed integrated-circuit maker Silergy, Chinese "super app" Meituan Dianping and fabric manufacturer Shenzhou International. Conversely, your Manager sold some lenders which were hindered by the low interest-rate environment, such as Public Bank and Bank Rakyat Indonesia. Holdings which faced increasing pressure from deteriorating US-China tensions were also sold, such as Hangzhou Hikvision and Sunny Optical. You will find more details about the portfolio's performance and activity in the Manager's Review.

As a result, the portfolio's overall make-up has changed. Your Manager is investing more in Taiwan, South Korea and China, markets with better growth prospects, while reducing exposure to Singapore and India. In particular, the large market swings in February and March resulted in indiscriminate selling, providing your Manager with opportunities to acquire good quality stocks at attractive valuations. Your Manager is also giving further thought to the structural impact of the pandemic on economies and industries and broader geopolitical shifts.

In times of upheaval, your Manager's investment process and style and focus on world-class Asian companies should provide reassurance. The process of careful due diligence, and meeting companies' management before initiating a holding in a stock, results in better quality holdings. In particular, the portfolio has lower debt to equity, higher profit margins and also provides a better return on equity compared to the wider universe of listed stocks in the region. These are important in these trying times, when companies with robust fundamentals have had better access to capital markets.

Chairman's Statement Continued

Aside from fundamentals, the pandemic has also led to a greater focus on environmental, social and governance (ESG) issues which we welcome. The pandemic has highlighted how important it is for companies to manage business risks well, including those related to workers' health and safety, and social responsibility in responding to a crisis. Your Manager embeds ESG in its investment process as a key part in how it analyses a company holistically. You will find further details on the Manager's engagement with the portfolio's holdings in the investment case studies on pages 31 to 32.

Marketing

The Board and the Manager continue to focus on the effective marketing of the Company, particularly to individual investors. As many individual investors increasingly select their own investments through online platforms, it is important for most investment companies to market themselves effectively to such individuals.

The Board believes that reinforcing the Company's essential message, as a long-term, cornerstone investment in Asia aiming for capital growth from world class Asian companies, resonates well with many individual investors.

Successfully stimulating additional demand for the Company's shares should assist in the reduction of discount volatility and, over time, increase liquidity.

Gearing

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 £50 million three-year loan facility, of which £25 million is fixed and fully drawn down and £25 million is revolving. At 31 August 2020, £6 million of the revolving facility was drawn down and the Trust's net gearing position was 3.5% (2019 – 3.5%).

The Manager has been prudent in the use of gearing during the year which has helped to cushion performance during the sell-off. Subsequent to the year end, the Manager has drawn down the remainder of the revolving facility (£19 million) in order to fund investments in attractive opportunities which may arise during this period of uncertainty and volatility.

The Manager continues to monitor closely gearing levels and bank covenants. As at 28 October 2020 the Company's net assets stood at £643 million and net gearing was 7.8%. The Company is pleased to report that these levels remain comfortably within the covenant limits.

Discounts and Share Buybacks

The Board seeks to manage the Company's discount in line with its peer group. 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 2020, 2.4 million shares were bought back into treasury at a cost of £9.7 million. Since the period end, a further 403,116 shares have been bought back into treasury at a cost of £1.8 million. The discount at the end of August 2020 was 12.3% compared to 12.1% at the previous year end. As at 28 October 2020, the discount was 12.0%.

Revenue Account

The Company's revenue return per share marginally increased to 5.01p for the year to 31 August 2020 (2019 – 4.87p). 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. This policy would have resulted in a slightly lower dividend than last year but, given the current environment, the Board believes it is more desirable to maintain the dividend level and therefore, recommends the payment of a final dividend of 4.75p per Ordinary share. The dividend, if approved by shareholders at the Annual General Meeting, will be paid on 15 December 2020.

The Company has historically charged 100% of its management fee and financing costs to revenue. Following a review, the Board has agreed a change in this allocation to 75% capital and 25% to revenue which will take effect from 1 September 2020. The revised allocation is in line with the AIC's statement of recommended practice which recommends that an investment trust recognises expenses between income and capital that reflects its expected returns over the longer term.

Monitoring of the Manager

The Board continues to monitor closely the Manager's operations and performance in the light of the key refinements made by the Manager since 2017 to its investment process. These refinements followed an evaluation of the Manager conducted by the Board in 2017. While the NAV performance of the Company was behind the benchmark in the year to 31 August 2020, the Board is encouraged by the Company's NAV performance over the three year period to 31 August 2020 which, as I mentioned above, is 3.9% ahead of the Company's benchmark for that period.

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. As part of the Board's succession planning, Susan Sternglass Noble was appointed as a non-executive Director on 7 August 2020. Susan has over 30 years' experience of investment management and analysis, specialising in financial sector equities, with a focus on global, European and Asian mandates. Peter Maynard, having served nine years on the Board, will retire following the conclusion of the AGM. On behalf of the Board, I should like to thank Peter for his invaluable contribution.

Amendments to the Articles of Association

The Board will seek approval from shareholders at the AGM to adopt new, updated, Articles of Association for the Company. The changes proposed primarily reflect changes in law and regulation, and developments in market practice. Details are provided in the Appendix to the Notice of the AGM.

Against the background of the current pandemic, the new Articles will allow for virtual/hybrid general meetings to be held, and conducted in such a way that persons who are not present together at the same physical location may attend, speak and vote at the meeting by electronic means. The Directors, however, have no present intention of holding wholly virtual meetings. These provisions will only be used where the Directors consider it is in the best interests of shareholders for a virtual or hybrid meeting to be held, such as in the current environment. Nothing in the new Articles will prevent the Company from continuing to hold physical general meetings, which is indeed the firm preference of the Directors.

Annual General Meeting ("AGM")

The Board have been closely monitoring the impact of the Covid-19 pandemic upon the arrangements for the Company's upcoming AGM. The intention is to hold the AGM at 9.00 am on 10 December 2020 at the offices of Aberdeen Standard Investments in Edinburgh.

In the light of the developing Government guidance and measures, including the restrictions on public gatherings and maintaining social distancing, and the possibility that these measures will remain in place until December, this year's AGM will follow the minimum legal requirements for an AGM. Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business concluded. Other shareholders will, almost certainly, be precluded from attending.

Accordingly, the Board strongly advises that all shareholders should not attend the AGM in person and instead exercise their votes in respect of the meeting in advance. Any questions which shareholders may have should be submitted to the company secretary at asiadragontrust@aberdeen-asset.co.uk.

The Board considers these arrangements to be in the best interests of shareholders in the current circumstances.

Outlook

After about six months, the world is starting to adjust to a new normal. As we learn more about Covid-19, expectations as to what governments need to do are more clear. We are also seeing progress in developing potential vaccines and treatments. We would expect monetary and fiscal support to continue until economies show concrete signs of getting back on track. This should support stock prices in the short to medium term. However, US-China tensions remain a key concern, with more noise expected ahead of the US presidential elections in November. In Hong Kong, while social unrest and the pandemic unnerved investors, the market is being bolstered by returning US-listed Chinese companies amid the intensifying glare of regulatory scrutiny. Elsewhere, the worsening relations between China and India also bears monitoring.

All things considered, I believe Asia's appeal remains undimmed. It is home to many good quality companies, with clear earnings streams, robust balance sheets and healthy cash levels. The region remains the fastest-growing in the world, with structural trends that will play out in the years to come. Your Manager's focus on quality world-class companies will position the Trust well to deliver sustainable returns over the long term.

For Asia Dragon Trust plc
James Will
Chairman
29 October 2020

Investment Manager's Review

Adrian Lim and Pruksa Iamthongthong, Aberdeen Standard Investments (Asia) Limited

Portfolio review

In a year marred by a pandemic that sparked the steepest economic downturn in recent memory, Asian equities still managed a double-digit return. Markets suffered heavy losses in early 2020 when the deadly coronavirus (Covid-19) began to spread worldwide but they rebounded robustly as massive fiscal and monetary stimulus inflated asset prices. For the year, the MSCI Asia ex Japan Index increased by 10.9%. In comparison, your Company's net asset value rose by 4.7%, while the share price climbed 4.6%.

While we were disappointed by the underperformance, much of the stockmarket exuberance was fuelled by excessive liquidity. The unparalleled monetary stimulus sent interest rates to record lows. As a result, riskier assets with higher yields appeared more attractive. Investors also shrugged off weak economic and corporate forecasts, focusing instead on hopes of a vaccine that would enable the world economy to get back on track. The portfolio, with its holdings selected carefully for their quality and defensive traits, tends to lag in such sentiment-driven markets.

That said, there are grounds for optimism. Markets have turned volatile again after the review period ended. In our view, this reflects mounting unease over the prevailing risks and could signal a renewed focus on company fundamentals which should be positive for the portfolio's holdings. During the year, we also took advantage of market swings to introduce several new holdings to the portfolio. These are quality companies with good growth potential and should position the Trust for a post-pandemic world.

Turning to performance, major areas of weakness included the exposure to India and Singapore. These have long been among our favoured regional markets because of the quality of their companies. But both countries found the going tough after the pandemic outbreak.

India struggled to contain Covid-19 and had the second highest number of cases globally. Share prices suffered from the impact on an economy that was already losing steam. Financial stocks, in particular, suffered as anaemic credit growth and government-imposed loan moratoriums amplified concerns about bad debts. The Trust's holdings, including mortgage provider **Housing Development Finance Corp** (HDFC), were caught in the ensuing selloff. Nonetheless, we retain a high level of conviction in HDFC, which remains one of India's best private-sector financial institutions. It is managed well, with a conservative loan profile and excellent asset quality that sets it apart from its peers. In addition, the still-growing home mortgage market, coupled with supportive government policies on affordable housing and favourable demographics, underpin its prospects.

Meanwhile, Singapore faced its own Covid-19 challenges as a spike in cases at migrant worker dormitories forced a costly two-month lockdown. Its open economy fell into recession, with manufacturing, retail and travel bearing the brunt of the curbs and weak external demand. Heavyweight bank stocks, including **OCBC**, pulled back amid slowing growth and falling interest rates. For some investors, the Central Bank's call to cap dividends was another concern. Given the cautious outlook, we felt it prudent to reduce the exposure to the banks. That said, we expect OCBC, along with other Singapore holdings, to overcome these challenges. Their capital positions should stay robust even after factoring in a potential build-up in non-performing loans and profit declines.

More positively, China contributed the most. **Tencent**, now the Trust's largest holding, was also among the best performers as it enjoyed soaring demand for its mobile games and social-media offerings, with users forced to stay home. Forecasts of better profits, amid expectations that its upcoming game-launch cycle would be its best since 2008, also buoyed its shares. We like Tencent because it is a high-quality diversified player, with corporate governance standards superior to most of its rivals. Another holding that benefited from pandemic-related trends was biologic drugs services provider **Wuxi Biologics**. Global demand for outsourced drug research held steady, with new Covid-19 projects further boosting Wuxi's earnings.

Furthermore, some of our domestic-oriented consumer holdings enjoyed impressive rebounds too as the economic re-opening gathered pace. Notably, **China Tourism Duty Free Group's** shares more than doubled amid the resumption of domestic travel and more favourable duty-free shopping polices at the Hainan resort island. Liquor maker **Kweichow Moutai** rallied on resilient sales of its premium *baijiu*, reflecting its unrivalled brand equity.

These more than offset the negative impact of not holding Alibaba. Alibaba's shares had risen on the back of solid sales, coupled with positive sentiment from the planned listing of its digital-payments unit, Ant Group. Outside China, the Trust's other exposures within Northeast Asia proved rewarding too. Portfolio stalwarts, **Taiwan Semiconductor Manufacturing Co** (TSMC) and **Samsung Electronics** outperformed too. Increased online activity and work-from-home lifted demand for chips used to power electronics and servers, lifting their earnings. Expectations that they stood to gain from US giant Intel's plans to outsource some production of advanced chips gave both companies' share prices a further boost. We believe the pair will continue to perform well, with structural themes, including 5G networks, cloud computing and the Internet of Things driving potential new demand in the semiconductor segment.

As for portfolio activity, the bulk of new holdings came from the "new economy". This was not a rush into "flavour of the month" plays, but the result of considered work into companies and industries that will be well placed once the world is past Covid-19. In line with our investment philosophy, we have continued to take a disciplined approach, focusing on well-managed businesses with solid financials, clear competitive advantages and promising prospects.

Notably, we have done substantial work on the technology sector, and identified compelling prospects within growing niches. One area of interest was data centres, which we think will be the engines of the next wave of digital growth. Here, we invested in two data-centre providers in China. The first was **Beijing Sinnet Technology,** which also offers broadband and cloud services. Trends, such as 5G networks and the internet of things, are expected to propel demand for its services. Furthermore, the company has made good progress on the environmental, social and governance (ESG) front. Within months after we urged the company to improve disclosures, it issued a report outlining its efforts on environmental protection, staff treatment and corporate structure. The other addition was **GDS**, which is well-placed to benefit from the structural growth of cloud adoption. The company has invested amply to grow the business, while margins have improved along with scale.

We are also upbeat about prospects for electric vehicles (EV). Therefore, we introduced Korea's **Samsung SDI.** A cash-generative electronic materials and display segment forms a solid base for the company to build up its EV business. Alongside LG Chem, it is among the five most dominant players in the EV batteries market, where barriers to entry are high. The initial capital investment required is hefty, along with the need for sustained investment in new technologies. The push for cleaner energy sources further supports SDI's prospects.

