Aberdeen Asian Income Fund Limited

Targeting the income and growth potential of Asia's most compelling and sustainable companies

Annual Report
31 December 2020

Targeting the income and growth potential of Asia's most compelling and sustainable companies

The Investment Manager's investment philosophy is to find good quality companies that offer both capital growth and an attractive dividend story over the long term; with a team of more than 45 analysts based on the ground across Asia, meeting companies and often uncovering mispriced opportunities.

"Your Investment Manager remains focused on finding companies that will benefit from the Asian growth story, while also paying an attractive yield. This should result in a well-balanced portfolio of defensive and growth companies to deliver attractive returns for shareholders, even in uncertain times."

Charles Clarke,
Chairman

"We continue to look for good quality companies, with clear earnings' drivers, sound balance sheets, and robust cash levels, which underpin their ability to support sustainable dividends."

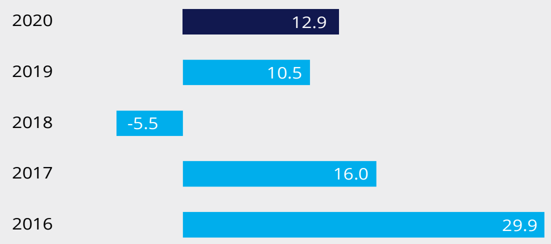
Yoojeong Oh,
Investment Director

To download an interactive version of this report please visit **asian-income.co.uk**

Contents

Highlights and Financial Calendar

Net Asset Value Total Return[A]

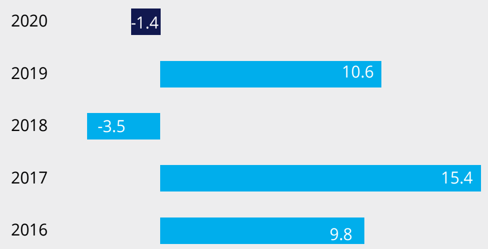


To 31 December – percentage

Dividends per Share

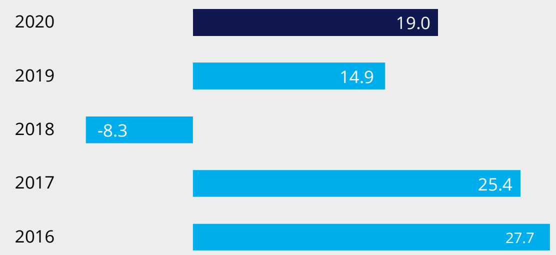
To 31 December – pence

MSCI AC Asia Pacific ex Japan High Dividend Yield Index Total Return (currency adjusted)



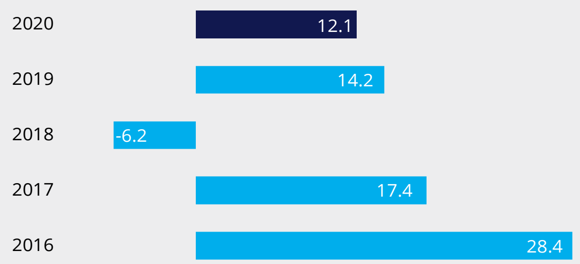
Year ended 31 December – percentage

MSCI Asia Pacific Ex Japan Index Total Return (currency adjusted)



To 31 December – percentage

Ordinary share price total return[A]



Year ended 31 December – percentage

Total Shareholders' Funds

£431.5m

Market Capitalisation

£401.8m

Capital Structure

Ordinary shares of no par value in issue

175,824,483

[A] Alternative Performance Measure (see page 108).

Dividend per Ordinary share – 2020

9.30p

2019 9.25p

Earnings per Ordinary share – basic (revenue) – 2020

7.41p

2019 9.42p

Net asset value total return[AB] – 2020

+12.9%

2019 +10.5%

Share price total return[AB] – 2020

+12.1%

2019 +14.2%

MSCI AC Asia Pacific ex Japan High Dividend Yield Index total return (currency adjusted)[B] – 2020

–1.4%

2019 +10.6%

MSCI AC Asia Pacific ex Japan Index total return (currency adjusted)[B] – 2020

+19.0%

2019 +14.9%

Yield – 2020[CD]

4.1%

2019[C] 4.3%

Discount to net asset value per Ordinary share – 2020[AC]

6.9%

2019[AC] 5.8%

Ongoing charges[AE] – 2020

1.10%

2019 1.23%

Net gearing[AC] – 2020

6.9%

2019 8.1%

[A] Alternative Performance Measure (see pages 108 and 109).
[B] Total return represents the capital return plus dividends reinvested.
[C] As at 31 December.
[D] Yield is calculated as the dividend per Ordinary share divided by the share price per Ordinary share expressed as a percentage.
[E] Calculated in accordance with the latest AIC guidance issued in October 2020 to increase the scope of reporting the look-through costs of holdings in investment companies.

Summary of Results

	31 December 2020	31 December 2019	% change
Total assets (see definition on page 105)	£467,210,000	£439,392,000	+6.3
Total equity shareholders' funds (net assets)	£431,476,000	£403,403,000	+7.0
Market capitalisation	£401,759,000	£380,047,000	+5.7
Net asset value per Ordinary share[A]	245.40p	227.15p	+8.0
Share price per Ordinary share[A]	228.50p	214.00p	+6.8
Discount to net asset value per Ordinary share[B]	6.9%	5.8%	
MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted)[A]	3,762.06	4,004.10	–6.0
MSCI AC Asia Pacific ex Japan Index (currency adjusted)[A]	906.30	780.59	+16.1
Net gearing[B]	6.9%	8.1%	
Ongoing charges ratio[B]	1.10%	1.23%	
Dividend and earnings			
Total return per Ordinary share[C]	27.10p	22.29p	+21.6
Revenue return per Ordinary share[C]	7.41p	9.42p	–21.3
Dividends per Ordinary share[D]	9.30p	9.25p	+0.5
Dividend cover per Ordinary share[B]	0.80	1.02	
Revenue reserves[E]	£7,748,000	£11,060,000	
Yield[F]	4.1%	4.3%	

[A] Capital values.
[B] Considered to be an Alternative Performance Measure as defined on pages 108 and 109.
[C] Measures the relevant earnings for the year divided by the weighted average number of Ordinary shares in issue (see note 9 on page 79).
[D] The figure for dividends reflects the years in which they were earned (see note 8 on page 79).
[E] The revenue reserves figure takes account of the fourth interim dividend amounting to £4,484,000 (2019 – fourth interim amounting to £4,438,000).
[F] Yield is calculated as the dividend per Ordinary share divided by the share price per Ordinary share expressed as a percentage.

Performance (Total Return) to 31 December 2020

	1 year % return	3 year % return	5 year % return	Since launch[B] % return
Net asset value[A]	+12.9	+17.9	+77.7	+346.4
Share price (Ordinary)[A]	+12.1	+20.1	+81.0	+315.4
MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted)	–1.4	+5.2	+59.0	+301.1
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+19.0	+25.3	+100.7	+339.0

[A] Considered to be an Alternative Performance Measure (see page 108 for more details).
[B] Launch date being 20 December 2005.

“The Board has maintained its ESG-focused dialogue with the Investment Manager in the belief that companies with good ESG practices will be the winners over the longer term.”

Charles Clarke,
Chairman

By making Environmental Social and Governance (ESG) factors central to its investment capabilities, the Investment Manager looks to deliver improved long-term financial performance

Chairman's Statement

"Your Investment Manager will remain focused on selecting quality companies with solid fundamentals and robust ESG standards, underpinned by an attractive dividend yield."

Charles Clarke, Chairman

Background and Overview

Despite the dramatic upheaval last year caused by the Covid-19 pandemic, stock markets worldwide, albeit gyrating wildly, generally ended higher in 2020 and your Company's net asset value ("NAV") rose by 12.9%. This was considerably ahead of the 1.4% decline in the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index which is a more appropriate yardstick than the MSCI All Countries Asia Pacific ex Japan Index which returned 19.0%. This outcome is a testament to your portfolio's quality and your Investment Manager's dedicated expertise. Despite the pandemic, your Investment Manager swiftly adjusted to the new normal and was able to maintain the regular level of due diligence on portfolio holdings whilst working from home from their headquarters in Singapore via video conferences and telephone calls.

Market sentiment was marked by equal measures of froth and uncertainty in the past 12 months as the Covid-19 pandemic wreaked unprecedented havoc, from the aggregate level all the way down to the individual. The initial shock sent stock markets tumbling as economies ground to a halt and all trade and travel evaporated. Governments and central banks worldwide responded with unprecedented levels of economic stimuli to help companies and individuals survive the pandemic.

Government responses, however, were far from uniform, which resulted in diverse outcomes. Countries that had shown greater restraint achieved better success with Singapore, New Zealand, Australia and North Asia ending the year largely Covid free. In contrast, those countries that had stumbled over their initial responses found themselves in even more dire circumstances, particularly because of their eagerness to re-open before getting a firm grip on the outbreak. This resulted in a divergence of fortunes as the tech-heavy North Asian markets and commodity-led Australia spearheaded recovery for the asset class in the latter half of the year, whereas South East Asian markets were yet to reach a point of stability. Overall, the prospect of vaccine roll-outs heading into 2021 propelled share prices, in some cases, to multi-year highs.

At the corporate level, companies responded to the crisis as best they could. Many showed prudence, cutting costs and bolstering their balance sheets, scaling back capital spending and trimming dividend payouts. As the situation improved, some holdings reinstated their dividend policy, albeit partially. Examples include the Singapore banks, which had initially deferred dividend payments as mandated by the regulator. These lenders subsequently reinstated up to 60% of their dividends, on solid earnings' growth and as the country managed to curtail the virus successfully. Another example was **Singapore Telecommunications** which announced dividend payouts during the fourth quarter. I would like to reiterate that these moves to trim or suspend dividends reflected the underlying holdings' cautiousness rather than being a sign of their poor financial health. At the same time, your Investment Manager has kept abreast of these developments and has repositioned the portfolio accordingly, as detailed below.

Apart from the health crisis, geopolitical tension between the US and China was another key theme in Asian markets. The rhetoric from the Trump administration had ratcheted higher over the period. In addition to sanctions against Chinese tech companies, US regulators banned Americans from investing in companies linked to the Chinese military, while enacting a law that would delist mainland companies from American stock exchanges if they fail to meet with US audit rules. In contrast, Beijing exercised more restraint in its retaliation, although Hong Kong was inadvertently caught in the crossfire. Some markets, such as India and several in Southeast Asia, could stand to gain from this upheaval, especially if companies that are part of the US supply chain move to these more neutral markets to circumvent the increasingly stringent rules.

Performance

Your Company's net asset value total return was 12.9%, far outpacing the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index's decline of 1.4%. The share price total return was 12.1% and the year end share price was 228.5p representing a 6.9% discount to the NAV per Ordinary Share, with a dividend yield of 4.1%. I am pleased with your Company's performance, which I attribute to your Investment Manager's astute approach in targeting high quality Asian companies as well

Chairman's Statement Continued

as its focus on robust environmental, social and corporate governance ("ESG") standards.