Outside the tech sector, we see promise in shifting consumption patterns, with the pandemic speeding up adoption of internet shopping and online payments. In China, we initiated **Meituan Dianping,** which is uniquely placed to tap into this trend. It has used its core food delivery business as a base to build a super app, including travel bookings, beauty treatments and wedding services. We believe it has the potential to become a powerful lifestyle platform, given the rapid growth in users, merchants and transactions. We also bought India's **Info Edge,** a domestic leader in online classifieds and restaurant bookings. Unlike most peers, Info Edge is profitable. Its portfolio of promising dot.com start-ups further sets it apart. We also like its financial discipline, reflected in a steady balance sheet and solid cash position.

Apart from these, we introduced a few stocks from more traditional sectors on attractive valuations as well. **China Vanke**, for example, is one of the biggest real estate groups in the mainland. It has interests in logistics, residential housing and warehousing. Operating in 80 cities, it is among the most established developers, with professional management to ensure sustainable growth. Although its shares have lagged in 2020, we see room for a re-rating as it unlocks value from its non-residential assets.

Elsewhere, we added select names from fast-developing frontier markets. In Vietnam, we initiated **Mobile World**, the country's biggest retailer in mobile devices and consumer electronics, which has branched out to groceries too. Vietnam's expanding middle class, coupled with the growth of the modern retail sector, underpins its prospects. We also included **Commercial Bank of Ceylon**, a prudent Sri Lankan lender with a strengthening digital platform. During the crisis, it pruned its lending portfolio in response to moratoriums on loan repayments. Its profits and balance sheet remained steady, supporting a decent dividend yield. Efforts to align its practices to the United Nations' sustainable development goals underscore its progressive approach towards ESG.

Investment Manager's Review Continued

Against these, we sold holdings with a tougher outlook. Given the uncertain outlook for growth and prospects of lower interest rates for longer, we sold several banking stocks, including Bank Rakyat Indonesia, HDFC Bank, Public Bank and Standard Chartered. We also adjusted the portfolio's mix of holdings in China and India, exiting names with less certain prospects. In India, we divested Piramal Enterprises, as well as motorcycle maker Hero Motocorp as we expect discretionary spending to remain lacklustre. In China, we exited Hangzhou Hikvision in view of US-China tensions, and divested 58.com because of a takeover offer that limited its upside. We sold Autohome and Huazhu in view of better opportunities.

Outlook

We believe Asian markets will remain volatile. Risks of a resurgence in Covid-19 infections is still present, at least until an effective vaccine is widely available. In the meantime, businesses continue to face restrictions and consumer demand will remain muted due to rising unemployment. The geopolitical backdrop is another concern, with the US-China dispute now broadening out beyond trade and technology.

That said, having learnt lessons from past crises, most governments in Asia are less indebted now. This puts them in a better position to expand fiscal stimulus. Orthodox monetary policies mean that central banks still have room to lower interest rates, with inflation under control. Meanwhile, recent indicators across Asia point to a tentative growth rebound that should gain momentum as economies re-open. At the corporate level, many companies are still focused on preserving capital amid the uncertainty, which constrains shareholder returns and capital spending. But we are seeing signs of a nascent recovery in corporate profits. The recent uptick in earnings among the Trust's holdings provides some encouragement that the worst of Covid-19 may be over for the better managed companies.

Despite the uncertain landscape, the drivers of Asia's long-term growth are intact. A burgeoning middle class with rising spending power should drive demand across segments, including retail, financial services, healthcare and infrastructure. Innovative companies are leading the development and adoption of nascent technologies. We remain focused on investing in well-managed companies with sound fundamentals, which are the best placed to make the most of these opportunities. The holdings in your Company's portfolio are solid franchises, with sustainable earnings streams and robust balance sheets. Several are also leaders in terms of ESG, with others committed to improving their standards. We believe that the quality of the portfolio's holdings should enable them to weather the storm. This ensures that the Trust can continue to deliver sustainable returns.

Aberdeen Standard Investments (Asia) Limited*
29 October 2020

* on behalf of Aberdeen Standard Fund Managers Limited. Both companies are subsidiaries of Standard Life Aberdeen 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 2020 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 Aberdeen Standard Investments (Asia) Limited ("ASI Asia" or the "Investment Manager") by way of a delegation agreement. ASI Asia and ASFML are both wholly owned subsidiaries of Standard Life Aberdeen 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. 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 25 to 30, including a description of the ten largest investments, the full investment portfolio by value and sector/geographical analysis. At 31 August 2020, the Company's portfolio consisted of 72 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 2020, the Company's net gearing was 3.5%.

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 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 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 the Coronavirus 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 current challenges. The Manager assesses and reviews 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, have continued 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 their 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 2020 the Company had £31 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 Committee monitors compliance with regulations by reviewing internal control reports from the Manager, AIC updates and reports from the Company Secretary.
Brexit - The potential impact of Brexit remains an economic risk for the Company, principally in relation to its impact on currency volatility and the Manager's operations. The uncertainty surrounding Brexit could impact investor sentiment and could lead to increased or reduced demand for the Company's shares, which would be reflected in a narrowing or widening of the discount at which the Company's shares trade relative to their net asset value.	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. Aberdeen Standard Investments has a significant Brexit program in place aimed at ensuring that they can continue to satisfy their clients' investment needs post Brexit. The Board will continue to monitor developments as they occur so that the Company is ready to respond appropriately.

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 21.

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 six 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. 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. 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:

- To raise the Company's profile among, and increase demand from, individual investors. The Board believed that by raising the profile of Asia Dragon Trust and highlighting its differentiation from its peers, combined with greater marketing focus on individuals, this should help to grow demand from self-directed retail investors. The Company's change of name to Asia Dragon Trust and the development of Dragon's key messaging, as a long-term, cornerstone investment in Asia aiming for capital growth from world-class Asian companies provided the Company with a fresher and clearer identity. The Board and the Manager have worked closely to develop the Company's communication with investors.
- The appointment of Susan Sternglass Noble as a non-executive Director under the Board's succession plan which recognises the benefits of regular Board refreshment.
- 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.
- To update the Company's articles of association. The Board is seeking shareholder authority to adopt new articles of association to reflect changes in law and regulations and to allow the Company to hold shareholder meetings using electronic means.
- To change the allocation of management fees and finance costs in line with the Trust's expected returns over the longer term.

The Board is supportive of the Manager's philosophy that Environmental, Social and Governance (ESG) factors are fundamental components to evaluate when investing. ESG considerations are embedded in the investment process undertaken by the Manager and the Manager dedicates a significant amount of time and resource on focusing on the ESG characteristics of the companies in which they invest. Further details of how the Manager seeks to address ESG matters across the portfolio are disclosed in the Statement of Corporate Governance.

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 in December 2021.

Board Diversity

The Board's statement on diversity is set out in the Statement of Corporate Governance. At 31 August 2020 there were three 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 in the Statement of Corporate Governance.

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.

Overview of Strategy Continued

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 to 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 £25 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.

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 2025.

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 the coronavirus), 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
29 October 2020

Results

Year's Highs/Lows

	High	Low
Share price (p)	437.3	311.0
Net asset value (p)	487.7	374.1
Discount (%)[A]	7.3	19.8

[A] Considered to be an Alternative Performance Measure.

Performance (Total Return)

	1 year return %	3 year return %	5 year return %
Share price[A]	+4.6	+19.0	+86.6
Net asset value[AB]	+4.7	+17.5	+86.5
MSCI AC Asia (ex Japan) Index (in sterling terms)	+10.9	+13.6	+92.3

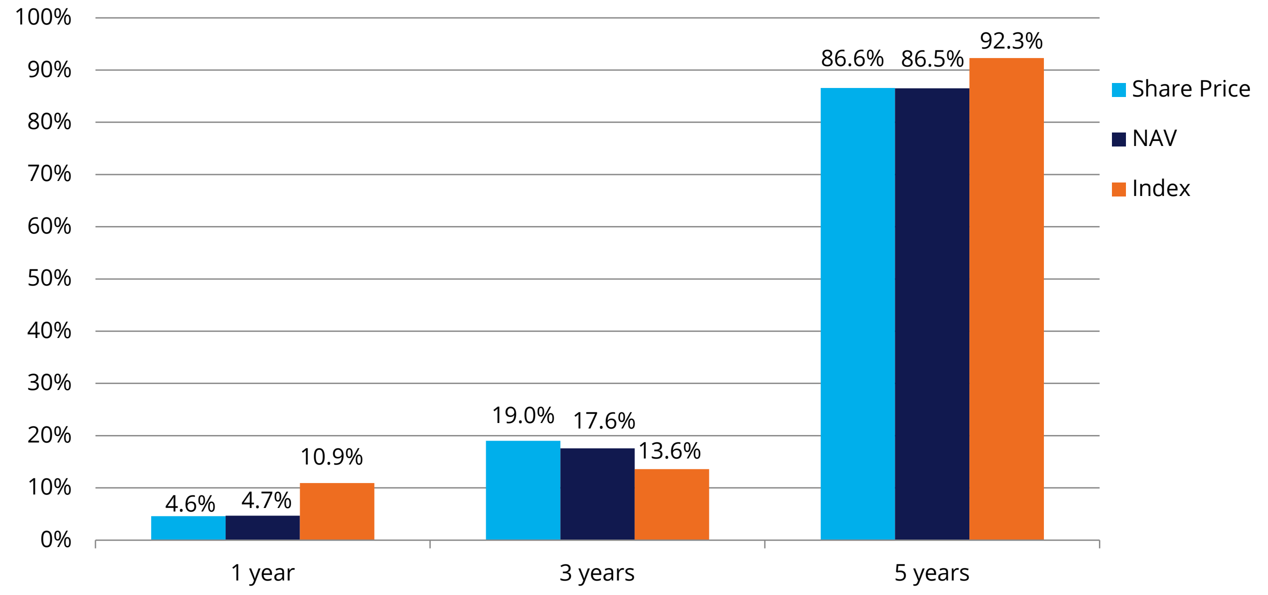
[A] Considered to be an Alternative Performance Measure. Further details can be found on page 80.
[B] 1 year return presented on an undiluted basis; 3 and 5 year return presented on a diluted basis as CULS in issue during those periods were "in the money".

Ten Year Financial Record

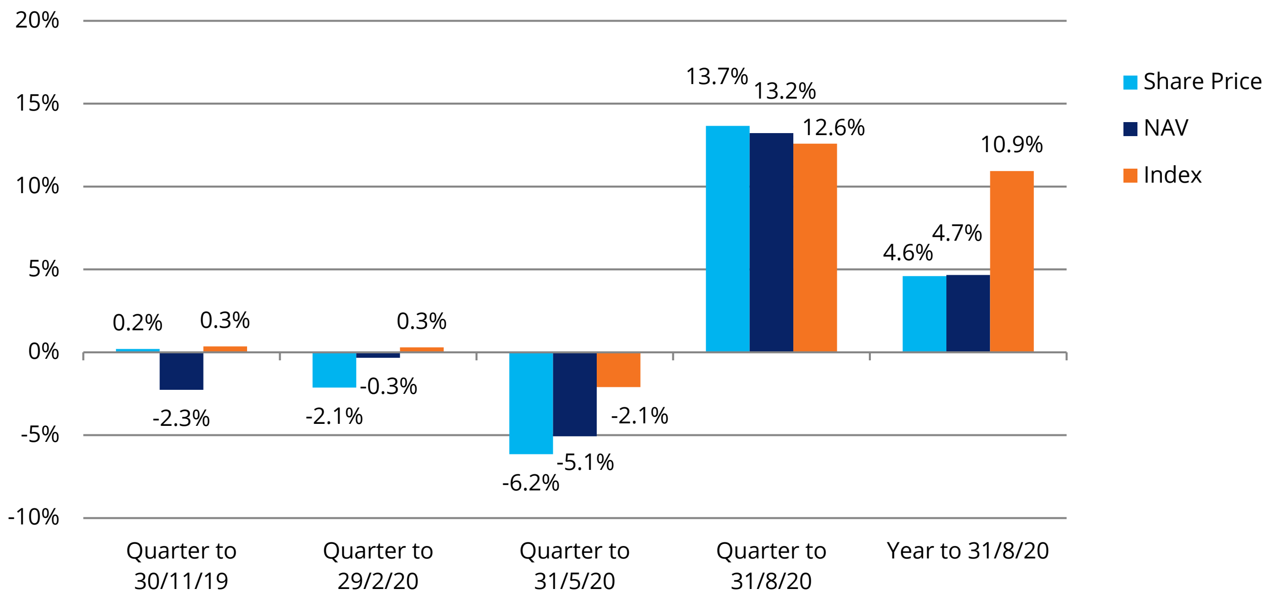
Year ended 31 August	Equity shareholders' interest £'000	Net asset value per Ordinary share p	Revenue return per Ordinary share p	Ordinary share price p	Share price discount %	Expenses as a % of average shareholders' funds
2011	493,555	251.37	4.31	230.00	8.5	1.2
2012	519,765	264.70	3.30	237.30	10.4	1.3
2013	550,346	280.26	3.42	254.70	9.1	1.2
2014	603,077	307.10	3.43	272.50	11.3	1.2
2015	518,635	267.22	4.13	235.75	11.8	1.2
2016	664,159	348.62	4.50	302.00	13.4	1.1
2017	807,330	423.26	4.68	361.00	13.1	1.0
2018	788,019	421.54	5.03	370.00	12.2	0.8
2019	589,708	458.03	4.87	402.50	12.1	0.8
2020	599,431	474.39	5.01	416.00	12.3	0.9