During this turbulent period, your Investment Manager actively engaged with the portfolio's underlying companies. Frank and open dialogue was established to help the holdings to meet the challenges facing them, while at the same time safeguarding the quality of your Company's portfolio at a time of elevated uncertainty and economic strain. It was reassuring to see that most of the portfolio's holdings have undertaken strategic reviews and adopted changes needed to weather the storm.

Meanwhile, the indiscriminate sell-off in March 2020 provided your Investment Manager with opportunities to fine-tune the portfolio. This included taking advantage of any mispricing, as the valuation of high-quality companies fell to attractive levels, allowing your Investment Manager to introduce high-quality stocks to the portfolio at reasonable prices. Your Investment Manager's bottom-up approach to stock selection helped boost performance, particularly with the Company's increased exposure to the technology and real estate sectors. This drove much of your Company's returns over the year. The Investment Manager's Review provides more insight into these changes.

On the governance front, your Investment Manager has maintained efforts to raise the portfolio's ESG ratings. Of note were **Taiwan Semiconductor Manufacturing Company ("TSMC")** and **Samsung Electronics**, whose ratings were recently upgraded. TSMC secured a AAA, the highest rating, as it maintained its lead over its peers across most key ESG issues. Similarly, Samsung was upgraded to an A rating after improvements in its salary disclosure brought it on par with its peers. Additionally, the ongoing board revamp was also positive, with a relatively young board as well as greater independent oversight. The continued engagement with the portfolio's holdings is an important facet of your Investment Manager's efforts to reduce portfolio risks, while generating long-term gains.

Dividends

Four quarterly dividends were declared over 2020. The first three were paid at the rate of 2.25p with the fourth interim at 2.55p for the year, representing a small increase in total dividends from 9.25p to 9.3p for the year. This increase maintains the trend that has been established over the last 12 years and means that the Company continues to be a "next generation dividend hero" as recognised by the Association of Investment Companies ("AIC"), having raised dividends for at least 10 years.

Based upon the Ordinary Share price of 228.5p the shares were yielding 4.1% at year end. The Covid-19 pandemic has impacted the level of dividends that were received from portfolio companies during 2020. However, the Board is aware of how important dividends are to shareholders and has chosen to use some of the Company's accumulated revenue reserves, which have been built up since the launch of the Company, with the aim of smoothing the impact on dividend payments to shareholders. In the year to 31 December 2020, about £3.3 million has been used. The net revenue reserve at 31 December 2020, adjusting for the payment of the 4th interim dividend that occurred after the year end, amounts to £7.8 million (about 4.4p per Share) and any decision as to whether this will be utilised in 2021 (and by how much) will be taken at the time of each of the quarterly dividend declarations. Having these revenue reserves provides an added level of comfort to your Company's ability to pay dividends as Covid-19 continues to impact World markets. This is a significant benefit of the closed end investment company structure.

As I have cautioned in previous years, significant movements in the value of sterling may also impact the level of earnings from the portfolio as the Company earns dividends in local Asian currencies and pays out its dividend to shareholders in sterling. However, the Board is very conscious of the ongoing demand for yield and will continue to aim to reward shareholders when possible to do so. We are proud to have maintained a progressive policy despite the various economic, political and currency fluctuation risks seen both in Asia and in the UK since your Company's inception.

Share Capital Management

In line with the Board's policy to buy back shares when the discount at which the Company's shares trade exceeds 5% to the underlying NAV (exclusive of income), the Company has continued to buy back its shares into treasury. During the year the Company bought back 1,767,492 shares for treasury at a discount. Subsequent to the year end we have continued to buy back shares and a total of 90,154 further shares have been acquired. These buybacks are accretive to the Company's NAV and benefit all shareholders. The Company will continue selectively to buy back shares in the market, in normal market conditions and at the discretion of the Board, when the discount exceeds 5% of the NAV (ex income) over the longer term. During the year the level of discount at which the Ordinary shares traded has widened slightly from 5.8% to 6.9%. At the time of writing the Ordinary Shares are trading at a discount of 9.6% to the prevailing NAV.

Gearing

On 9 April 2020 the Company confirmed that it had renewed its £40 million revolving credit facility with Scotiabank for one year. HKD212.5 million and USD7.2 million (equivalent to approximately £25.7m) was drawn down under the facility at the year end.

Including the £10m fixed rate loan, the Company's total gearing at the year-end amounted to the equivalent of £35.7 million representing net gearing of 6.9% (2019 – 8.1%). Net gearing is normally within the range of 2% to 10% and the Directors expect to maintain this approximate range in the future.

On 3 March 2021 the Company announced that it had renewed both its three-year £10 million term facility and its £40 million revolving credit facility with Bank of Nova Scotia, London Branch on an unsecured basis, for three years. £10 million has been drawn down under the term facility and fixed for three years at an all-in rate of 1.53%. Under the revolving credit facility, HKD73.5 million, US$19 million and GBP4.9 million has been drawn down at all-in rates of 1.3225%, 1.3185% and 1.248% respectively.

Under the terms of the revolving credit facility, the Company also has the option to increase the level of the commitment from £40 million to £60 million at any time, subject to the identification by the Investment Manager of suitable investment opportunities and the lender's credit approval.

Ongoing Charges Ratio ("OCR")

The Board monitors all expenses closely with the aim of continuing to deliver value to shareholders and the Directors regularly review the OCR. During the year the Association of Investment Companies ("AIC") changed its methodology for calculating the OCR, to include the impact of certain underlying costs on a look-through basis. (Refer to 'Alternative Performance Measures' on page 108 for further information). It is pleasing to note that the OCR has fallen from 1.23% to 1.10% during the year, based upon the new AIC approach (using the old AIC methodology the OCR fell from 1.08% to 1.03%). The improvement in OCR was driven by the renegotiated lower management fee as well as by a reduction in the level of administrative costs resulting from the Board's emphasis on cost control.

Annual General Meeting ("AGM")

The Board has been monitoring closely the ongoing impact of the Covid-19 pandemic upon the arrangements for the Company's upcoming AGM on 12 May 2021. It is very difficult to predict the extent to which regulations limiting public gatherings will be relaxed in the near future and travel will be permitted again. Therefore, in order to provide certainty, whilst encouraging and promoting interaction and engagement with our shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 10.30 a.m. on Tuesday 27 April 2021. At the presentation, shareholders will receive updates from the Chairman and Investment Manager and there will be the opportunity for an interactive question and answer session. The online presentation is being held ahead of the AGM to allow shareholders to submit their proxy votes prior to the AGM and I would encourage all shareholders to lodge their votes in advance in this manner. Full details on how to register for the event can be found at:
www.workcast.com/register?cpak=6761218631054882

The AGM on 12 May 2021 will be a functional only AGM due to prevailing guidance and social distancing measures, including the restrictions on public gatherings and travel, and the possibility that these measures will remain in place in May. The AGM will follow the minimum legal requirements for an AGM and 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 be concluded. The Board considers these

Chairman's Statement Continued

arrangements to be in the best interests of shareholders given the current circumstances.

The Board strongly discourages shareholders from attending the AGM and entry will be refused if guidance so requires or if the Chairman considers it to be necessary. Instead, shareholders are encouraged to exercise their votes in respect of the meeting in advance. Any questions from shareholders who are unable to join the Online Shareholder Presentation may be submitted to the company secretary at: ***Asian.Income@aberdeenstandard.com****. The Board and/or the Investment Manager will seek to respond to all such questions received either before, or after the AGM. In the unlikely event that we consider that it has become possible to hold the AGM normally, we will notify shareholders of the changes by updating the Company's website at* ***asian-income.co.uk*** *and through an RIS announcement, where appropriate, as early as is possible before the date of the meeting.*

On behalf of the Board I should like to thank shareholders in advance for their co-operation and understanding and I very much look forward to presenting to as many shareholders as possible at the Online Shareholder Presentation.

Proposed Changes to Articles of Association

At the forthcoming AGM, a resolution is being proposed that relates to the adoption of new Articles of Association ("the Articles"). If passed the new provisions will enable the Company to hold virtual and hybrid general meetings (including AGMs) in the future. This is in response to the challenges posed by Government restrictions on social interactions as a result of the Covid-19 pandemic. Notwithstanding this proposed change, the Board remains fully committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting whenever law and regulation permits in order to fulfil the Board's commitment to enable shareholders to meet and interact with the Board on a face-to-face basis. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company. Your Board would only use virtual meetings in operating circumstances where physical meetings are prohibited or not practicable.

Directorate and Succession Planning

The Directors continue to monitor the merits of moving the Company onshore in order to achieve tax savings, but would only consult stakeholders about the possibility of a change of tax residence if there was evidence of it producing a material and enduring net benefit. As the composition of the Board would be influenced by the Company's tax residence and given the market uncertainty as a result of the Covid-19 pandemic, the Directors decided in 2020 to extend my term as Chairman one year beyond the ninth anniversary of my appointment as a Director, to allow for the appropriate Board succession to be determined. That means that I plan to retire from the Company at the AGM to be held in 2022 and during the current year the Directors will initiate a search for a new independent non-executive Director.

Environmental, Social and Governance ("ESG") Investing

The Board has maintained its ESG-focused dialogue with the Investment Manager in the belief that companies with good ESG practices will be the winners over the longer term whilst benefitting society. The Directors are pleased to note that the Investment Manager's ESG engagement is positive and further details pertaining to ESG and also climate change are contained on pages 39 to 43.

Outlook

The return of lockdowns as new infections spike and the discovery of more transmissible strains in many countries are an important reminder that the pandemic is not yet behind us. Already, stock markets globally are starting to wobble despite the start of Covid-19 inoculations. The reality is that the rollout of vaccines at scale has been patchy and distribution challenges remain in many countries. Monetary and fiscal support extended by governments and central banks worldwide, while reassuring, is finite and there is uncertainty about how much longer some of these policies can be sustained. Furthermore, the last few weeks of the Trump administration added more volatility to markets due to the confusion around Executive Orders restricting US investments into select Chinese companies.

In Asia, many countries have fared better than their Western counterparts, have relatively healthier fiscal positions and are further along the re-opening journey; schools and offices have already been re-opened and selective travel corridors are successfully operating with appropriate quarantine measures.

Moreover, the recent signing of the Regional Comprehensive Economic Partnership agreement among Asia-Pacific nations and the EU-China Comprehensive Agreement on Investment along with several others already in place, should greatly equip the region for trade, investment and infrastructure financing. Additionally, with the new US President at the helm, geopolitical tensions with China could ease. Although the strategic rivalry between the two is likely to persist, there are hopes for a more constructive dialogue, which would help improve market stability.

Having said that, the drivers that underpin Asia's long-term growth story still hold true. A relatively young population, rising wealth levels and more sophisticated consumption patterns are long-term trends that will remain despite the near-term uncertainties. These will support the growing adoption of technology, which will in turn, underpin the promising prospects for companies in the region. Your Investment Manager will remain focused on selecting quality companies with solid fundamentals and robust ESG standards, underpinned by an attractive dividend yield. Whilst 2021 has seen a correction in growth names on concerns of rising bond yields, this is coming off a low base and neither high interest rates nor high inflation are going to be welcomed by any policy maker at this time.

Your Investment Manager remains focused on finding companies that will benefit from the Asian growth story, while also paying an attractive yield. This should result in a well-balanced portfolio of defensive and growth companies to deliver attractive returns for shareholders, even in uncertain times. This combination of capital growth coupled with an attractive 4.1% yield are particularly welcome against the backdrop of low interest rates at home.

Charles Clarke,
Chairman
7 April 2021

Investment Manager's Review

Yoojeong Oh, Aberdeen Standard Investments (Asia) Limited

Q1. How did Aberdeen Asian Income Fund do in 2020?

The Company's Net Asset Value ("NAV") returned 12.9% over the year in sterling terms versus the 1.4% decline of the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index and the 19.0% gain of the MSCI All Countries Asia Pacific ex Japan Index. In addition, your Company has paid an increased dividend per share to shareholders, which represented a premium to the benchmark dividend yield. The rise in capital and income are particularly welcome given the difficult operating environment faced by many companies as a result of pandemic restrictions and lockdowns. Although there has been a wide divergence in currency performance across the region, the Company has been a beneficiary of foreign exchange tailwinds as our largest positions are traded in currencies that ended the year stronger versus the British pound amid fears at home of rising infection rates and further quarantining measures.

Our investment style is underpinned by a process that hunts out good quality, dividend paying companies at attractive prices that are exposed to the long term growth trends in Asia. We look for reliable cash flow generators with robust balance sheets and high quality management that can sustain good returns over time while also paying dividends to shareholders. Despite the low interest rate and bond yield environment, dividend yield as a style factor has lagged in Asia, as it has in the rest of the world. The fear of regulatory intervention and possible dividend cuts on one hand, coupled with hopes for outsized returns from high growth stocks on the other, has kept yield stocks at bay for a large part of the year. This has created an opportunity for us to buy more of the companies we like at cheaper valuations, many of which are exposed to structural long term growth trends and have continued to pay dividends in 2020.

Q2. Why is performance reported against two indices?

NAV returns have historically been measured against the MSCI AC Asia Pacific ex Japan index. However, over the past five years, this index has become increasingly skewed towards the non-yielding Chinese internet names, with the top three internet stocks making up close to 15% of this benchmark index.

We are looking for quality companies that offer both growth and dividend yield and every holding is expected to contribute to the total return of the overall portfolio. The merits of this diversified approach to collecting revenue streams has been evidenced this year. With dividend cuts impacting whole sectors, we were fortunate to not be overly reliant on any one sector for our dividend revenues.

As an alternative, we also provide NAV returns relative to the MSCI AC Asia Pacific ex Japan High Dividend Yield index which is based on the MSCI AC Asia Pacific ex Japan index but reflects those stocks that have higher yields, which we believe is a better representation of our investment universe.

Q3. Is Asia a good region to look for income?

When allocating money to Asia, investors are largely drawn to the growth story that Asian markets have to offer, supported by expanding populations, rising affluence and improving education. It may come as a surprise that over the past two decades, dividends have played an equally important role in generating total returns for investors in Asia, as indicated by the illustrative chart overleaf.

Another important aspect is that income is well diversified across countries and sectors. Asia is home to some of the most exciting companies in the world, attuned to a variety of longer term growth themes. A digital future, for example, needs technology enablers such as Taiwan's **TSMC** and South Korea's **Samsung Electronics** which are the two largest positions in the Company. Both of these companies are the global market leaders in semiconductor and memory chip manufacturing respectively, which provide the key building blocks for all the devices that support digital interconnectivity from smartphones, to computers, data servers and cloud storage services. Meanwhile, an increasingly urbanising landscape in Asia is driving earnings' growth for infrastructure companies such as our holdings in utility company **Power Grid of India** as well as diversified miner **BHP.** Going green can be a challenge for an income fund as this sector is still in the heavy investment phase. However, we are able to find global leaders with sturdy capital positions and dividend growth such as **LG Chem**, one of the top five electric vehicle battery manufacturers in the world; it is set to benefit from increasing environmental regulations that make electric vehicles more accessible to everyone. In addition to highlighting the broad base of sectors from which income is collected, all five of the companies mentioned above have increased their dividend during 2020.

Q4. What were the best and worst performing parts of the portfolio?

In what has truly been an exceptional year, there have been some clear winners for the Company. The rapid spread of Covid-19 and the ensuing mobility restrictions to help mitigate further contagion forced large swathes of the global population to work and study from home. This swift and mandatory change in behaviour resulted in increased demand for laptops, PCs, smartphones and other related devices as well as online content, e-commerce and cloud-based services. Asia is a powerhouse in the global technology supply chain and seven out of the top ten best performing stocks in the portfolio were major technology players in their respective segments, which capitalised on the above trends, supported by economies of scale that enabled them to ride out the worst of each business cycle.

Aside from the large cap giants, the Company also benefited from mid cap companies that have carved out a competitive edge in specialist markets. For example, Taiwan's **GlobalWafers** is a key raw material supplier into both TSMC and Samsung Electronics, generating resilient cash flows in the premium end of the wafer supply market. Globalwafer's share price doubled from March lows as the company continues to see healthy demand and has bid to acquire German rival Siltronic which would further consolidate this industry. Elsewhere, Singapore-listed **Venture Corporation** added Covid-19 diagnostics and testing equipment to their diversified list of end markets, from genome sequencing to 5G infrastructure. Both companies have displayed the resilience of their business models and cash flow generation, and have increased dividends for the year.

On the other hand, some of the more traditional yield stocks fell out of favour during a year where markets leaned heavily into growth and momentum. Our holdings in telecoms and banks lagged the broader Asian market, especially during the first half of the year on fears of substantial dividend cuts. Towards year end, as regulatory pressure for dividend cuts eased and valuation multiples looked increasingly cheap, these stocks have begun to draw interest and share prices have recovered from prior lows.

The Company has 12% of NAV invested in China compared to the MSCI Asia Pacific ex Japan Index weighting of 38%. This difference stems from not owning Chinese internet stocks, which do not pay dividends, as well as our decision to avoid some specific companies that do not meet our quality criteria of transparent execution and financials. We are however ardent believers in the domestic China growth story and continue to look for well-managed companies that are dialed in to future consumer trends and have the cash flow generation to grow their dividends

Investment Manager's Review Continued

to shareholders. Sometimes these companies are not listed in China but in Hong Kong or Singapore, which can be seen in our country positioning. Last year, we were able to add to our China positioning during the market disruption as companies we had been watching from the sidelines became available at relatively cheaper prices. Initiations included Shenzhen-listed **Midea**, a white goods' manufacturer that plays into the aspirational consumer theme, as well as **Hong Kong Exchanges & Clearing** which should benefit from increasing trading volumes, especially if Chinese firms currently listed in the US decide to list closer to home amid heightened geopolitical tensions.

These portfolio changes, coupled with the market moves in the technology space detailed earlier, have resulted in some notable changes to our aggregate country exposure during the year. Whilst portfolio turnover has increased relative to historic average, it still remains modest at 16%. We have delivered double digit returns and a 4.1% yield without the need for excessive transactions.

Q5. How has your investment strategy changed during the pandemic?

The Company's investment strategy has been unwavering: to target rising income and growth from high quality Asian companies and to aim to increase its dividends over time.

2020 was an unpredictable year where volatility presented opportunities to invest in long-researched, quality stocks at cheaper prices. With over forty-five analysts on the ground across Asia and an investment presence that spans over two decades, we have good local knowledge of Asian corporates and value chains. The in-house research process focuses on detailed fundamental analysis to identify easy-to-understand businesses that are also industry leaders, backed by wide competitive moats and healthy balance sheets. These factors allow them to sustainably pay out dividends, even in adverse economic conditions, such as the one we find ourselves in. As companies that we believe are strong cash flow generators were sold down indiscriminately alongside the rest of the market, we have been opportunistic buyers of these stocks. Staying disciplined is crucial and our focus remains on finding quality dividend payers for the future.

Our long-established presence in Asia has allowed us to evolve a nuanced, region-specific perspective of corporate management. Our environmental, social and governance (ESG) framework has been tailored to factor in issues that may have a direct financial impact on our holdings. Many companies in the region are only just beginning to realise the significance which international investors place on having clear and transparent ESG policies. With this in mind, we frequently liaise with your Company's underlying holdings to advocate improvements to governance practices. This commitment to support ongoing ESG improvement from a bottom up perspective has been recognised by third party ratings providers and the Company's ESG rating has been upgraded by MSCI this year. We are pleased to provide more details on how we embed ESG into our investment process on pages 39 to 43.

Q6. How have dividends been impacted in the portfolio? Have you exited stocks that cut their dividends?

The amount of dividends paid in Asia is lower this year, a trend that is evident across equity markets worldwide. However, thanks to underlying support from favourable demographics, a decisive Covid-19 response, and various stimulus measures, dividends in Asia have proven more resilient compared to many global counterparts.

There were only a few holdings that implemented a full dividend suspension, representing less than 10% of portfolio NAV. Importantly, none of these decisions were due to an inability to pay dividends but were a result of regulatory intervention or a pre-emptive measure by the company management to safeguard against an uncertain outlook. **Auckland International Airport (AIA)** took the prudent decision to suspend dividends as air travel dropped to zero. We continue to own the stock despite this temporary dividend hiatus as AIA has a solid balance sheet, without excess financial leverage, that can see them through the lockdown. Moreover, New Zealand has been one of the world leaders in managing the pandemic and once border restrictions begin to ease, AIA will benefit from a return in future passenger demand. As long term investors, we believe that AIA's land bank and prime monopoly airport asset are undervalued by the market and is well-positioned to deliver earnings' growth and resume dividends in the future. During the year, there have also been a number of dividend increases and special cash returns which are testament to the financial strength of the companies we choose to invest in. At a time when many are facing unemployment and job uncertainty, several companies opted to raise the cash portion of shareholder returns to provide more income to their retail investors. Many of our technology companies have paid special dividends as highlighted in an earlier answer and we also saw corporate activity related special cash returns from specialty retailer **Convenience Retail Asia** in Hong Kong.

In order to maintain the distribution to our shareholders, we have also continued to build up high yielding stocks that we like at attractive prices. Notable initiations include Singapore's **CapitaLand** which offers diversified exposure across various real estate segments globally and has a robust income profile supported by their property portfolio, as well as Australia's **Charter Hall Long WALE REIT**, which continued to enhance the quality of its assets, by refreshing its portfolio, as well as improving contract terms. This feeds well into its ability to generate stable cash flows and pay attractive shareholder returns. Alongside this, we introduced dividend growth stocks, such as **Hong Kong Exchanges & Clearing** and **Midea**, where we believe the pace of earnings' growth will be higher than average and support a growing dividend over the coming years.

To fund these new investments, we sold out of a number of holdings, where we had lower conviction in the business model and dividend paying ability amid challenging conditions owing to the prolonged pandemic. Among these were Hong Kong conglomerate **Swire Pacific**, Singapore-based **Jardine Cycle & Carriage** and Australian lender **Westpac Banking**.