Performance

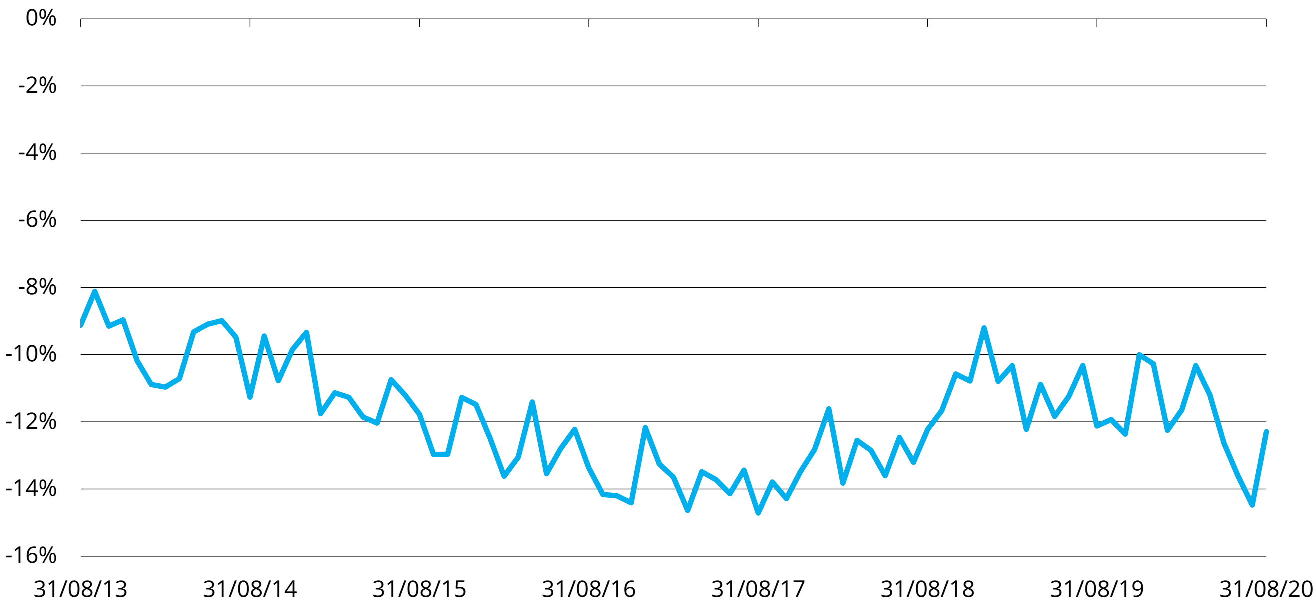
Total Return of NAV and Share Price vs MSCI All Country Asia (ex Japan) Index (in sterling terms)
One, three and five years to 31 August 2020



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 2020



Share Price Discount to NAV
Five years to 31 August 2020



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 visited over 96% of all stocks 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 72 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.

LG Chem
Korea's LG Chem has a unique business mix and attractive valuations relative to its growth prospects. At its core, the Korean company's resilience stems from a robust and cash-generative chemicals business, which has proven over history to be resilient through the cycles. This provides a good base for its growing energy solutions business, within which the electric vehicle business boasts a diversified customer list, leading technology and a backlog to provide visibility amid a shifting landscape.

Ten Largest Investments

As at 31 August 2020

Tencent Holdings

The internet giant continues to strengthen its ecosystem, and the Manager sees tremendous potential in Tencent's advertising business as it starts monetising its social media and payment platforms.

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.

Ping An Insurance 'H'

China's biggest insurer, which is transforming itself from a traditional life insurer into a one-stop for financial services. It harbours ambitions to be a fintech powerhouse.

Kweichow Moutai 'A'

A distilled Chinese liquor maker, which has a wide domestic business moat supported by strong brand equity.

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.

AIA Group

The group offers life insurance, accident insurance, health insurance and wealth management solutions to individuals and businesses in the Asia Pacific region.

China Resources Land

A Chinese developer and mall owner that is seeing steady returns from its investment property portfolio.

Housing Development Finance Corp

A leading domestic mortgage provider in India with a leading distribution network, cost structure and balance sheet quality.

Wuxi Biologics (Cayman)

The Chinese company discovers, develops and produces biologics for its pharmaceutical customers. Wuxi Bio ranks no.1 in China and no.4 worldwide among its peers. We believe it is well placed to benefit from the increased R&D outsourcing of biologics.

Investment Portfolio

At 31 August 2020

Company	Industry	Country	Valuation 2020 £'000	Total assets %	Valuation 2019 £'000
Tencent Holdings	Interactive Media & Services	China	63,167	10.0	41,885
Taiwan Semiconductor Manufacturing Company	Semiconductors & Semiconductor Equipment	Taiwan	55,144	8.7	30,907
Samsung Electronics (Pref)	Technology Hardware Storage & Peripherals	South Korea	52,160	8.3	36,636
Ping An Insurance 'H'	Insurance	China	18,719	3.0	21,641
Kweichow Moutai 'A'	Beverages	China	18,051	2.9	11,852
Bank Central Asia	Banks	Indonesia	17,745	2.8	17,749
AIA Group	Insurance	Hong Kong	17,244	2.7	19,580
China Resources Land	Real Estate Management & Development	China	16,325	2.6	14,947
Housing Development Finance Corp	Thrifts & Mortgage Finance	India	14,799	2.3	22,063
Wuxi Biologics (Cayman)	Life Sciences Tools & Services	China	14,532	2.3	7,254
Top ten investments			**287,886**	**45.6**	
China Merchants Bank 'H'	Banks	China	11,085	1.8	5,092
China Tourism Group Duty Free Corp 'A'	Specialty Retail	China	10,680	1.7	17,646
Tata Consultancy Services	IT Services	India	10,656	1.7	15,771
Kotak Mahindra Bank	Banks	India	10,567	1.7	8,702
Meituan-Dianping Class B	Internet & Direct Marketing Retail	China	10,530	1.7	–
Oversea-Chinese Banking Corporation	Banks	Singapore	10,441	1.7	17,286
Midea Group 'A'	Household Durables	China	10,337	1.6	6,913
Sands China	Hotels, Restaurants & Leisure	China	9,135	1.4	–
China Conch Venture Holdings	Construction & Engineering	China	9,049	1.4	5,703
Hong Kong Exchanges & Clearing	Capital Markets	Hong Kong	8,241	1.3	8,876
Twenty largest investments			**388,607**	**61.6**	
LG Chem	Chemicals	South Korea	8,233	1.3	8,451
Shenzhou International Group	Textiles, Apparel & Luxury Goods	China	8,131	1.3	–
Ayala Land	Real Estate Management & Development	Philippines	7,914	1.3	11,764
Saic Motor Corp 'A'	Automobiles	China	7,636	1.2	2,694
SBI Life Insurance	Insurance	India	7,167	1.1	7,717
Shanghai International Airport 'A'	Transport Infrastructure	China	7,015	1.1	7,571
Singapore Telecommunications	Diversified Telecommunication Services	Singapore	6,609	1.0	5,294
Ultratech Cement	Construction Materials	India	6,579	1.0	7,714
John Keells Holdings	Industrial Conglomerates	Sri Lanka	6,383	1.0	8,093
CNOOC	Oil, Gas & Consumable Fuels	China	6,317	1.0	7,617
Thirty largest investments			**460,591**	**72.9**	

Investment Portfolio Continued

At 31 August 2020

Company	Industry	Country	Valuation 2020 £'000	Total assets %	Valuation 2019 £'000
ITC	Tobacco	India	6,208	1.0	12,684
Astra International	Automobiles	Indonesia	6,191	1.0	9,112
China Resources Gas	Gas Utilities	China	6,181	1.0	–
Kerry Logistics Network	Air Freight & Logistics	Hong Kong	6,173	1.0	6,338
Hon Hai Precision Industry	Electronic Equipment, Instruments & Components	Taiwan	6,054	1.0	–
Siam Cement 'F'	Construction Materials	Thailand	5,753	0.9	9,487
DBS Group	Banks	Singapore	5,694	0.9	9,214
City Developments	Real Estate Management & Development	Singapore	5,649	0.9	9,470
Bank of Philippine Islands	Banks	Philippines	5,606	0.9	6,321
Silergy Corp	Semiconductors & Semiconductor Equipment	Taiwan	5,255	0.8	–
Forty largest investments			**519,355**	**82.3**	
GDS Holdings ADS	IT Services	China	4,999	0.8	–
Vietnam Dairy Products	Food Products	Vietnam	4,918	0.8	6,984
Beijing Sinnet Technology 'A'	IT Services	China	4,875	0.8	–
Budweiser Brewing	Beverages	Hong Kong	4,786	0.8	–
New Oriental Education & Technology Group Inc ADR	Diversified Telecommunication Services	China	4,667	0.7	–
Info Edge (India)	Interactive Media & Services	India	4,560	0.7	–
Vietnam Technological & Commercial Bank	Banks	Vietnam	4,119	0.6	4,568
Swire Properties	Real Estate Management & Development	Hong Kong	4,091	0.6	11,665
Taiwan Mobile	Wireless Telecommunication Services	Taiwan	3,902	0.6	5,207
Yum China Holdings	Hotels, Restaurants & Leisure	China	3,861	0.6	5,356
Fifty largest investments			**564,133**	**89.3**	

At 31 August 2020

Company	Industry	Country	Valuation 2020 £'000	Total assets %	Valuation 2019 £'000
IHH Healthcare Berhad	Health Care Providers & Services	Malaysia	3,830	0.6	–
Samsung SDI	Electronic Equipment, Instruments & Components	South Korea	3,550	0.6	–
Yunnan Energy New Material	Containers & Packaging	China	3,445	0.5	–
CapitaLand	Real Estate Management & Development	Singapore	3,403	0.5	–
China Vanke 'H'	Real Estate Management & Development	China	3,159	0.5	–
Hindustan Unilever	Household Products	India	3,062	0.5	4,984
Commercial Bank of Ceylon	Banks	Sri Lanka	2,951	0.5	–
Indocement Tunggal Prakarsa	Construction Materials	Indonesia	2,923	0.5	5,030
United Overseas Bank	Banks	Singapore	2,902	0.5	4,856
ASM Pacific Technology	Semiconductors & Semiconductor Equipment	Hong Kong	2,683	0.4	6,802
Sixty largest investments			**596,041**	**94.4**	
Mobile World Investment Corporation	Speciality Retail	Vietnam	2,653	0.4	–
Bangkok Dusit Medical Services 'F'	Health Care Providers & Services	Thailand	2,547	0.4	5,996
Central Pattana Public Co 'F'	Real Estate Management & Development	Thailand	2,508	0.4	2,636
Keppel Corp	Industrial Conglomerates	Singapore	2,460	0.4	9,216
Hangzhou Tigermed Consulting Co[A]	Life Sciences Tools & Services	China	2,424	0.4	–
Prestige Estate Projects	Real Estate Management & Development	India	2,305	0.4	3,132
Accton Technology Corp	Communications Equipment	Taiwan	2,293	0.4	–
Yoma Strategic Holdings	Real Estate Management & Development	Myanmar	2,097	0.3	2,415
KE Holdings	Real Estate Management & Development	China	2,039	0.3	–
Koh Young Technology	Semiconductors & Semiconductor Equipment	South Korea	1,924	0.3	2,852
Seventy largest investments			**619,291**	**98.1**	
Asian Paints	Chemicals	India	1,526	0.2	–
DFCC Bank	Banks	Sri Lanka	10	–	2,646
			620,827	**98.3**	
Net current assets[B]			**10,653**	**1.7**	
Total assets less current liabilities[B]			**631,480**	**100.0**	

[A] Holding includes investment in both 'A' and 'H' shares.
[B] Excluding bank loan of £6,000,000.