Not all investment decisions are taken solely on the investment merits of the underlying stock. In response to the US's Executive Order 13959 (the "Order") which applies to US Persons who are Shareholders in the Company and prohibits US persons from purchasing the "publicly traded securities" of 35 Chinese companies identified as Communist Chinese Military Companies ("CCMCs") we have approximately 2.5% of the Company's NAV invested in two stocks on the current list of CCMCs at the year end. If appropriate, we expect to have divested of this exposure by 11 November 2021, the deadline under the Order.

Q7. Can we expect a better dividend outlook for Asia going forward?

Asia's economic backdrop appears to be brightening as the global rollout of Covid-19 vaccines could bring infection rates down and help populations achieve herd immunity faster. However, the re-imposition of lockdowns in the US, Europe and parts of Asia, along with the emergence of more virulent strains are a grim reminder that the pandemic still looms large. Moreover, specific technical requirements for certain vaccines pose logistical challenges especially for many developing nations. Nevertheless, stimulus measures unleashed by governments and continued policy easing by major central banks should continue to support asset prices.

Covid-19 and the fear of economic closures in 2020 sent bond yields close to zero and investors switched from bonds to equities. With economies re-opening, bond yields are beginning to rise and there are growing concerns about inflation risk but it is worth remembering that these are both coming off a low base starting point in Asia. The impact of this on equity markets has been a rotation out of high growth stocks into the value end of the market. Higher bond yields are being reflected in equity valuation models as a higher discount rate which tempers down the fair value price for growth stocks that have enjoyed strong momentum over the past year. Meanwhile, inflation is a cost to be passed on and some businesses are better at doing so than others. Given the volatile inflation history seen in the Asia region over the past decades and our experience of investing in the region, pricing power is one of the criteria we look for as part of our quality focused investment approach. Whilst macro factors change over time, these are outside of our control and we remained disciplined about finding quality companies with good execution track records and strong business models, which includes the ability to pass on cost inflation via pricing power, that can outperform over the long term.

While dividends have come under pressure, we believe that the portfolio is in good shape to deliver over the long run and that our ability to pay dividends to our shareholders is supported by healthy revenue collection from the underlying holdings. Stock valuations in the region remain appealing, particularly as investors expect a recovery in corporate earnings to gather pace this year. Many of the structural trends seen in recent years have accelerated during lockdowns, including the adoption of cloud computing, electric vehicles and 5G networks - sectors in which many of your Company's key holdings are dominant. Asian corporate balance sheets are modestly geared relative to their global counterparts which bodes well for a recovery in capital investments and dividend payments. Against this backdrop, we continue to look for good quality companies, with clear earnings' drivers, sound balance sheets, and robust cash levels, which underpin their ability to support sustainable dividends.

Yoojeong Oh,
Investment Director

Aberdeen Standard Investments (Asia) Limited,
Investment Manager
7 April 2021

Strategic Report

The Company is registered with limited liability in Jersey as a closed-end investment company. It aims to attract long term private and institutional investors wanting to benefit from the growth prospects of Asian companies including those with above average dividend yields.

Overview of Strategy

Launched in December 2005, Aberdeen Asian Income Fund Limited (the "Company") is registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991 with registered number 91671. The Company's Ordinary Shares are listed on the premium segment of the London Stock Exchange.

Investment Objective

To provide investors with a total return primarily through investing in Asia Pacific securities, including those with an above average yield. Within its overall investment objective, the Company aims to grow its dividends over time.

Business Model

The Company aims to attract long term private and institutional investors wanting to benefit from the growth prospects of Asian companies including those with above average dividend yields.

The business of the Company is that of an investment company and the Directors do not envisage any change in this activity in the foreseeable future.

Investment Policy

Asset Allocation

The Company primarily invests in the Asia Pacific region through investment in:

- companies listed on stock exchanges in the Asia Pacific region;
- Asia Pacific securities, such as global depositary receipts (GDRs), listed on other international stock exchanges;
- companies listed on other international exchanges that derive significant revenues or profits from the Asia Pacific region; and
- debt issued by governments or companies in the Asia Pacific region or denominated in Asia Pacific currencies.

The Company's investment policy is flexible, enabling it to invest in all types of securities, including equity shares, preference shares, debt, convertible securities, warrants and other equity-related securities. The Company is free to invest in any market segments or any countries in the Asia Pacific region. The Company may use derivatives to enhance income generation.

The Company invests in small, mid and large capitalisation companies. The Company's policy is not to acquire securities that are unquoted or unlisted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange). However, the Company may continue to hold securities that cease to be quoted or listed if the Investment Manager considers this to be appropriate. The Company may also enter into stock lending contracts for the purpose of enhancing income returns.

Typically, the portfolio will comprise of between 40 and 70 holdings (but without restricting the Company from holding a more or less concentrated portfolio in the future).

Risk Diversification

The Company will not invest more than 10%, in aggregate, of the value of its Total Assets in investment trusts or investment companies admitted to the Official List, provided that this restriction does not apply to investments in any such investment trusts or investment companies which themselves have stated investment policies to invest no more than 15% of their Total Assets in other investment trusts or investment companies admitted to the Official List. In any event, the Company will not invest more than 15% of its Total Assets in other investment trusts or investment companies admitted to the Official List.

In addition, the Company will not:

- invest, either directly or indirectly, or lend more than 20% of its Total Assets to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates), provided that this restriction does not apply to cash deposits awaiting investment;
- invest more than 20% of its Total Assets in other collective investment undertakings (open-ended or closed-ended);
- expose more than 20% of its Total Assets to the creditworthiness or solvency of any one counterparty (including the counterparty's subsidiaries or affiliates);

- invest in physical commodities;
- take legal or management control of any of its investee companies; or
- conduct any significant trading activity.

The Company may invest in derivatives, financial instruments, money market instruments and currencies for investment purposes (including the writing of put and call options for non speculative purposes to enhance investment returns) as well as for the purpose of efficient portfolio management (i.e. for the purpose of reducing, transferring or eliminating investment risk in the Company's investments, including any technique or instrument used to provide protection against foreign exchange and credit risks). For the avoidance of doubt, in line with the risk parameters outlined above, any investment in derivative securities will be covered.

The Investment Manager expects the Company's assets will normally be fully invested. However, during periods in which changes in economic conditions or other factors so warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.

Gearing Policy
The Board is responsible for determining the gearing strategy for the Company. The Board has restricted the maximum level of gearing to 25% of net assets although, in normal market conditions, the Company is unlikely to take out gearing in excess of 15% of net assets. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where this is considered appropriate. Borrowings are generally shorter term, but the Board may from time to time take out longer term borrowings where it is believed to be in the Company's best interests to do so. Particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

The percentage investment and gearing limits set out under this sub-heading "Investment Policy" are only applied at the time that the relevant investment is made or borrowing is incurred. In the event of any breach of the Company's investment policy, shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to shareholders at their registered addresses.

The Company may only make material changes to its investment policy (including the level of gearing set by the Board) with the approval of shareholders (in the form of an ordinary resolution). In addition, any changes to the Company's investment objective or policy will require the prior approval of the Financial Conduct Authority as well as prior consent of the Jersey Financial Services Commission ("JFSC") to the extent that the changes materially affect the import of the information previously supplied in connection with its approval under Jersey Funds Law or are contrary to the terms of the Jersey Collective Investment Funds laws.

Duration
The Company does not have a fixed life.

Comparative Indices
The Company's portfolio is constructed without reference to any stockmarket index. It is likely, therefore, that there will be periods when the Company's performance will be quite unlike that of any index and there can be no assurance that such divergence will be wholly or even primarily to the Company's advantage. The Company compares its performance against the currency-adjusted MSCI AC Asia Pacific (ex Japan) High Dividend Yield Index and the currency-adjusted MSCI AC Asia Pacific (ex Japan) Index.

Promoting the Company's Success
In accordance with corporate governance best practice, the Board is now required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year following the guidelines set out in the UK under section 172 (1) of the Companies Act 2006 (the "s172 Statement"). This Statement, from 'Promoting the Success of the Company' to "Long Term Investment" on page 21 provides an explanation of how the Directors have promoted 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 all stakeholders and the impact of the Company's operations on the environment.

Overview of Strategy Continued

The purpose of the Company is to act as a vehicle to provide, over time, financial returns (both income and capital) to its shareholders. The Company's Investment Objective is disclosed on page 18. The activities of the Company are overseen by the Board of Directors of the Company. The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager operates at its regular meetings and receives regular reporting and feedback from the other key service providers.

Investment companies, such as the Company, are long-term investment vehicles, with a recommended holding period of five or more years. Typically, investment companies are externally managed, have no employees, and are overseen by an independent non-executive board of directors. Your Company's Board of Directors sets the investment mandate, monitors the performance of all service providers (including the Manager and Investment Manager) and is responsible for reviewing strategy on a regular basis. All this is done with the aim of preserving and, indeed, enhancing shareholder value over the longer term.

Shareholder Engagement

The following table describes some of the ways we engage with our shareholders:

AGM	In more normal times the AGM provides an opportunity for the Directors to engage with shareholders, answer their questions and meet them informally. The next AGM will take place on 12 May 2021 in Jersey but will be functional-only as a result of the pandemic. We therefore encourage shareholders to lodge their vote by proxy on all the resolutions put forward. As an alternative, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 10.30 a.m. on Tuesday 27 April 2021 (see Chairman's Statement on page 9).
Annual Report	We publish a full annual report each year that contains a strategic report, governance section, financial statements and additional information. The report is available online and in paper format.
Company Announcements	We issue announcements for all substantive news relating to the Company. You can find these announcements on the website.
Results Announcements	We release a full set of financial results at the half year and full year stage. Updated net asset value figures are announced on a daily basis.
Monthly Factsheets	The Manager publishes monthly factsheets on the Company's website including commentary on portfolio and market performance.
Website	Our website contains a range of information on the Company and includes a full monthly portfolio listing of our investments as well as podcasts by the Investment Manager. Details of financial results, the investment process and Investment Manager together with Company announcements and contact details can be found here: **asian-income.co.uk**
Investor Relations	The Company subscribes to the Manager's Promotional and Investor Relations programme (further details are on page 24).

The Manager

The key service providers for the Company are the Manager, Aberdeen Standard Capital International Limited, and the Investment Manager, Aberdeen Standard Investments (Asia) Limited and the performance of both is reviewed in detail at each Board meeting.

The Investment Manager's investment process is outlined on pages 99 and 100 and further information about the Investment Manager is given on page 98.

Key Stakeholders - Shareholders

Shareholders are key stakeholders in the Company – they are looking to the Manager and Investment Manager to achieve the investment objective over time and to deliver a regular growing income together with some capital growth. In normal circumstances the Board is available to meet at least annually with shareholders at the Annual General Meeting. This is seen as a very useful opportunity to understand the needs and views of the shareholders. In between AGMs, the Directors and Investment Manager also conduct programmes of investor meetings with larger institutional, private wealth and other shareholders to ensure that the Company is meeting their needs. Such regular meetings may take the form of joint presentations with the Investment Manager or meetings directly with a Director where any matters of concern may be raised directly.

Other Stakeholders - Service Providers

The other key stakeholder group is that of the Company's third party service providers. The Board is responsible for selecting the most appropriate outsourced service providers and monitoring the relationships with these suppliers regularly in order to ensure a constructive working relationship. Our service providers look to the Company to provide them with a clear understanding of the Company's needs in order that those requirements can be delivered efficiently and fairly. The Board, via the Management Engagement Committee, ensures that the arrangements with service providers are reviewed at least annually in detail. The aim is to ensure that contractual arrangements remain competitively price in line with best practice, services being offered meet the requirements and needs of the Company and performance is in line with the expectations of the Board, Manager, Investment Manager and other relevant stakeholders. Reviews include those of the Company's depositary and custodian, share registrar, broker and auditor.

Principal Decisions

Pursuant to the Board's aim of promoting the long term success of the Company, the following principal decisions have been taken during the year:

Portfolio The Investment Manager's Review on pages 12 to 15 details the key investment decisions taken during the year and subsequently. The Investment Manager has continued to monitor the investment portfolio throughout the year under the supervision of the Board. A list of the key portfolio changes can be found on pages 14 and 15.

Gearing The Company utilises gearing in the form of bank debt with the aim of enhancing shareholder returns over the longer term. Subsequent to the year end, the Board has renewed the £40m revolving credit facility and the £10m fixed rate loans both for a further three year period maturing in March 2024.

Share Buybacks During the year, the Board has continued to buy back Ordinary shares opportunistically in order to manage the discount by providing liquidity to the market.

ESG As highlighted on pages 14 and 15, the Board is responsible for overseeing the work of the Investment Manager and this is not limited solely to the investment performance of the portfolio companies. The Board also has regard for environmental, social and governance matters that subsist within the portfolio companies. The Board has conducted regular meetings and met with the Investment Manager's ESG team in Singapore in order to discuss the Investment Manager's principles and policies. The Board is supportive of the Investment Manager's pro-active approach to ESG engagement.

Long Term Investment

The Investment Manager's investment process seeks to outperform over the longer term. The Board has in place the necessary procedures and processes to continue to promote the long term success of the Company. The Board will continue to monitor, evaluate and seek to improve these processes as the Company continues to grow over time, to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations.

Overview of Strategy Continued

Key Performance Indicators (KPIs)

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

KPI	Description
Dividend Payments per Ordinary Share	The Board aims to grow the Company's dividends over time. Dividends paid over the past 10 years are set out on page 26.
Performance	**Absolute Performance:** The Board monitors the Company's NAV total return performance in absolute terms. **Relative Performance:** The Board also measures performance against the MSCI AC Asia Pacific (ex Japan) High Dividend Yield Index and the MSCI AC Asia Pacific (ex Japan) Index and performance relative to other investment companies within the Company's peer group over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies. **Share Price Performance:** The Board also monitors the price at which the Company's shares trade relative to the MSCI AC Asia Pacific (ex Japan) High Dividend Yield Index and the MSCI AC Asia Pacific (ex Japan) Index on a total return basis over time. The Board measures performance over a time horizon of at least five years. The absolute, relative and share price performance is shown on pages 27 and 28 and further commentary on the performance of the Company is contained in the Chairman's Statement and Investment Manager's Review.
Discount/Premium to NAV	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The objective is twofold: (i) to maintain the price at which the Ordinary Shares trade, relative to the exclusive of current period income NAV, at a discount of no more than 5% in normal market conditions; and (ii) to avoid large fluctuations in the discount/premium, relative to similar investment companies investing in the region, by the use of share buy backs or the issuance of new shares, subject to market conditions. A graph showing the share price premium/(discount) relative to the NAV is also shown on page 27.
Ongoing Charges Ratio	The Board monitors the Company's operating costs carefully. Ongoing charges for the year and previous year are disclosed on page 3.
Gearing	The Board ensures that gearing is kept within the Board's guidelines to the Manager.

Risk Management

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has undertaken a robust review of the principal and emerging risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks are disclosed in the table below together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's Shares are published monthly on the Company's factsheet or they can be found in the pre-investment disclosure document published by the Manager, both of which are available on the Company's website.

The Board reviews the risks and uncertainties faced by the Company in the form of a risk matrix and heat map at its Audit Committee meetings and a summary of the principal risks are set out below. The Board also has a process to consider emerging risks and if any of these are deemed to be significant these risks are categorised, rated and added to the risk matrix for closer monitoring.

The Board notes that a number of contingent risks stemming from the Covid-19 pandemic remain which may impact the operation of the Company. These include investment risks surrounding the companies in the portfolio such as employee absence, reduced demand, reduced turnover and supply chain breakdowns. The Investment Manager will continue to review carefully the composition of the Company's portfolio and to be pro-active in taking investment decisions where necessary. Operationally, Covid-19 is also affecting the suppliers of services to the Company including the Manager, Investment Manager and other key third parties. To date these services have continued to be supplied seamlessly and the Board will continue to monitor arrangements in the form of regular updates from the Manager and Investment Manager.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of this Annual Report and are not expected to change materially for the current financial year.

Description	Mitigating Action
Investment strategy and objectives – the setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand may lead to poor performance, the Company becoming unattractive to investors, a decreased demand for shares and a widening discount.	The Board keeps the investment objective and policy as well as the level of discount and/or premium at which the Company's Ordinary Shares trade under review. In particular, there are periodic strategy discussions where the Board reviews the Investment Manager's investment processes, analyses the work of Aberdeen Standard Investments' promotional and investor relations teams and receives reports on the market from the Broker. In particular, the Board is updated at each Board meeting on the make-up of and any movements in the shareholder register. Details of the Company's discount control mechanism are disclosed in the Directors' Report on pages 54 and 55.
Investment portfolio, **investment management** – investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and an inability to meet the Company's objectives or a regulatory breach.	The Board sets, and monitors, its investment restrictions and guidelines, and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process and application of the Board guidelines. The Investment Manager is represented at all Board meetings.
Financial obligations - the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's Ordinary Shares.	The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting.
Financial – the financial risks associated with the portfolio could result in losses to the Company.	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated in conjunction with the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 18 to the financial statements.
Regulatory - failure to comply with relevant regulation (including Jersey Company Law, the Financial Services and Markets Act, The Packaged Retail and Insurance-based Investment Products	The Board relies upon the Standard Life Aberdeen Group to ensure the Company's compliance with applicable law and regulations and from time to time employs external advisers to

Overview of Strategy Continued

(PRIIPS) Regulation, the Alternative Investment Fund Managers Directive, Accounting Standards and the FCA's Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) may have an impact on the Company.	advise on specific concerns.
Operational - the Company is dependent on third parties for the provision of all systems and services (in particular, those of the Standard Life Aberdeen Group) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.	The Board monitors operational risk and as such receives internal controls and risk management reports from the Investment Manager at each Board meeting. It also receives assurances from all its significant service providers, as well as back to back assurance from the Manager at least annually. The Board has also received regular and frequent updates on the implications for the Manager's and Investment Manager's operations of the Covid-19 pandemic. Further details of the internal controls which are in place are set out in the Directors' Report on pages 52 and 53.
Income and dividend risk - there is a risk that the portfolio could fail to generate sufficient income to meet the level of the annual dividend, thereby drawing upon, rather than replenishing, its revenue and/or capital reserves.	The Board monitors this risk through the review of income forecasts, provided by the Investment Manager, at each Board meeting.

Promoting the Company
The Board recognises the importance of communicating the long-term attractions of the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's Ordinary Shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by Aberdeen Standard Investments on behalf of a number of investment companies under its management. The Company also supports the Aberdeen Standard Investments investor relations programme which involves regional roadshows and promotional and public relations campaigns. The purpose of these initiatives is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's Shares. The Company's financial contribution to the programmes is matched by the Manager. ASI's closed end fund sales and promotional teams report quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make-up of that register. The Company, through the Manager, has also commissioned independent paid-for research which has been undertaken by Edison Investment Research Limited and a copy of the latest research is available for download from the Company's website, **asian-income.co.uk**.

Board Diversity
The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Board members, including diversity of thought, location and background. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. At 31 December 2020, the Company did not have any employees and there were four male Directors and two female Directors on the Board. There are two Directors based in Singapore, two Directors based in Jersey and two Directors based in the UK.

Environmental, Social and Human Rights Issues
The Company has no employees as management of the assets is delegated to Aberdeen Standard Capital International Limited and sub-delegation to Aberdeen Standard Investments (Asia) Limited. There are therefore no disclosures to be made in respect of employees.

Due to the nature of the Company's business, being a Company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company, therefore, is not required to make a slavery and human trafficking statement.

Global Greenhouse Gas Emissions
The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have direct responsibility for any other emissions producing sources.

Socially Responsible Investment Policy
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. While the delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf. Further details on stewardship may be found on page 53.

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

- The principal risks detailed in the Strategic Report on pages 22 to 24;
- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's Shares evidenced by the historical level of premium and/or discount;
- The level of income generated by the Company;
- Current market conditions caused by the global spread of the Covid-19;
- The liquidity of the Company's portfolio; and,
- The flexibility and certainty provided by the new £40m revolving credit facility and £10m fixed term loan which do not expire until March 2024.

Accordingly, taking into account the Company's current position, the fact that the Company's investments are mostly liquid and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report. In making its assessment, the Board is also aware that there are other matters that could have an impact on the Company's prospects or viability in the future, including a greater than anticipated economic impact of the spread of Covid-19, economic shocks or significant stock market volatility caused by other factors, and changes in regulation or investor sentiment.

Future
Many of the non-performance related trends likely to affect the Company in the future are common across all closed-end investment companies, such as the attractiveness of investment companies as investment vehicles, the increased focus on environmental, social and governance factors when making investment decisions, the impact of regulatory changes and the effects of changes to the pensions and savings market in the UK in recent years. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in my Chairman's Statement on pages 10 and 11 whilst the Investment Manager's views on the outlook for the portfolio are included on page 15.

The longer term impact of the Covid-19 pandemic remains unclear at the time of writing and increased economic risks remain for the Company. These include currency volatility which may adversely affect the translation rates of future earnings from the portfolio and stock market volatility affecting valuations.