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

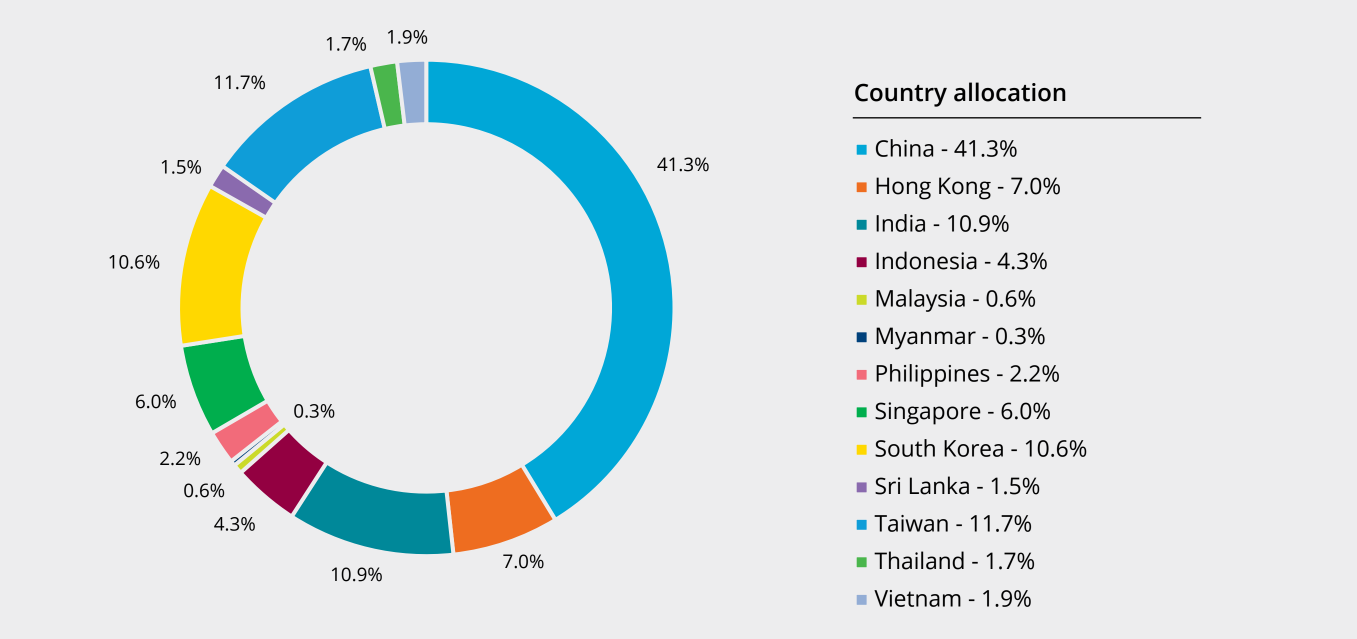
Changes in Asset Distributions

As at 31 August 2020

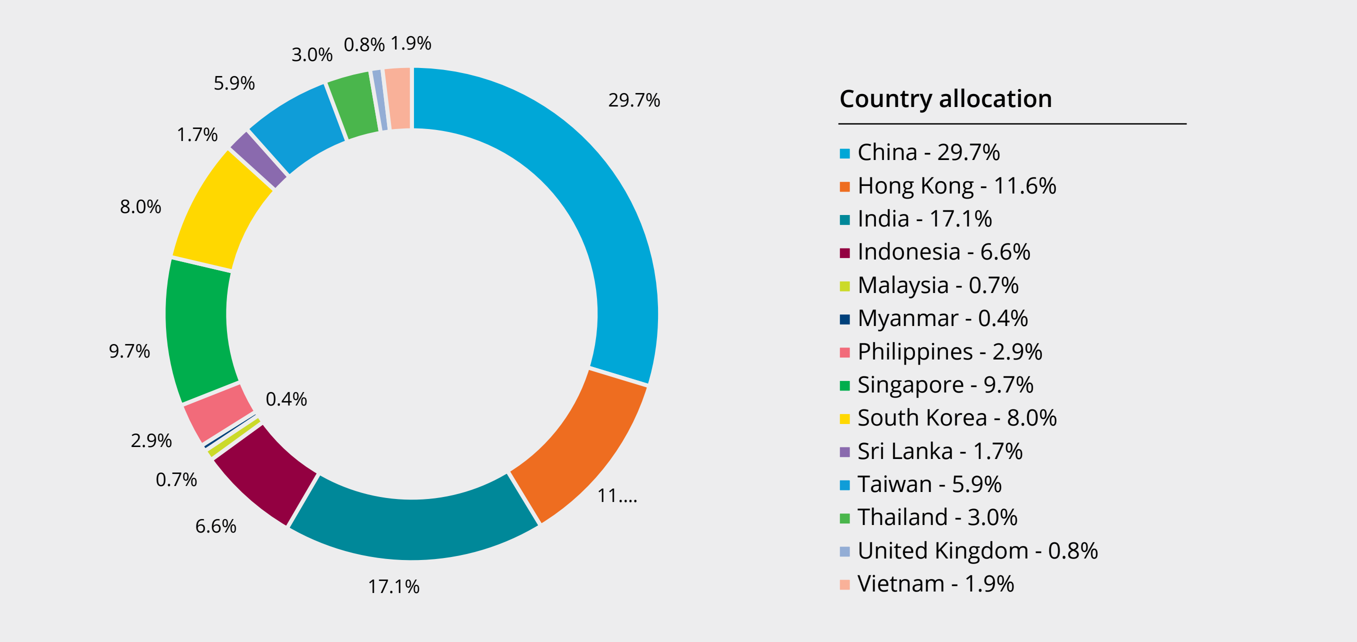
Country	Value at 31 August 2019 £'000	Purchases £'000	Sales proceeds £'000	Gains/ (losses) £'000	Value at 31 August 2020 £'000
China	181,592	79,318	69,905	65,354	256,359
Hong Kong	70,904	22,376	31,830	(18,232)	43,218
India	104,832	13,496	31,002	(19,897)	67,429
Indonesia	40,605	5,287	7,660	(11,373)	26,859
Malaysia	4,092	4,111	3,695	(678)	3,830
Myanmar	2,415	–	–	(318)	2,097
Philippines	18,085	2,190	–	(6,755)	13,520
Singapore	59,330	9,617	18,306	(13,483)	37,158
South Korea	48,855	17,250	13,375	13,137	65,867
Sri Lanka	10,739	4,337	3,446	(2,286)	9,344
Taiwan	36,114	19,339	3,533	20,728	72,648
Thailand	18,119	1,270	4,230	(4,351)	10,808
United Kingdom	4,595	–	4,986	391	–
Vietnam	11,552	4,178	1,139	(2,901)	11,690
Total investments	611,829	182,769	193,107	19,336	620,827
Net current assets	10,656	–	–	(3)	10,653
Total assets less current liabilities	**622,485**	**182,769**	**193,107**	**19,333**	**631,480**

Analysis of Portfolio

Geographic Summary
As at 31 August 2020

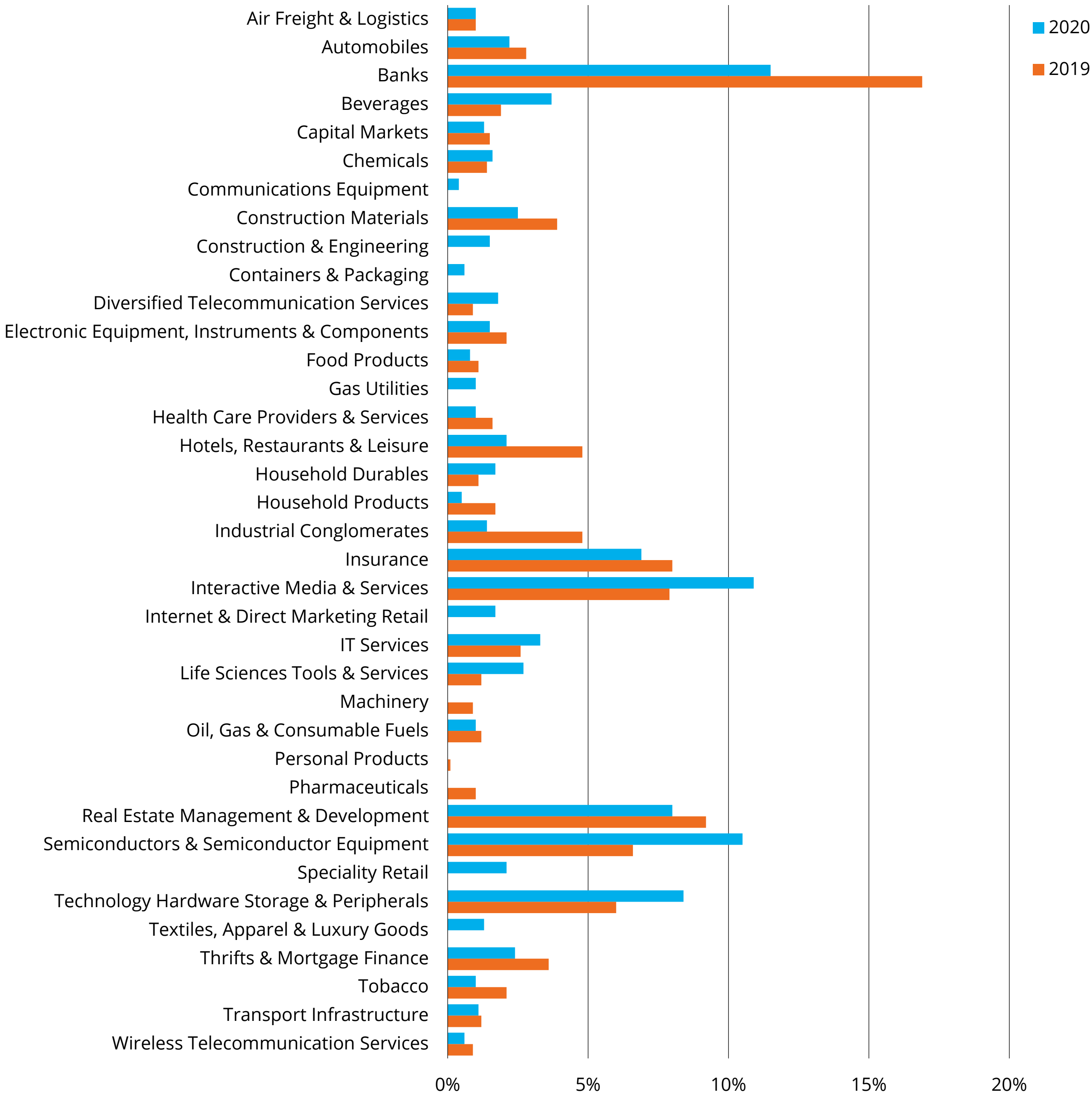


As at 31 August 2019



Analysis of Portfolio Continued

Sector Breakdown
As at 31 August 2020



Investment Case Studies

Wuxi Biologics (China)

What does the company do?

Founded in May 2010, Wuxi Biologics discovers, develops and produces biologics for its pharmaceutical customers using a "follow the molecule" strategy. Biologics are treatments that use living organisms or contain components of living organisms, such as proteins, cells and tissues. In contrast, most drugs are made by combining specific chemical ingredients in an ordered process.

Why do we like the investment?

Wuxi Bio ranks no.1 in China and no.4 worldwide among its peers, known as contract development and manufacturing organisations (CDMOs). We believe it is well placed to benefit from the increased R&D outsourcing of biologics. The pharmaceutical CDMO market was worth US$148.5 billion in 2019. By 2025, it is set to reach US$224.9 billion, at a compound annual growth rate of 7%.

Within this market, the Asia Pacific is set to grow the fastest in drug discovery as well as preclinical and clinical testing. This segment is where Wuxi Bio has a strong edge. It is one of the few CDMOs that provide services from the discovery stage. The bulk of its projects are in the early phases of a biologic's birth.

The company has experienced and professional senior management. Its biologics development team is well resourced, with close to 2,500 scientists. It has an impressive track record of execution. Its clients tend to continue to use its services through the entire process. Since later-stage projects attract higher service fees, Wuxi Bio's revenue can increase as the projects move to later stages.

Even during the Covid-19 pandemic, its numbers speak to its strengths. With both governments and private companies pouring funds into vaccine R&D, Wuxi has won the first vaccine CDMO deal in the industry. For the first half of 2020, its overall backlog rose to US$9.5 billion. Its service backlog more than tripled to US$5.8 billion, driven by Covid-19 related contracts and projects. All this is backed by a cash hoard of US$1.6 billion.

Wuxi also boasts solid ESG credentials with an MSCI rating of AA. It complies strictly with the environmental protection law and other environment, health and safety regulations. In terms of social responsibility, Wuxi Bio's vision of "every drug can be made and every disease can be treated" becomes that much more relevant now. The company is contributing significantly to vaccine efforts through its projects. It is also supporting the community in other ways. In China, it donated medical supplies to hospitals in various provinces.

Investment Case Studies Continued

Bank Central Asia (Indonesia)

What does the company do?

Bank Central Asia (BCA) is one of the largest private banks in Indonesia, offering banking and related services. Through its subsidiaries, it also offers leasing and consumer financing services.

Why do we like the investment?

We view BCA as best in class. It has a solid track record of strong and sustainable performance. We see this in its key metrics. As an early believer in technology, BCA has leveraged on it to become the domestic leader in transaction banking. This means that it is able to attract deposits and enjoy the lowest cost of funding among its peers. In turn, it can offer cheaper loans and draw top tier customers, while maintaining high net interest margins. It has been able to maintain an industry-leading return on assets through its margins, despite the steady decline in interest rates. As a result, the bank is more profitable than its rivals.

BCA also scores well on asset quality. Its management is one of the most impressive and prudent in the domestic banking sector. The bank has the lowest level of non-performing loans (NPLs) and highest loan loss coverage. Through credit cycles, it has managed NPLs adroitly by having high coverage and strong liquidity.