Charles Clarke
Chairman
7 April 2021

Results

Dividends

	Rate	Ex-dividend date	Record date	Payment date
First interim 2020	2.25p	23 April 2020	24 April 2020	22 May 2020
Second interim 2020	2.25p	30 July 2020	31 July 2020	21 August 2020
Third interim 2020	2.25p	22 October 2020	23 October 2020	18 November 2020
Fourth interim 2020	2.55p	21 January 2021	22 January 2021	17 February 2021
2020	**9.30p**			
First interim 2019	2.25p	25 April 2019	26 April 2019	24 May 2019
Second interim 2019	2.25p	18 July 2019	19 July 2019	16 August 2019
Third interim 2019	2.25p	24 October 2019	25 October 2019	15 November 2019
Fourth interim 2019	2.50p	23 January 2020	24 January 2020	20 February 2020
2019	**9.25p**			

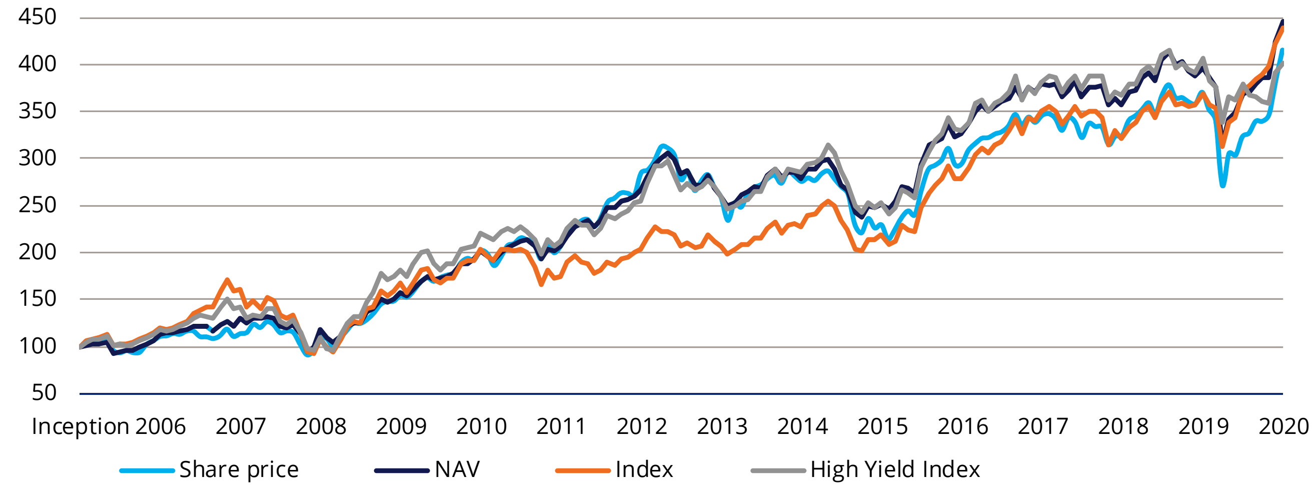
Ten Year Financial Record

Year to 31 December	**2011**	**2012[A]**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Total revenue (£'000)	11,878	15,052	18,736	19,333	21,216	20,947	21,758	21,056	20,996	16,942
Per Ordinary share (p)										
Revenue return	7.44	8.31	8.23	8.24	9.11	9.15	9.58	9.25	9.42	7.41
Total return	3.36	46.87	(6.69)	14.17	(18.86)	49.12	33.14	(13.17)	22.29	27.10
Dividends payable	6.75	7.15	7.90	8.00	8.50	8.75	9.00	9.15	9.25	9.30
Net asset value per Ordinary share (p)										
Basic	166.77	205.9	191.56	197.84	170.58	211.82	235.63	213.96	227.15	245.40
Diluted	164.78	203.92	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Share price per Ordinary share (p)	168.13	222.50	195.00	199.88	159.00	194.25	218.00	195.75	214.00	228.50
Equity shareholders' funds (£'000)	231,946	311,287	371,117	384,868	329,432	396,028	431,869	382,199	403,403	431,476

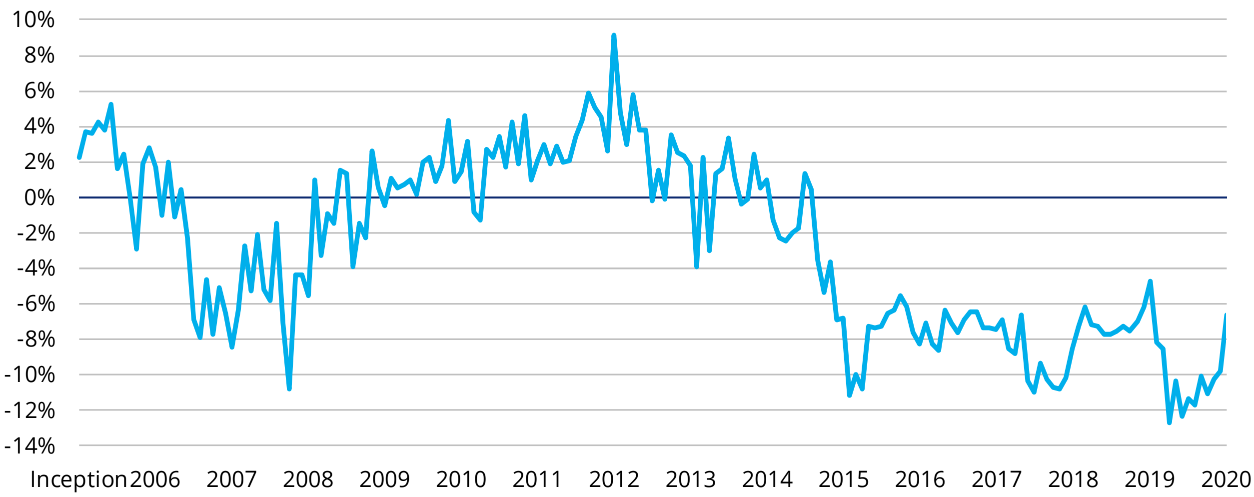
[A] At the 2012 year end there were 60,000,000 C shares in issue, with a net asset value of 102.80p per share. In the year to 31 December 2012 the net revenue return per C share was 0.32p and the total return per C shares was 4.34p. The C shares were converted into Ordinary shares on 4 February 2013.

Performance

Total Return of Ordinary Share Price and Ordinary Share NAV vs MSCI AC Asia Pacific ex Japan Index ("Index") and MSCI AC Asia Pacific ex Japan High Dividend Yield Index ("High Yield Index")
Launch (20 December 2005) to 31 December 2020 (rebased to 100 as at 20/12/05)

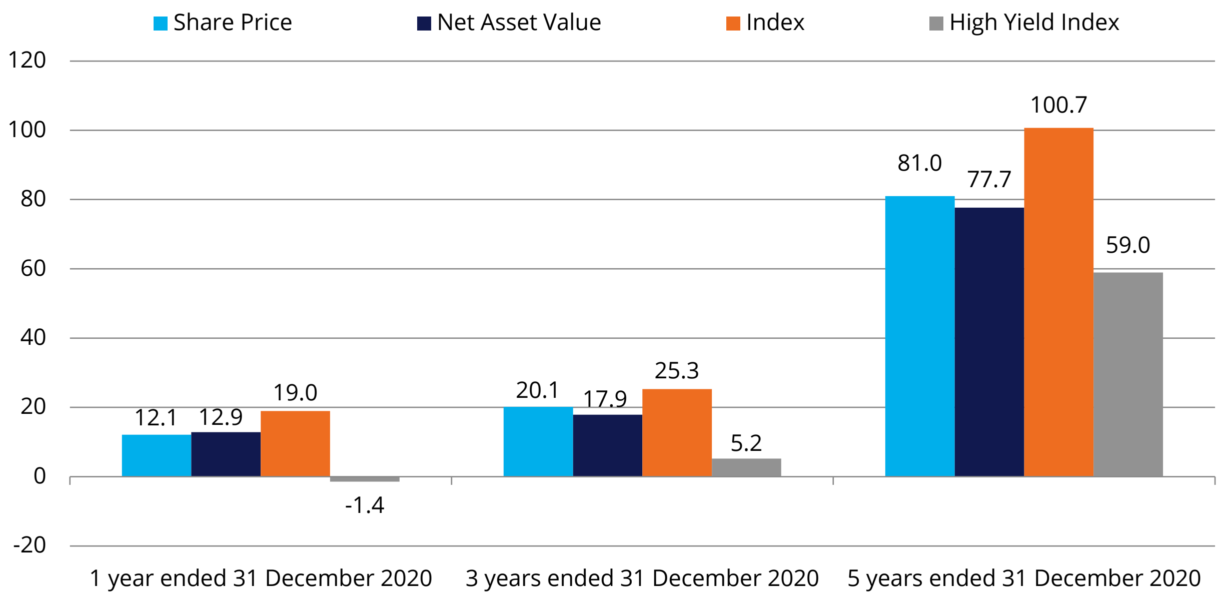


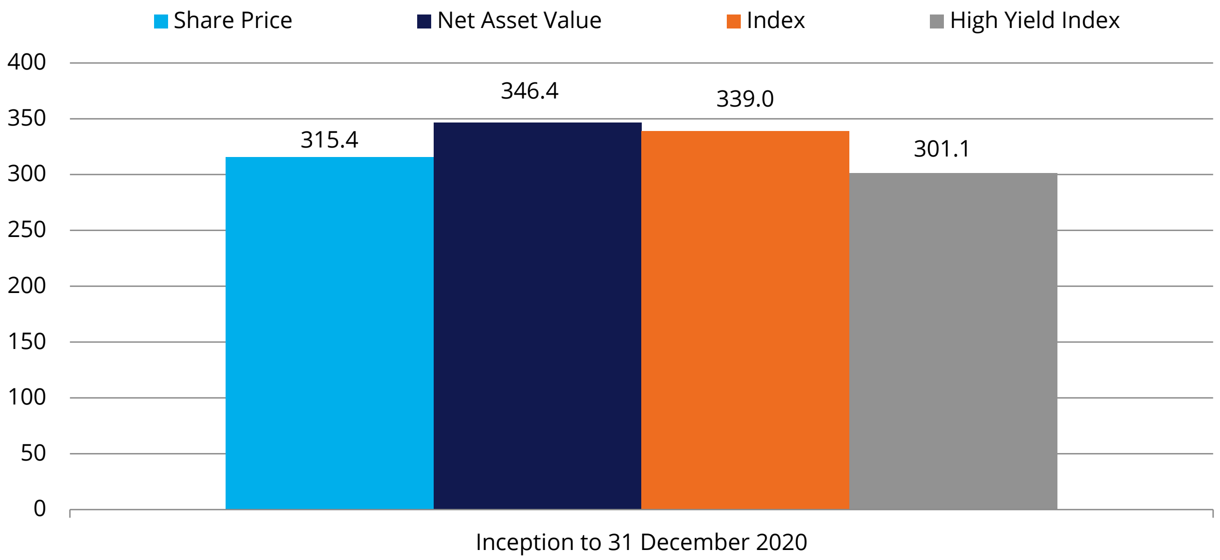
Share Price Premium/(Discount) to Diluted NAV
Launch (20 December 2005) to 31 December 2020



Performance Continued

Standardised Performance – Total Return (%)





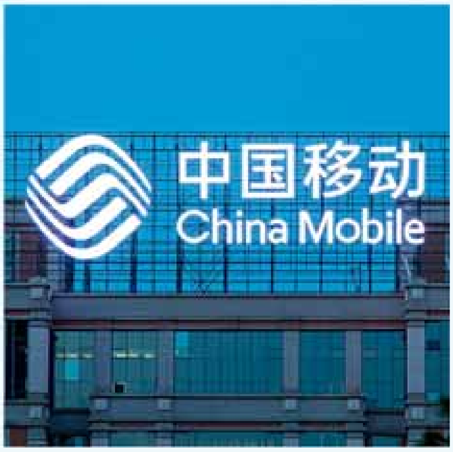
Portfolio

The Investment Manager believes that markets are inefficient and that companies may not be priced correctly.

By doing all its own research and undertaking substantial due diligence before initiating any investment, the Investment Manager's fund management team aims to identify good quality companies that are trading too cheaply, defined in terms of company fundamentals that, in the Investment Manager's opinion, drive share prices over the long term.


SAMSUNG


OCBC Bank


中国移动
China Mobile

2020

"Through a bottom-up stock selection process, the Investment Manager has constructed a diversified portfolio providing exposure to longer term growth trends."

The Investment Manager has a team of more than 45 analysts based on the ground across Asia meeting companies and often uncovering mispriced opportunities

Ten Largest Investments

As at 31 December 2020

Samsung Electronics (Pref)
Holding at the year end: 11.4%
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.

Taiwan Semiconductor Manufacturing
Holding at the year end: 10.3%
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.

Venture Corporation
Holding at the year end: 3.6%
Provides contract manufacturing services to electronics companies. The company's major segments include Printing, Imaging, Networking and Communications. It has been increasing its revenue contribution from Original Design Manufacturing.

Ping An Insurance (H Shares)
Holding at the year end: 3.2%
A Chinese financial conglomerate with one of the best life insurance franchises domestically, backed by technological expertise, progressive management and an unrivalled ecosystem in a steadily growing market.

Oversea-Chinese Banking Corporation
Holding at the year end: 2.9%
A well-managed Singapore bank with a strong capital base and impressive cost-to-income ratio. In addition to its core banking activities it has sizeable wealth management and life assurance divisions.

Rio Tinto [C]
Holding at year end: 2.8%
The Australian miner is a proxy for China and emerging markets' secular growth story. Its assets are world-class and management has been disciplined through the cycle, focused on strengthening its balance sheet, cutting costs and preserving cash.

LG Chemical (Pref)
Holding at the year end: 2.7%
The Korean company has a robust and cash-generative chemicals business, which serves as a strong base for it to build on its leading position in the electric-vehicle battery market.

Waypoint REIT
Holding at the year end: 2.4%
Australia's largest listed REIT owns solely service station and convenience properties with a high quality network across the country. It has good long-term potential, boasting a high-quality tenant portfolio, long lease expiry profile, and a robust balance sheet with limited capital expenditure requirements. This allows it to maintain a healthy distribution policy.

DBS Group
Holding at the year end: 2.3%
It is the best positioned and most digitally enabled Singapore bank with the lowest funding cost structure. Its trusted brand, management bench strength, well capitalised balance sheet and good asset quality support the outlook for sustainable dividends.

AusNet Services
Holding at the year end: 2.3%
The Australian utility company engages in electricity distribution and transmission, and owns gas distribution assets in Victoria state. It offers relatively stable revenues, given that most of it is regulated, and an attractive dividend yield.

List of Investments

As at 31 December 2020

Company	Country	Valuation 2020 £'000	Total assets[A] %	Valuation 2019[B] £'000
Samsung Electronics (Pref)	South Korea	53,266	11.4	29,101
Taiwan Semiconductor Manufacturing Company	Taiwan	48,407	10.4	29,569
Venture Corporation	Singapore	16,848	3.6	16,199
Ping An Insurance (H Shares)	China	14,763	3.2	12,442
Oversea-Chinese Banking Corporation	Singapore	13,380	2.9	14,463
Rio Tinto [C]	Australia	13,292	2.8	7,159
LG Chemical (Pref)	South Korea	12,719	2.7	10,866
Waypoint REIT	Australia	11,281	2.4	10,332
DBS Group	Singapore	10,787	2.3	10,642
AusNet Services	Australia	10,767	2.3	9,555
Top ten investments		**205,510**	**44.0**	
Taiwan Mobile	Taiwan	10,190	2.2	12,267
China Resources Land	China	9,315	2.0	9,239
GlobalWafers	Taiwan	8,940	1.9	3,896
SAIC Motor 'A'	China	8,899	1.9	6,562
Infosys	India	8,409	1.8	5,187
Spark New Zealand	New Zealand	8,351	1.8	7,315
Momo.com Inc	Taiwan	8,243	1.8	3,604
Singapore Telecommunications	Singapore	8,001	1.7	10,665
BHP Group [C]	Australia	7,662	1.6	7,072
Commonwealth Bank of Australia	Australia	7,628	1.6	6,633
Top twenty investments		**291,148**	**62.3**	
Auckland International Airport	New Zealand	7,451	1.6	2,438
Singapore Technologies Engineering	Singapore	7,194	1.5	7,507
China Mobile	China	7,123	1.5	9,435
Shopping Centres Australasia	Australia	6,989	1.5	8,834
Power Grid Corp of India	India	6,989	1.5	–
Tesco Lotus Retail Growth	Thailand	6,645	1.4	12,106
NZX	New Zealand	6,580	1.4	3,686
Siam Cement [D]	Thailand	6,405	1.4	6,855
Amada Holdings	Japan	6,309	1.4	6,836
Tata Consultancy Services	India	6,308	1.4	5,035
Top thirty investments		**359,141**	**76.9**	

List of Investments Continued

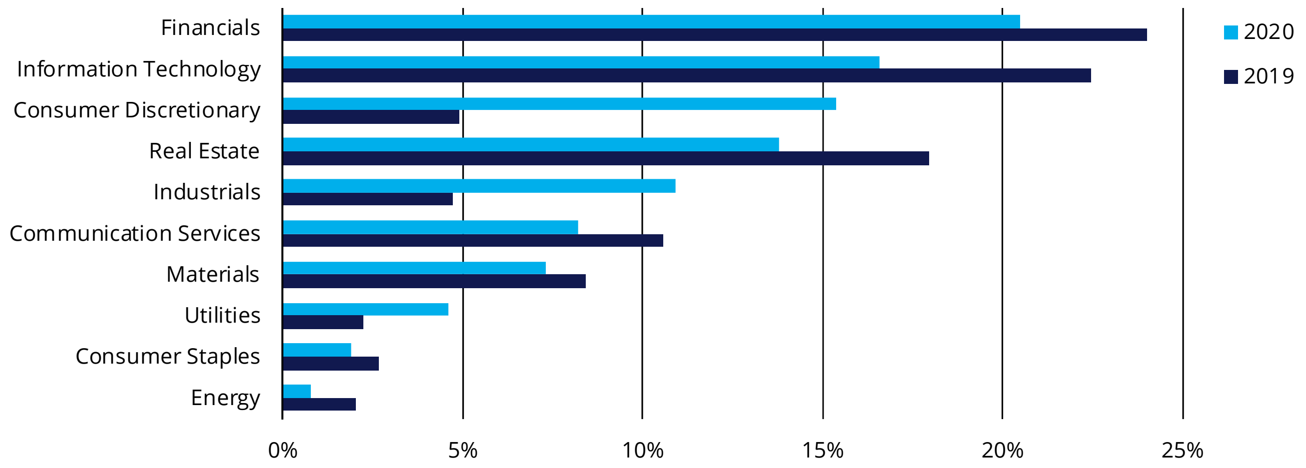
As at 31 December 2020

Company	Country	Valuation 2020 £'000	Total assets[A] %	Valuation 2019[B] £'000
Hana Microelectronics (Foreign)	Thailand	6,016	1.3	8,424
Hang Lung Properties	Hong Kong	5,947	1.3	6,151
Charter Hall long WALE	Australia	5,805	1.2	–
United Overseas Bank	Singapore	5,555	1.2	6,574
AIA Group	Hong Kong	4,939	1.1	–
ASX	Australia	4,877	1.0	4,988
Ascendas India Trust	Singapore	4,749	1.0	4,294
Accton Technology	Taiwan	4,723	1.0	–
Midea Group 'A'	China	4,708	1.0	–
Okinawa Cellular Telephone	Japan	4,572	1.0	6,140
Top forty investments		**411,032**	**88.0**	
CapitaLand	Singapore	4,309	0.9	–
Yum China Holdings	China	4,246	0.9	4,037
Tisco Financial Group Foreign	Thailand	4,211	0.9	4,715
Bank Rakyat	Indonesia	4,181	0.9	4,607
ICICI Bank [E]	India	3,934	0.8	3,879
APA Group	Australia	3,836	0.8	–
Aeon Credit Service M	Malaysia	3,830	0.8	5,184
CNOOC	China	3,694	0.8	6,836
Medibank Private	Australia	3,480	0.7	2,515
Land & Houses Foreign	Thailand	3,446	0.7	4,307
Top fifty investments		**450,199**	**96.2**	
China Vanke (H Shares)	China	3,062	0.7	–
HSBC Holdings	Hong Kong	3,059	0.7	15,471
Hong Kong Exchanges & Clearing	Hong Kong	1,804	0.4	–
Mapletree Commercial Trust	Singapore	1,760	0.4	–
Standard Chartered	United Kingdom	1,713	0.4	2,620
Convenience Retail Asia	Hong Kong	524	0.1	3,236
SP Setia (Pref)	Malaysia	409	0.1	1,682
City Developments (Pref)	Singapore	293	0.1	302
G3 Exploration [E]	China	–	–	–
Total value of investments		**462,823**	**99.1**	
Net current assets[F]		**4,387**	**0.9**	
Total assets[A]		**467,210**	**100.0**	

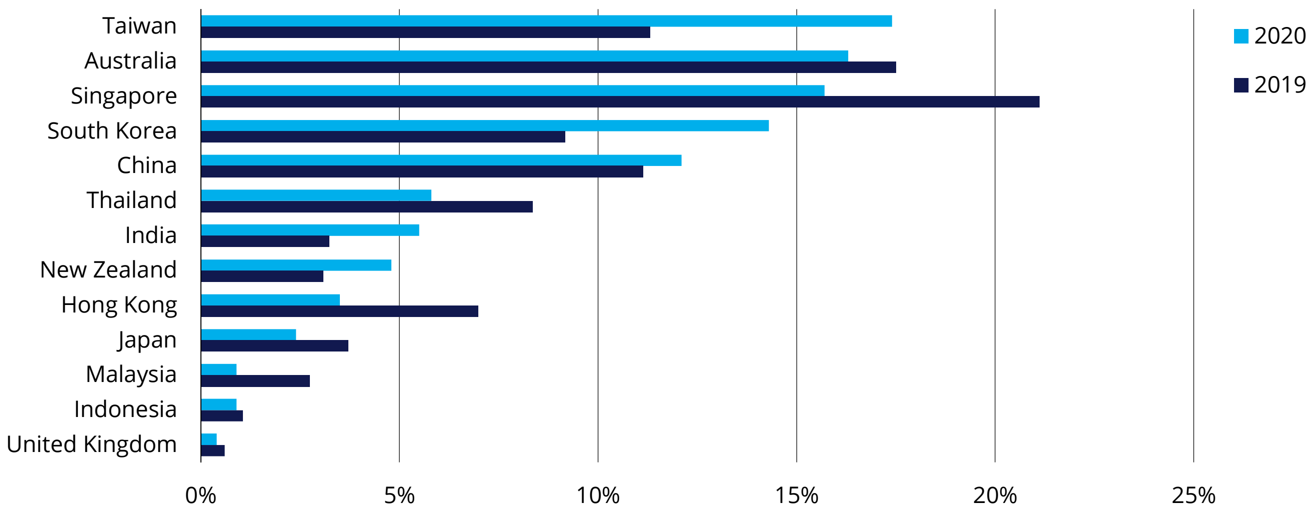
[A] See definition on page 105.
[B] Purchases and/or sales effected during the year may result in 2019 and 2020 values not being directly comparable.
[C] Incorporated in and listing held in United Kingdom.
[D] Holding includes investment in common (£4,282,000) and non-voting depositary receipt (£2,123,000) lines.
[E] Corporate bonds.
[F] Excludes bank loans of £35,734,000.