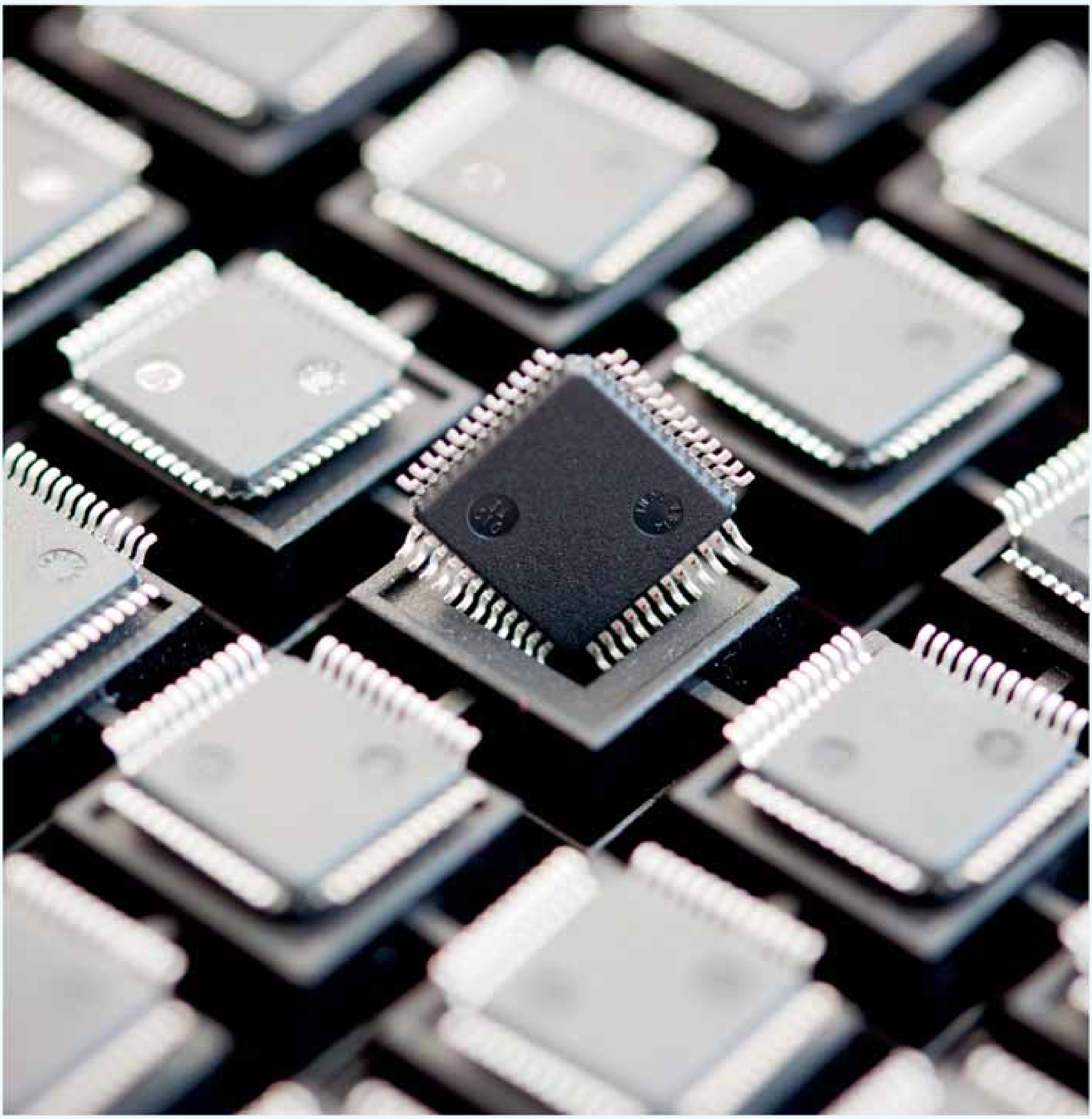
Its superior profitability, asset quality and capital reflect the quality of the management and franchise. This is despite a weak economic backdrop that has worsened with the Covid-19 outbreak. The bank has been affected to some extent by the pandemic. It is seeing slower loan growth and higher provisions, although this is being mitigated by impressive cost control.

In response to the crisis, as of mid-July 2020, it had proactively restructured loans totalling 116 trillion rupiah (US$7.8 billion) from about 120,000 borrowers. The restructuring includes extending loan tenors and deferring capital and interest payments. BCA expects such loans to account for 20-30% of total loans by the end of the year. Given its fundamentals, we think the bank will weather the expected rise in Covid-19 related NPLs. It could even gain market share in deposits on the back of a flight to quality.

Against the Covid-19 backdrop, some ESG elements have come to the fore. For BCA, it has been in fulfilling its social responsibility through donating 55 billion rupiah (US$3.7 million) in protective gear for healthcare workers and communities. More broadly, the bank's initiatives towards human capital management and customer financial protection lead most peers, garnering it an MSCI ESG rating of A.

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.



Silergy Corp
Silergy Corp is a Chinese maker of high-performance analog integrated circuits (ICs). These circuits convert analog signals to digital ones and vice-versa, and hence, they are an essential part of digital consumer products, such as home appliances, mobile phones and music players. Over the past few years, Silergy has moved up the value chain by expanding its product range and improving its product mix. It has emerged as a credible domestic champion that will play a key role in analog IC design, amid China's self-sufficiency drive in semiconductors.

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 a non-executive director of Herald Investment Trust plc.

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

Gaynor Coley

Status:
Independent Non-Executive Director

Experience:
A chartered accountant with over 30 years' experience in private and public sector finance and governance. 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. She is a non-executive director and the audit committee chairman of Lowland Investment Company plc and SQN Secured Investment Fund plc and a non-executive director of Foresight 4 VCT plc. She is also chairman of The Wave Group Ltd and a partner in Coley Hill Consultancy.

Length of service:
1 year, appointed on 3 July 2019

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 Investment Management. She was previously fund management director for global emerging equities at Jupiter Asset Management and head of the 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 her roles included head of Asian investments and head of international equity products. She began her career in Asia with Jardine Fleming.

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

Peter Maynard

Status:
Independent Non-Executive Director

Experience:
Qualified as a solicitor and was Group Legal Director at Prudential plc from 1998 to 2009 and Company Secretary from July 1999. Prior to that he was with HSBC for 14 years during which time he was variously a director of HSBC Investment Bank, President and Chief Executive Officer of James Capel Inc in New York and finally Deputy Group Legal Adviser. He is a former chairman of the GC100 and was a supervisory board member of the London Business School Centre for Corporate Governance. He is a non-executive director of Brunner Investment Trust plc.

Length of service:
9 years, appointed on 12 October 2011

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. She 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. She 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:
Appointed on 7 August 2020

Charlie Ricketts

Status:
Senior Independent Director and Remuneration Committee Chairman

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. He is a non-executive director of Templeton Emerging Markets Investment Trust PLC and co-founder of the charity Carefreebreaks.

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

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Directors' Report

Capital Structure

At 31 August 2020, the Company had 126,358,453 fully paid Ordinary shares of 20p each (2019: 128,748,848) with a further 33,253,224 Ordinary shares of 20p held in treasury (2019: 30,862,829) in issue. During the year to 31 August 2020, 2,390,395 Ordinary Shares were bought back and held in treasury. Further details on the changes to the capital structure during the year ended 31 August 2020 are provided on page 88. Subsequent to the period end a further 403,116 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 35 to 37. Susan Sternglass Noble was appointed as a non-executive Director on 7 August 2020. Iain McLaren retired from the Board on 30 April 2020.

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 4.75p per Ordinary share (2019: 4.75p) be paid on 15 December 2020 to shareholders on the register on 20 November 2020. The ex-dividend date is 19 November 2020.

Management Agreement

The Company has appointed Aberdeen Standard Fund Managers Limited, a wholly owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager. By way of group delegation agreements within the Standard Life Aberdeen Group the management of the Company's investment portfolio is delegated to Aberdeen Standard Investments (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 Standard Life Aberdeen Group companies during the year ended 31 August 2020 are shown in note 4 to the financial statements.

Borrowings

The Company agreed a £50 million loan facility with Scotiabank Europe Plc on 30 July 2019. The facility, which is unsecured, consisted of the following:

- a £25 million loan which was drawn in full on 30 July 2019 and fixed for three years at an all-in rate of 1.610%;
- a three year £25 million multi-currency revolving credit facility of which £6 million was drawn down at the year end. A further £19 million was drawn down on 21 October 2020.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 42 to 48.

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 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.

The Board has considered the impact of Covid-19 and believes that this will 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 2020 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	28,730,891	22.7
Lazard Asset Management	12,890,541	10.2
Wells Capital Management	10,068,297	8.0
Derbyshire County Council	6,131,500	4.9
Aberdeen Standard Retail Plans	5,356,648	4.2
1607 Capital Partners	4,979,318	3.9
Rathbones	4,610,888	3.6
Smith & Williamson Wealth Management	4,080,098	3.2
Quilter Cheviot Investment Management	3,865,820	3.1

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

- City of London Investment Management was interested in 30,623,829 Ordinary shares (representing 24.3% 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 auditor in connection with the financial statements appear on pages 54 and 58.

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.

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 10 December 2020, the following resolutions will be proposed:

(i) 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 £8.42 million based on the Company's issued share capital as at the date of this Report). Such authority will expire on 28 February 2022 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).

(ii) 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 £1.26 million based on the Company's issued share capital as at the date of this Report).

This authority will expire on 28 February 2022 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).

Directors' Report Continued

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.

(iii) 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 88. 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 18.9 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 2022 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) 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.

(v) Adoption of new Articles of Association

Resolution 16, which will be proposed as a special resolution, seeks shareholder approval to to adopt new Articles of Association (the **'New Articles'**) in order to update the Company's current Articles of Association (the **'Existing Articles'**). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include:

- provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings); and
- changes in response to the introduction of international tax regimes requiring the exchange of information.

A summary of the principal amendments being introduced in the New Articles which the Board considers will be of most interest to shareholders is set out in the appendix to the AGM Notice (on page 95). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

A copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will be available for inspection on the Company's website, **www.asiadragontrust.co.uk**, from the date of the Notice of the Annual General Meeting until the close of the meeting. In the event that the current Coronavirus related restrictions are lifted before the Annual General Meeting, a hard copy of these documents will be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the meeting.

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, 22,614 Ordinary shares, and representing 0.02% 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 38, 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
29 October 2020

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 2020, 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);
3. the need for an internal audit function (C.3.6); and
4. external evaluation of the Board of a FTSE 350 company every three years (B.6.2).

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that the first three provisions are not relevant to the position of the Company, being an externally managed investment company. Exception 4 is explained on page 43.

The Board

The Board consists of six 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 35 to 37.

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 each Director during the year compared to the number of meetings that each Director was eligible to attend. Directors also have a number of discussions by email, telephone or meeting to deal with administrative matters and ad hoc issues between scheduled Board meetings.

Director	Board Meetings	Audit Committee Meetings[1]	Remuneration Committee Meetings	Nomination Committee Meetings	Management Engagement Committee Meetings
J Will	5 (5)	n/a	1 (1)	2 (2)	1 (1)
G Coley	5 (5)	3 (3)	1 (1)	2 (2)	1 (1)
K Langridge	5 (5)	2 (2)	1 (1)	2 (2)	1 (1)
S Sternglass Noble (appointed on 7 August 2020)	n/a	n/a	n/a	n/a	n/a
P Maynard	5 (5)	3 (3)	1 (1)	2 (2)	1 (1)
I McLaren (retired 30 April 2020)	4 (4)	2 (2)	n/a	1 (1)	1 (1)
C Ricketts	5 (5)	3 (3)	1 (1)	2 (2)	1 (1)

[1] With effect from January 2020, all Directors became members of the four Committees of the Board with the exception of James Will who can attend Audit Committee meetings but is a non-voting member.

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 Committee

The Audit Committee Report is contained on pages 46 to 48.

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.

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

Statement of Corporate Governance Continued

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 used the services of Trust Associates to identify potential candidates for a new Board appointment. This resulted in the appointment of Susan Sternglass Noble on 7 August 2020.

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. Peter Maynard will retire at the AGM in December 2020.

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. Shareholders will note from the Chairman's Statement that the arrangements for the 2020 AGM will differ from previous years due to the impact of Covid-19.

Environmental, Social and Governance ("ESG") Investing

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude or include certain asset types or classes, the Manager embeds ESG considerations into the research and analysis of each asset class as part of the investment decision-making process. Where applicable, active engagement and other stewardship activities such as voting in line with best practices, with the goal of improving the performance of assets held around the world is also an important part of the Manager's approach.

The Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the ESG risks and opportunities they present – and how these could affect longer-term performance. With 1,000+ investment professionals, the Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction – supported by more than 50 asset class specific ESG specialists around the world.

Active Engagement

Through its engagement and exercising voting rights, the Manager actively works with companies to improve corporate standards, transparency and accountability. By making ESG central to its investment capabilities, the Manager looks to deliver robust outcomes as well as actively contributing to a fairer, more sustainable world.

The primary goal is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to the Company and this fits with one of the Manager's core principles as a business in how it evaluates investments. The Manager sees ESG factors as being financially material and impacting corporate performance. The Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions.

The Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from the investments. This helps to enhance the value of clients' assets. Furthermore the Manager engages, manages and votes for either insight or influence. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better client outcomes.

Responsible Investment

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and has noted the Manager's policy on social responsibility. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Manager encourages companies in which investments are made to adhere to best practice in the areas of Environmental, Social and Governance stewardship. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies.

The Company's ultimate objective is to deliver long term growth on its investments for its shareholders which the Board and Manager believes will be produced on a sustainable basis by investments in companies which adhere to best practice in ESG. Accordingly, the Manager will seek to favour companies which pursue best practice in this area.

The UK Stewardship Code and Proxy Voting

The Company supports the UK's 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. Aberdeen Standard Investments is a tier 1 signatory of the UK Stewardship Code. Further information, including how the Manager discharges its obligations under the 2020 Stewardship Code, can be found at **www.aberdeenstandard.com/en/responsible-investing.**

The full text of the Trust's response to the Stewardship Code may be found on its website.

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

Report of the Audit Committee

The Audit Committee ("the Committee") presents its Report for the year ended 31 August 2020.

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 provide 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.
- 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 54 and 58.

Activities During the Year

The Committee meets at least three 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.

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, including compliance with the terms of the management agreement, 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 to 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 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 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 2020 meeting, the Audit Committee performed its annual assessment of internal controls for the year ended 31 August 2020 and taking account of events since 31 August 2020. 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.

Review of Auditor
The Committee has reviewed the independence and the effectiveness of the external auditor, KPMG LLP ("KPMG"), 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 2020 was nil (2019 - £4,800). The Board will review any future non-audit fees in the light of the requirement to maintain the auditor's independence.

Report of the Audit Committee Continued

- The Committee considers the experience, continuity and tenure of the external audit team, including the audit director. 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. The current senior statutory auditor, John Waterson, has served four years (including the year to 31 August 2020).
- 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.

Audit Tender

In line with regulatory requirements, KPMG will not be able to audit the Company following the 31 August 2020 year end. During the financial year, the Committee invited a number of audit firms to submit written proposals and, following a tender process which involved a presentation to the Audit Committee by each of the firms, it was agreed to recommend to the Board the appointment of PricewaterhouseCoopers LLP as the Company's auditor for the year ending 31 August 2021. In reaching its decision, the Audit Committee took into account a number of factors, including the independence, skills and experience of the different audit firms, as well as the proposed levels of audit fees.

As a result, KPMG will not be seeking re-appointment as auditor and the Board will propose a resolution to appoint PricewaterhouseCoopers LLP as the Company's auditor at the AGM on 10 December 2020.

The Committee has recorded its appreciation for the service provided by KPMG LLP over the years.

Gaynor Coley,
Chairman of Audit Committee
29 October 2020

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 2017 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 57.

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 shareholder on 12 December 2017 and a resolution to approve the Directors' Remuneration Policy will be proposed at the AGM in December 2020.

Implementation Report

Directors' Fees

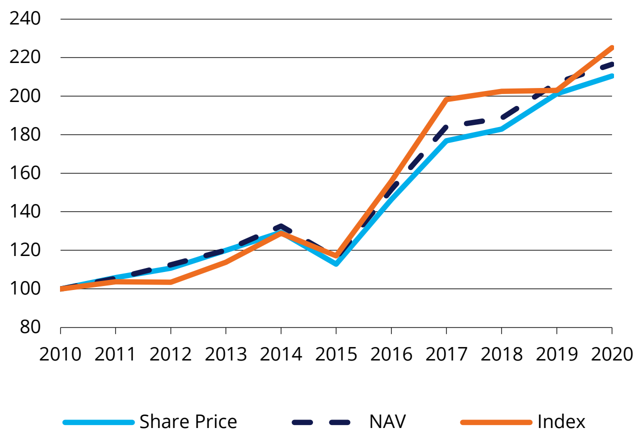
During the financial year the Board carried out a review of Directors' fees and increased the rates as shown in the following table with effect from 1 September 2020. The last increase in Directors' fees prior to this was effective from 1 September 2019.

	1 September 2020 £	1 September 2019 £
Independent Director	30,000	29,600[1]
Additional fee for Chairman	*12,000*	*11,200*
Additional fee for Chairman of Audit Committee	*5,000*	*2,100*
Additional fee for SID	*1,000*	*1,000*

[1] With effect from January 2020, all Directors became members of the Audit Committee (with the exception of the Chairman who is a non-voting attendee). Prior to this date, Directors who were members of the Board only received an annual fee of £27,300.

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 2020 (rebased to 100 at 31 August 2010). 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 12 December 2019, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 August 2019. 99.84% of proxy votes were in favour of the resolution, 0.12% were against and 0.04% abstained.

At the Company's AGM, held on 12 December 2017, shareholders approved the Directors' Remuneration Policy with 99.83% of proxy votes in favour, 0.14% against and 0.03% abstained.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 August 2020 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	2020 £	2019 £
J Will [1]	40,800	26,477
G Coley [2]	30,598	4,800
K Langridge	28,951	26,600
P Maynard	29,600	28,800
S Sternglass Noble (appointed 7 August 2020)	2,027	N/A
I McLaren (retired 30 April 2020)	20,993	31,900
C Ricketts	29,600	28,155
A McKenzie (retired 3 July 2019)	-	33,488
Total	**182,569**	**180,220**

[1] Became Chairman on 3 July 2019. [2] Became AC Chairman on 12 December 2019

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31 August 2020.

J Will	54.1%
G Coley	537.5%
K Langridge	8.8%
P Maynard	2.8%
S Sternglass Noble (appointed 7 August 2020)	n/a
I McLaren	-34.2%
C Ricketts	5.1%

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

- James Will took over the Chairmanship on 3 July 2019;
- Gaynor Coley was appointed to the Board on 1 July 2019 and became Audit Committee Chairman on 13 December 2019;
- Kathryn Langridge joined the Audit Committee on 1 January 2020;
- Iain McLaren retired from the Board on 30 April 2020; and
- Charlie Ricketts joined the Audit Committee on 17 December 2018.

Directors' Interests in the Company (audited)

The Directors (including their connected persons) at 31 August 2020 and 31 August 2019 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 2020 Ordinary shares	31 August 2019 Ordinary shares
J Will	10,114	10,000
G Coley	Nil	Nil
K Langridge	5,000	5,000
P Maynard	2,500	2,500
S Sternglass Noble	Nil	N/A
C Ricketts	5,000	5,000
I McLaren [1]	17,456[1]	17,269

[1] holding at date of retirement from Board

The above interests (excluding Iain McLaren) 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 2020:

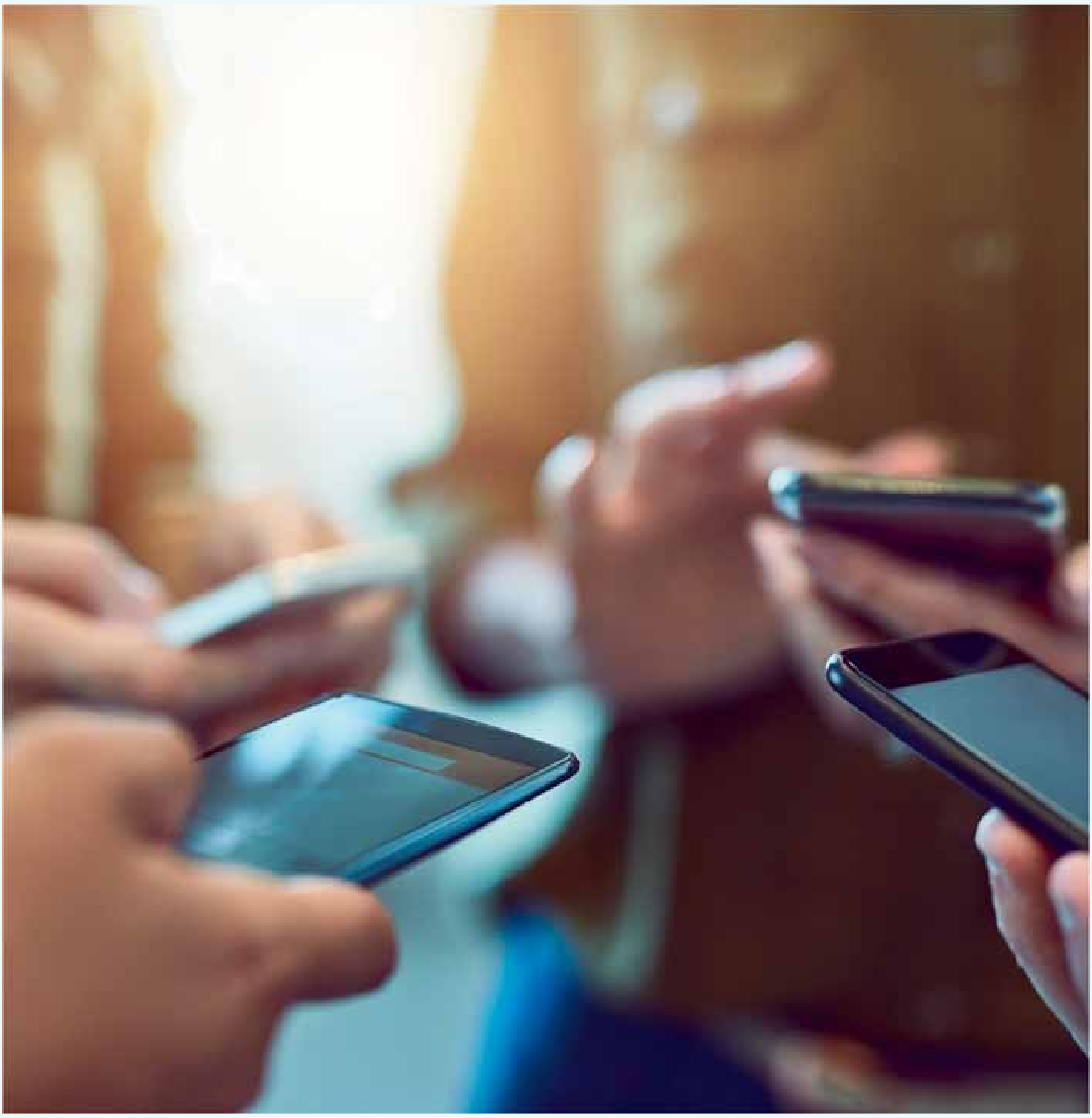
- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

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

Charlie Ricketts,
Chairman of Remuneration Committee
29 October 2020

Financial Statements

The Company's NAV per share rose by 4.7% for the year ended 31 August 2020 compared to a rise in the benchmark of 10.9% (all figures in sterling total return terms).



Meituan Dianping
Meituan Dianping is a Tencent-backed Chinese internet business that is uniquely placed to capture the structural shift in mainland consumption to online channels. Meituan is a "super app" with 400 million users and offering services that range from food delivery to travel and hotel bookings. The rapid pace of growth in its market share, monetisation, merchants, transaction frequency and transacting users is evidence to us of them building a successful and increasingly sticky platform which is benefiting from network effects, sophisticated AI and the convenience of having all of one's local service needs in one app.

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
29 October 2020

Independent Auditor's Report to the Members of Asia Dragon Trust plc

1. Our opinion is unmodified

We have audited the financial statements of Asia Dragon Trust plc ("the Company") for the year ended 31 August 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2020 and of its return for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders prior to 1988. The period of total uninterrupted engagement is at least the 32 financial years ended 31 August 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole	£6.3m (2019:£6.2m) 1% (2019: 1%) of Total Assets	
Key audit matters vs 2019		
Recurring risks	Carrying Amount of Listed Investments	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matter (unchanged from 2019) in arriving at our audit opinion above, together with our key audit procedures to address this matter and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. This matter was addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Independent Auditor's Report to the Members of Asia Dragon Trust plc Continued

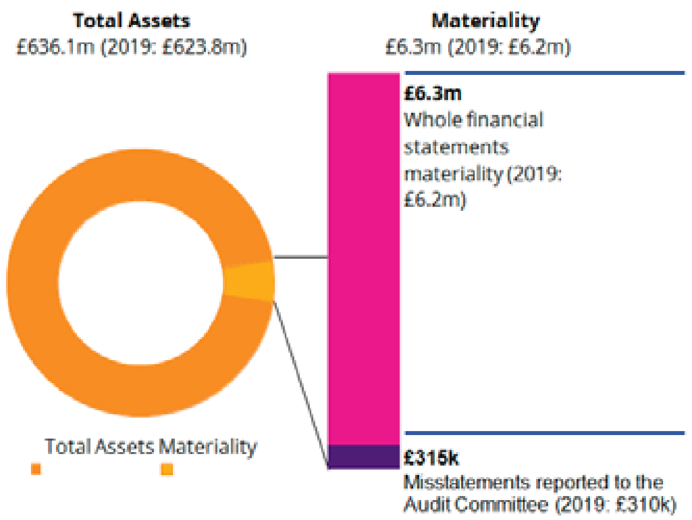
	The Risk	Our response
Carrying amount of listed investments (£620.8 million; 2019: £611.8 million) *Refer to pages 47 (Audit Committee Report), page 64 (accounting policy) and page 69 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of investments make up 97.6% (2019: 98.1%) of the total assets (by value) and are considered to be the key driver of results. We do not consider investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement, because they comprise liquid, listed investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: · **Tests of detail:** Agreeing the valuation of 100 per cent of listed investments in the portfolio to externally listed prices; and · **Enquiry of custodians:** Agreeing 100 per cent of the investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our holdings** · We found no differences from the holdings confirmations or externally listed prices of a size to require reporting to the audit committee (2019: no differences from the holdings confirmations or externally listed prices of a size to require reporting to the audit committee).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £6.3m (2019: £6.2m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £315k (2019: £310k); in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

- the related statement under the Listing Rules set out on pages 38-39 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

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

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on page 17 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and

Independent Auditor's Report to the Members of Asia Dragon Trust plc Continued

- the Directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their 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 their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures
We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Report does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 54, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the manager and the administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non- compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or expected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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

John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants 20 Castle Terrace, Edinburgh, EH1 2EG

29 October 2020

Statement of Comprehensive Income

		Year ended 31 August 2020			Year ended 31 August 2019		
	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	–	19,336	19,336	–	31,412	31,412
Currency losses		–	(893)	(893)	–	(1,938)	(1,938)
Income	3	13,240	–	13,240	14,244	–	14,244
Investment management fee	4	(4,058)	–	(4,058)	(4,272)	–	(4,272)
Administrative expenses	5	(1,070)	–	(1,070)	(1,040)	–	(1,040)
Net return before finance costs and taxation		8,112	18,443	26,555	8,932	29,474	38,406
Interest payable and similar charges	6	(548)	–	(548)	(466)	–	(466)
Return before taxation		7,564	18,443	26,007	8,466	29,474	37,940
Taxation	7	(1,167)	618	(549)	(1,045)	(458)	(1,503)
Return after taxation		**6,397**	**19,061**	**25,458**	**7,421**	**29,016**	**36,437**
Return per share (pence)	9	**5.01**	**14.93**	**19.94**	**4.87**	**19.03**	**23.90**

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 64 to 78 are an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 August 2020 £'000	As at 31 August 2019 £'000
Non-current assets			
Investments at fair value through profit or loss	10	620,827	611,829
Current assets			
Debtors and prepayments	11	3,929	1,818
Cash and cash equivalents	12	11,390	10,170
		15,319	11,988
Creditors: amounts falling due within one year			
Bank loan	13(a)	(6,000)	(6,000)
Other creditors	13(b)	(4,666)	(1,332)
		(10,666)	(7,332)
Net current assets		4,653	4,656
Creditors: amounts falling due after more than one year			
Bank loan	13(c)	(24,995)	(24,993)
Deferred tax liability on Indian capital gains	13(d)	(1,054)	(1,784)
		(26,049)	(26,777)
Net assets		**599,431**	**589,708**
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	441,359	431,945
Revenue reserve		37,580	37,271
Equity shareholders' funds		**599,431**	**589,708**
Net asset value per Ordinary share (pence)	16	**474.39**	**458.03**

The financial statements were approved by the Board of Directors and authorised for issue on 29 October 2020 and were signed on its behalf by:

James Will
Chairman

The accompanying notes on pages 64 to 78 are an integral part of the financial statements.

Statement of Changes in Equity

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 31 August 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**

For the year ended 31 August 2019

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2018		43,061	60,416	17,015	630,239	37,288	788,019
Return after taxation		–	–	–	29,016	7,421	36,437
Buyback of Ordinary shares for treasury	14	–	–	–	(9,347)	–	(9,347)
Buyback of Ordinary shares for cancellation as a result of the Tender Offer	13,14	(11,139)	–	11,139	(217,963)	–	(217,963)
Dividend paid	8	–	–	–	–	(7,438)	(7,438)
Balance at 31 August 2019		**31,922**	**60,416**	**28,154**	**431,945**	**37,271**	**589,708**

The capital reserve includes investment holding gains amounting to £179,491,000 (2019 – £199,349,000), 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 64 to 78 are an integral part of the financial statements.

Statement of Cash Flows

	Notes	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Operating activities			
Net return before taxation		26,007	37,940
Adjustment for:			
Gains on investments		(19,336)	(31,412)
Currency losses/(gains)		893	(1,353)
Decrease in accrued dividend income		138	497
Decrease/(increase) in other debtors		31	(27)
Increase/(decrease) in other creditors		81	(267)
Interest payable and similar charges	6	548	466
Scrip dividends included in investment income		(222)	(548)
Overseas withholding tax		(1,329)	(1,163)
Cash from operations		6,811	4,133
Interest paid	6	(545)	(476)
Net cash inflow from operating activities		6,266	3,657
Investing activities			
Purchases of investments		(179,449)	(111,885)
Sales of investments		190,990	337,511
Capital gains tax on sales		(112)	–
Net cash inflow from investing activities		11,429	225,626
Financing activities			
Equity dividends paid	8	(6,088)	(7,438)
Buyback of Ordinary shares		(9,489)	(9,347)
Tender Offer for Ordinary shares inclusive of expenses		(5)	(217,949)
Repayment of bank loan		–	(25,500)
Drawdown of bank loan		–	30,993
Net cash used in financing activities		(15,582)	(229,241)
Increase in cash and cash equivalents		**2,113**	**42**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		10,170	8,775
Effect of exchange rate fluctuations on cash held		(893)	1,353
Increase in cash and cash equivalents as above		2,113	42
Closing cash and cash equivalents		**11,390**	**10,170**
Represented by:			
Money market funds		3,300	1,500
Cash and short term deposits		8,090	8,670
		11,390	**10,170**

The accompanying notes on pages 64 to 78 are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 August 2019

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 accounting.** All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has in particular, considered the impact of heightened market volatility since the Covid-19 outbreak including through the performance of stress testing using a variety of parameters which have the potential to impact the Company's share price and net asset value. The Directors do not believe the Company's going concern status is affected. In addition, the Company is subject to a continuation vote every three years which previously has been passed with a significant majority. The next continuation vote will be at the AGM in December 2021. The Directors have no reason to believe that the vote will not continue to be in favour based on their assessment of the Company's performance and the views collated from shareholders. For these reasons the Directors have prepared the financial statements on a going concern basis. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Depositary and Custodian, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on a going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the coronavirus outbreak set out in the Viability Statement on page 17 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in November 2014 and updated in October 2019 with consequential amendments. In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented. Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000.

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 Londonk 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.

(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 with the exception of expenses directly relating to the acquisition or disposal of an investment, in which case, they are added to the cost of the investment or deducted from the sale proceeds. Such transaction costs are disclosed in accordance with the SORP. These expenses are charged to the capital column of the Statement of Comprehensive Income and are separately identified and disclosed in note 10.

(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.

(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 dealt with in the period in which they are paid.

Notes to the Financial Statements Continued

(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.

3. Income

	2020 £'000	2019 £'000
Income from investments		
UK dividend income	38	788
Overseas dividend income	12,946	12,838
Scrip dividends	222	548
	13,206	**14,174**
Other income		
Deposit interest	9	26
Interest from money market funds	23	44
Other income	2	–
	34	70
Total income	**13,240**	**14,244**

Income from investments	2020 £'000	2019 £'000
Listed UK	–	144
Listed overseas	13,206	14,030
	13,206	**14,174**

4. Management fee

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	4,058	–	4,058	4,272	–	4,272

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.

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 £3,300,000 (2019 – £1,500,000) in Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund which is managed and administered by ASI. The Company pays a management fee on the value of these holdings but no fee is chargeable at the underlying fund level.

The balance due to the Manager at the year end was £1,056,000 (2019 – £1,043,000).

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

	2020 £'000	2019 £'000
Promotional activities	200	200
Directors' fees	183	180
Custody fees	244	265
Depositary fees	63	68
Auditor's remuneration: Fees payable to the Company's auditor for		
– audit of the Company's annual report	30	20
– review of the Company's half yearly report	–	5
Legal and professional fees	104	49
Other expenses	246	253
	1,070	**1,040**

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 (2019 – £200,000) and the sum due to the Manager at the year end was £84,000 (2019 – £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

	2020 £'000	2019 £'000
Interest on bank loans	548	466
	548	**466**

7. Taxation

			2020			2019
	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	–	135	135	–	–	–
Indian capital gains tax rebate on sales	–	(23)	(23)	–	–	–
Overseas tax suffered	1,167	–	1,167	1,045	–	1,045
Total current tax charge for the year	1,167	112	1,279	1,045	–	1,045
Movement of deferred tax liability on Indian capital gains	–	(730)	(730)	–	458	458
Total tax charge for the year	**1,167**	**(618)**	**549**	**1,045**	**458**	**1,503**

Notes to the Financial Statements Continued

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 £1,054,000 (2019 – £1,784,000) on capital gains which may arise if Indian investments are sold.

The Company has not recognised a deferred tax asset of £17,039,000 (2019 – £14,290,000) 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.

(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.

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	7,564	18,443	26,007	8,466	29,474	37,940
Effective rate of corporation tax at 19.00% (2019 – 19.00%)	1,437	3,504	4,941	1,609	5,600	7,209
Effects of:						
UK dividend income	(7)	–	(7)	(150)	–	(150)
Gains on investments not taxable	–	(3,674)	(3,674)	–	(5,968)	(5,968)
Currency losses not taxable	–	170	170	–	368	368
Other non-taxable income	(2,502)	–	(2,502)	(2,543)	–	(2,543)
Expenses not deductible for tax purposes	4	–	4	5	–	5
Increase in excess expenses and loan relationship deficit	1,068	–	1,068	1,079	–	1,079
Indian capital gains tax charge on sales	–	112	112	–	–	–
Movement in deferred tax liability on Indian capital gains	–	(730)	(730)	–	458	458
Net overseas tax suffered	1,167	–	1,167	1,045	–	1,045
Total tax charge for year	**1,167**	**(618)**	**549**	**1,045**	**458**	**1,503**

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 £6,397,000 (2019 – £7,421,000).

	2020 £'000	2019 £'000
Proposed final dividend for 2020 – 4.75p per Ordinary share (2019 – 4.75p)	**5,983**	**6,088**

The amounts reflected above for the cost of the proposed final dividend for 2020 is based on 125,955,337 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 15 December 2020 to shareholders on the register at the close of business on 20 November 2020.

9. Return per Ordinary share

	2020 £'000	2020 pence	2019 £'000	2019 pence
Revenue return	6,397	5.01	7,421	4.87
Capital return	19,061	14.93	29,016	19.03
Total return	**25,458**	**19.94**	**36,437**	**23.90**
Weighted average Ordinary shares in issue		**127,658,730**		**152,439,217**

10. Investments at fair value through profit or loss

	2020 £'000	2019 £'000
Opening book cost	412,480	540,036
Opening investment holding gains	199,349	265,721
Opening fair value	611,829	805,757
Analysis of transactions made during the year		
Purchases at cost	182,769	112,156
Sales – proceeds	(193,107)	(337,496)
Gains on investments	19,336	31,412
Closing fair value	**620,827**	**611,829**
Closing book cost	441,336	412,480
Closing investment gains	179,491	199,349
Closing fair value	**620,827**	**611,829**

	2020 £'000	2019 £'000
Investments listed on an overseas investment exchange	620,827	607,234
Investments listed on the UK investment exchange	–	4,595
	620,827	**611,829**

The Company received £193,107,000 (2019 – £337,496,000) from investments sold in the period. The book cost of these investments when they were purchased was £153,915,000 (2019 – £239,712,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

Notes to the Financial Statements Continued

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:

	2020 £'000	2019 £'000
Purchases	295	158
Sales	327	629
	622	**787**

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.

In the year ended 31 August 2019, the transaction costs were higher due to the increased volume of trading ahead of the Tender Offer, see note 14 for further details.

11. Debtors and prepayments

	2020 £'000	2019 £'000
Accrued income	670	840
Overseas withholding tax recoverable	679	484
Amounts due from brokers	2,133	16
Other debtors and prepayments	447	478
	3,929	**1,818**

12. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	8,090	8,670
Money market funds	3,300	1,500
	11,390	**10,170**

13. Creditors

Amounts falling due within one year:

(a) **Bank loans**	2020 £'000	2019 £'000
Falling due within one year	6,000	6,000

The Company has a £25,000,000 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 £6,000,000 of this facility had been drawn down at a rate of 1.014% which is due to mature on 27 November 2020. Subsequent to the year end a further £19,000,000 of this facility was drawn down at a rate of 0.99563% until 23 November 2020.

(b) Other creditors	2020 £'000	2019 £'000
Amounts due to brokers	3,099	–
Amounts due for the purchase of own shares to treasury	167	–
Other amounts due	1,400	1,332
	4,666	**1,332**

In the year to 31 August 2019, £14,000 was included within other amounts due which related to the Tender Offer for shares.

Amounts falling due in more than one year:

(c) Bank loans	2020 £'000	2019 £'000
Falling due in more than one year	25,000	25,000
Unamortised expenses	(5)	(7)
	24,995	**24,993**

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 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.

	2020 £'000	2019 £'000
(d) Deferred tax liability on Indian capital gains	**1,054**	**1,784**

14. Called-up share capital

	2020 £'000	2019 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 20p		
Opening balance of 159,611,677 (2019 – 215,304,353) shares	31,922	43,061
Tender offer of 55,692,676 Ordinary shares	–	(11,139)
Closing balance of 159,611,677 (2019 – 159,611,677) shares	**31,922**	**31,922**

During the year to 31 August 2019, 55,692,676 Ordinary shares were repurchased by the Company under a Tender Offer and cancelled at a cost of £217,963,000 which was taken to the Capital Reserve. The costs of the Tender Offer were wholly incurred by the exiting shareholders.

Notes to the Financial Statements Continued

During the year 2,390,395 Ordinary shares of 20p each were purchased to be held in treasury by the Company (2019 – 2,496,885) at a total cost of £9,656,000 (2019 – £9,347,000). At the year end 33,253,224 (2019 – 30,862,829) Ordinary shares of 20p each were held in treasury, which represents 20.8% (2019- 19.3%) of the Company's total issued share capital at 31 August 2020.

Since the year end a further 403,116 Ordinary shares of 20p each have been purchased by the Company at a total cost of £1,748,000 all of which were held in treasury.

15. Capital reserve

	2020 £'000	2019 £'000
At 1 September 2019	431,945	630,239
Movement in fair value gains	19,336	31,412
Foreign exchange movement	(893)	(1,938)
Buyback of Ordinary shares for treasury	(9,656)	(9,347)
Tender Offer of Ordinary shares for cancellation	9	(217,963)
Movement in capital gains tax charge	618	(458)
As at 31 August 2020	**441,359**	**431,945**

The capital reserve includes investment holding gains amounting to £179,491,000 (2019 – £199,349,000), 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:

	2020	2019
Net assets attributable (£'000)	599,431	589,708
Number of Ordinary shares in issue [A]	126,358,453	128,748,848
Net asset value per share (p)	474.39	458.03

[A] Excluding shares held in treasury.

17. Analysis of changes in net debt

	At 31 August 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)**

	At 31 August 2018 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2019 £'000
Cash and short term deposits	8,775	1,353	42	–	10,170
Debt due within one year	(25,500)	–	19,500	–	(6,000)
Debt due after one year	–	–	(25,000)	7	(24,993)
	(16,725)	**1,353**	**(5,458)**	**7**	**(20,823)**

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 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.

Notes to the Financial Statements Continued

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 pages 70 and 71.

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 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**	**–**

At 31 August 2019	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
US Dollar	–	–	–	8
Sterling	–	1.05	–	5,193
Taiwanese Dollar	–	–	–	4,826
Vietnamese Dong	–	–	–	143
Total assets	**n/a**	**n/a**	**–**	**10,170**
Liabilities				
Short–term loan – £6,000,000	0.08	1.66	6,000	–
Long–term loan – £25,000,000	2.91	1.61	24,993	–
	–	**–**	**30,993**	**–**

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.

Notes to the Financial Statements Continued

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

	31 August 2020			31 August 2019		
	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]	256,359	2	256,361	181,593	–	181,593
Hong Kong Dollar[A]	43,218	1,186	44,404	70,904	–	70,904
Indian Rupee	67,429	21	67,450	104,831	–	104,831
Indonesian Rupiah	26,859	99	26,958	40,605	–	40,605
Korean Won	65,867	–	65,867	48,855	–	48,855
Malaysian Ringgit	3,830	–	3,830	4,092	–	4,092
Philippine Peso	13,520	–	13,520	18,085	–	18,085
Singapore Dollar	39,255	–	39,255	61,745	–	61,745
Sri Lankan Rupee	9,344	–	9,344	10,739	–	10,739
Taiwanese Dollar	72,648	961	73,609	36,114	4,826	40,940
Thailand Baht	10,808	80	10,888	18,119	–	18,119
US Dollar[A]	–	4	4	–	24	24
Vietnamese Dong	11,690	2,081	13,771	11,552	143	11,695
	620,827	4,434	625,261	607,234	4,993	612,227
Sterling	–	5,823	5,823	4,595	5,193	9,788
Total	**620,827**	**10,257**	**631,084**	**611,829**	**10,186**	**622,015**

[A] If currency denomination of overseas investments is used then exposure for Chinese Yuan is £63,955,000 (2019 – £55,089,000), for Hong Kong Dollar £220,056,000 (2019 – £167,081,000) and for US Dollar £15,566,000 (2019 – £30,326,000).

Foreign currency sensitivity. There is no sensitivity analysis included, as the Company's significant foreign currency financial instruments are in the form of equity investments, which have been included within the other price risk sensitivity analysis, so as to show the overall level of exposure.

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 2020 would have increased/decreased by £62,083,000 (2019 – increased/decreased by £61,183,000) 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 Standard Life Aberdeen, the total percentage holdings of those securities owned by Standard Life Aberdeen-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 2020, the Company had drawn down £6,000,000 from a £25,000,000 Revolving Facility Agreement with Scotiabank Europe, which is due to mature on 27 November 2020. 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 70 and 71.

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

Management of the risk

– investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the 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:

	2020		2019	
Current assets	**Balance Sheet £'000**	**Maximum exposure £'000**	**Balance Sheet £'000**	**Maximum exposure £'000**
Loans and receivables	3,929	3,929	1,818	1,818
Cash and cash equivalents	11,390	11,390	10,170	10,170
	15,319	**15,319**	**11,988**	**11,988**

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:

	2020 £'000	**2019 £'000**
In less than one year	10,666	7,332
In more than one year	24,995	24,993
	35,661	**32,325**

Notes to the Financial Statements Continued

Fair value of financial assets and liabilities. The fair value of the long–term loan has been calculated at £25,108,000 as at 31 August 2020 (2019 – £25,145,000) compared to an accounts value in the financial statements of £24,995,000 (2019 – £24,993,000) (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 (2019 – 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 2020 of £620,827,000 (31 August 2019 – £611,829,000) has therefore been deemed as Level 1.

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 50 and 51.

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 £3,300,000 (31 August 2019 – £1,500,000) invested in Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund which is managed and administered by ASI. 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.

22. Subsequent events. Following a review, the Board has agreed a change in the allocation of management fees and finance charges from 100% to revenue, to 75% capital and 25% to revenue which takes effect from 1 September 2020. The revised allocation is in line with the AIC's statement of recommended practice ("SORP") which recommends that an investment trust recognises expenses between income and capital that reflects its expected returns over the longer term.

Corporate Information

The Manager is a subsidiary of Standard Life Aberdeen plc. Assets under the management of the Group's investment division, Aberdeen Standard Investments, were equivalent to £511.8 billion at 30 June 2020.

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 2020 and 31 August 2019 and total return for the period.

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%**

2019	Dividend rate	NAV	Share price
31 August 2018	N/A	421.54p	370.00p
22 November 2018	4.00p	387.05p	347.00p
31 August 2019	N/A	458.03p	402.50p
Total return		**+9.8%**	**+10.0%**

Discount to net asset value per Ordinary share. The difference between the share price of 416.00p (31 August 2019 – 402.50p) and the net asset value per Ordinary share of 474.39p (31 August 2019 – 458.03p) expressed as a percentage of the net asset value per Ordinary share. The highest and lowest discount during the year is shown on page 19.

Net gearing. Net gearing measures the total borrowings of £30,995,000 (31 August 2019 – £30,993,000) less cash and cash equivalents of £10,257,000 (31 August 2019 – £10,186,000) divided by shareholders' funds of £599,431,000 (31 August 2019 – £589,708,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to brokers at the year end of £1,133,000 (31 August 2019 – due from brokers – £16,000) as well as cash and short term deposits of £11,390,000 (31 August 2019 – £10,170,000).

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.

	2020	2019
Investment management fees (£'000)	4,058	4,272
Administrative expenses (£'000)	1,070	1,040
Less: non-recurring charges[A] (£'000)	(49)	(13)
Ongoing charges (£'000)	**5,079**	**5,299**
Average net assets (£'000)	**573,046**	**638,726**
Ongoing charges ratio	**0.89%**	**0.83%**

[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 Aberdeen Standard Investments (Asia) Limited.

Aberdeen Standard Investments (Asia) Limited ("ASI Asia")

ASI Asia is the investment manager of the Company. ASI Asia is based in Singapore and is a wholly-owned subsidiary of Standard Life Aberdeen plc. Assets under the management of the combined investment division, Aberdeen Standard Investments, were equivalent to £511.8 billion at 30 June 2020.

The Investment Team Senior Managers

Adrian Lim
Investment Director

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 ASI 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
Senior Investment Director

Pruksa graduated with a BA in Business Administration from Chulalongkorn University, Thailand and is a Chartered Financial Analyst®. She joined ASI 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

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

Flavia Cheong
Head of Equities – Asia Pacific, Asian Equities

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 ASI Asia in 1996.

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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 Aberdeen Standard Investment Trust Share Plan, Individual Savings Account ("ISA") and Investment Plan for Children.

Aberdeen Standard Investment Trust Share Plan
Aberdeen Standard Investments 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 Aberdeen Standard Investments in writing at any time.

Aberdeen Standard Investment Trust ISA
Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment made be made of up to £20,000 in the tax year 2020/21.

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 Aberdeen Standard Investments 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.

Aberdeen Standard Investment Plan for Children
Aberdeen Standard Investments 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 Aberdeen Standard Investments in writing at any time.

Nominee Accounts and Voting Rights
In common with other schemes of this type, all investments in the Aberdeen Standard 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 2020/21 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.

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

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

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

Terms and conditions for the Aberdeen Standard 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. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest; Alliance Trust Savings; Barclays Stockbrokers; Charles Stanley Direct; Halifax Share Dealing; Fidelity Personal Investing; Hargreave Hale; Hargreaves Lansdown; Idealing; Interactive Investor; Selftrade; The Share Centre; Stocktrade.

Discretionary Private Client Stockbrokers
If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The 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
Aberdeen Standard Investments (ASI) are aware that some investors have received telephone calls and emails from people, purporting to work for ASI or for third party firms, who have offered to buy their investment company shares. ASI 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 ASI and any third party making such offers has no link with ASI. ASI 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 ASI'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

Aberdeen Standard Investments
Aberdeen Standard Investments ("ASI") is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

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

ASI Asia or Investment Manager
Aberdeen Standard Investments (Asia) Limited ("ASI Asia" or "Investment Manager") is a subsidiary company of Standard Life Aberdeen 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

CULS
The 3.5% Convertible Unsecured Loan Stock 2018 issued in January 2011. The CULS were convertible semi-annually on the basis of 310.1528p nominal of CULS for one Ordinary Share. This equated to a 10% premium to the unaudited NAV per Ordinary Share (including income) of 281.9571p at 5 January 2011. The Final Conversion Date of the CULS was 31 January 2018.

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.

Notional Interest
At the date the CULS were issued, the fair value of the liability component was estimated by assuming that an equivalent non-convertible obligation of the Company would have a coupon rate of 4.662%. Notional interest is calculated as the difference between this effective interest rate of 4.662% and the coupon rate of 3.5%.

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.

Standard Life Aberdeen plc or the Group
The Standard Life Aberdeen plc group of companies. Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017.

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 2020

159,611,677 Ordinary shares of 20p (of which 33,253,224 are held in treasury).

Capital History

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 2019.

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 16 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 97) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2019 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 2020	1.10:1	1.11:1

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-second annual general meeting of Asia Dragon Trust plc will be held at offices of Aberdeen Standard Investments, 6 St Andrew Square, Edinburgh on 10 December 2020 at 9.00 am 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 16 inclusive will be proposed as special resolutions:

Ordinary Business

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

1. To receive the reports of the Directors and auditor and the audited financial statements for the year to 31 August 2020.
2. To approve the Directors' Remuneration Policy.
3. To receive and adopt the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, for the year to 31 August 2020.
4. To approve payment of a final dividend of 4.75p per Ordinary share.
5. To re-elect James Will as a Director of the Company.
6. To re-elect Gaynor Coley as a Director of the Company.
7. To re-elect Kathryn Langridge as a Director of the Company.
8. To elect Susan Sternglass Noble as a Director of the Company.
9. To re-elect Charlie Ricketts as a Director of the Company.
10. To 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.
11. To authorise the Directors to determine the remuneration of the auditor for the year to 31 August 2021.

Special Business

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 £8.42 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 2022 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, provided that this power shall:
    (i) be limited up to an aggregate nominal amount of £1.26 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 2022 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 to be allotted after such expiry and the Directors may allot equity securities 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 18.9 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 2022 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.
16. That the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By order of the Board
Aberdeen Asset Managers Limited
10 November 2020

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 9.00 am on 8 December 2020.

(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 8 December 2020 (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 referred to above.

(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 9.00 am on 8 December 2020 (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 29 October 2020 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 125,955,337 Ordinary shares of 20 pence each and there were a further 33,656,340 shares held in treasury. Each Ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 29 October 2020 is 125,955,337. Treasury shares represent 21.1% 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 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:

1. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
2. the answer has already been given on a website in the form of an answer to a question; or
3. 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 Aberdeen Standard 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) The full terms of the proposed amendments to the Company's articles of association would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions, implemented in response to the Coronavirus pandemic. As an alternative, a copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will instead be available for inspection on the Company's website, www.asiadragontrust.co.uk, from the date of the Notice of the Annual General Meeting until the close of the meeting. These documents will also be available for inspection at the meeting venue from 15 minutes before and during the Annual General Meeting. In the event that the current Coronavirus related restrictions are lifted before the Annual General Meeting, a hard copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the meeting.

(xix) Given the risks posed by the spread of the Coronavirus and in accordance with the provisions of the articles of association and Government guidance, physical attendance at the Annual General Meeting may not be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his/her sole discretion, the number of individuals in attendance at the meeting. Should the Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

Appendix to the Notice of the Annual General Meeting

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 16 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, www.asiadragontrust.co.uk, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Hybrid/Virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means.
Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.
While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information to comply with the Company's international tax reporting obligations.
The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('FATCA') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the 'Regulations')).

It is proposed that the Existing Articles will be amended to provide the Company with the ability to require shareholders to co-operate with it so that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA (and consequently having to pay withholding tax to the US Internal Revenue Service). The Existing Articles will also be amended to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole.
The Regulations also include the automatic exchange of information regimes brought in by the tax regulation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "Common Reporting Standard") which requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As a result, the Company will have to provide information annually to the local tax authority on the tax residency of a number of non-UK based certified shareholders and corporate entities.

Therefore, the Existing Articles will also be amended in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations including its obligations under the Common Reporting Standard and FATCA.

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

Corporate Information

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Gaynor Coley
Kathryn Langridge
Peter Maynard
Susan Sternglass Noble
Charlie Ricketts

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IRS Registration Number (GIIN): 2WA1VW.99999.SL.826

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