Sector/Geographical Analysis

Sector Breakdown



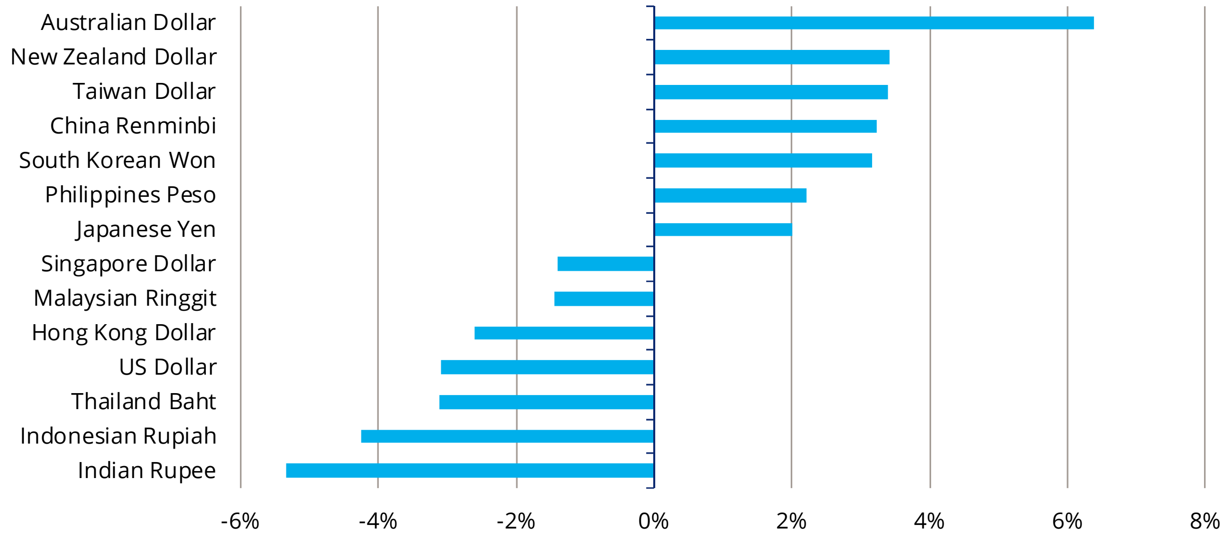
Geographic Breakdown



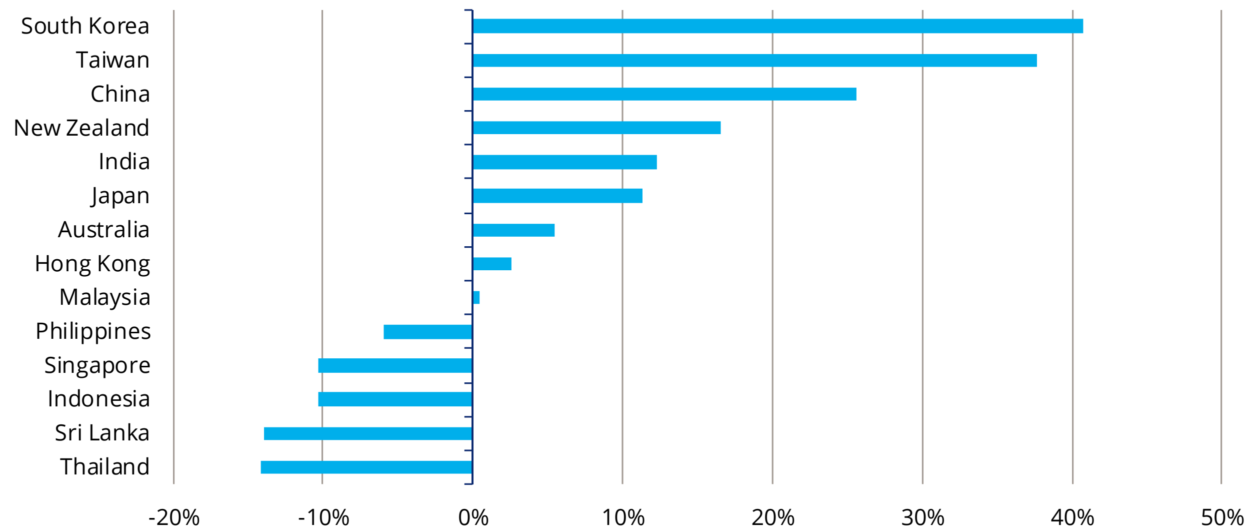
Currency/Market Performance

Currency returns against GBP, the Company's base currency, were a mixed bag across Asia over the year, but overall, the portfolio benefited from foreign exchange tailwinds. Our largest country exposures and dividend income streams include Taiwan, Australia, and South Korea, all of which have seen local currencies end the year stronger versus sterling amid fears in the UK of rising infection rates and a re-imposition of social distancing measures. Whilst these Asian economies have benefited from a faster re-opening, the Australian dollar has traded higher on growing demand for commodities which is a key export for the nation, whilst both the Taiwanese dollar and South Korean Won appreciated on stronger export demand for semiconductors and technology hardware. These gains were partially offset by the Singapore dollar, which depreciated against the pound as the domestic regulator, the Monetary Authority of Singapore, eased policy to brace the economy for pandemic related weakness.

Currency Returns (in sterling terms) to 31 December 2020



MSCI Country Index Total Returns (in sterling terms) to 31 December 2020



Investment Case Studies

Michael Vi / Shutterstock.com

Venture Corp.

In which year did we first invest?	2010
Where is their head office?	Singapore
Holding at year end:	3.6%

Singapore listed Venture Corporation is a leading global electronics manufacturing services (EMS) provider, supplying components and services to customers in diverse end markets all over the world, spanning across several growth industries including healthcare, life sciences, 5G infrastructure and advanced payment services.

Although Venture began as a simple EMS business, over several decades, they have moved to become a value-add supplier with their own research and development patents and knowledge. Many of their customers have been working with Venture for over a decade and during that time, Venture has become increasingly embedded into their customers' value chain. This recurring revenue supports better pricing negotiations and Venture's operating margin reflects the strength of this business moat relative to simple EMS peers. A focus on low volume, small batch manufacturing with high margin with greater design collaboration with customers has underpinned good cashflow generation and a healthy balance sheet that has a net cash position. This provides plenty of firepower for shareholder returns and last year, Venture bucked the global trend by raising dividends per share.

2020 has thrown up new opportunities for Venture. The pandemic created new demand for ventilators as well as testing and diagnostics equipment which are essential services that saw significant volume increase through the year. Another source of demand growth was the global trend to diversify supply chain risk as a result of trade frictions, particularly between the US and China. Venture has production facilities located in Singapore, Malaysia, USA, Europe and China. This manufacturing footprint enabled flexibility across their network when different regions faced lockdown restrictions and it attracted new customers looking to diversify their supply chain outside of China.

Looking ahead, Venture is poised to further broaden their exposure to high growth industries with disease treatment devices for top-tier hospitals as well as wafer testing equipment for the big semiconductor players. As long term shareholders in the business, we have been engaging on Board diversity and supply chain control measures. Recently the company have refreshed the Board and improved disclosure around executive pay which has resulted in an upgrade to their MSCI ESG rating.

Investment Case Studies Continued

GlobalWafers

In which year did we first invest? 2018

Where is their head office? Hsinchu, Taiwan

Holding at year end: 1.9%

Taiwan-listed GlobalWafers is the country's largest silicon wafer maker and the third largest worldwide. A key material in the semiconductor industry, GlobalWafer's products feed into the supply chains of technology leaders like TSMC, Samsung Electronics and Intel, giving the company exposure to a wide suite of structural trends globally such as increasing 5G adoption, rising demand for higher computing power and the acceleration of digitalisation and automation across various industries.

With a long history dating back to 1981, the company has steadily grown its scale and manufacturing expertise over the years through mergers and acquisitions, allowing it to capture orders from top-tier customers, which account for nearly half of the company's annual sales. In addition, the increasingly consolidated nature of the industry means that major clients will stick to trusted suppliers like GlobalWafers for repeat orders, while the prohibitive cost of bringing on fresh wafer capacity will keep prospective new entrants at bay. This competitive edge has allowed GlobalWafers to generate high returns and sustainable cash flows through the years, bolstering a strong balance sheet and allowing for a generous shareholder return policy.

Over the course of 2020, the pandemic saw several trends emerge, such as remote working, increased e-commerce and logistics demand, and greater requirements on security, connectivity and digitalisation. Coupled with lockdown-induced disruptions and US-China trade disputes, this has led to a higher demand for chips as semiconductor companies sought to restock and meet this surge. In this environment of stronger demand and tighter supply, GlobalWafers has been able to capitalise on this opportunity to manage wafer prices and contracts. This strong showing is one of the key reasons why GlobalWafers is among the top performers for the Company over the period.

Looking ahead, GlobalWafers is further cementing its position in this industry by securing a majority stake in rival, Siltronic, which will take GlobalWafers to the position of second largest silicon wafer maker globally. Such a move within an already oligopolistic industry, where fortune favours the high quality executors, will place GlobalWafers in good standing to reap the benefits of the ongoing trends driving the current semiconductor upcycle.

While GlobalWafers is a relatively newer holding in the Company, we have been heartened by our conversations with the company over several areas within ESG. This includes topics like talent retention, which is a key priority for the Chairlady of GlobalWafers, given the competitive nature around human capital within this industry.

ESG Engagement and Case Studies

Environmental, Social and Governance ("ESG") Engagement

Subject to the exception below, the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Investment Manager embeds ESG into the research of each asset class as part of the investment process. ESG investment is about active engagement, in the belief that the performance of assets held around the world can be improved over the longer term.

What is ESG, and why do we do it?

Environmental, social and governance (ESG) considerations have been an integral part of the Investment Manager's decision-making process for almost 30 years. The Investment Manager believes that ESG factors are financially material and can meaningfully affect a company's performance. Hence, a company's ability to sustainably generate returns for investors depends on the management of its environmental impact, its consideration of the interests of society and stakeholders, and on the way it is governed. By putting ESG factors at the heart of its investment process, the Investment Manager aims to generate better outcomes for the Company's shareholders. The three factors can be considered as follows:

- **Environmental** factors relate to how a company conducts itself with regard to environmental conservation and sustainability. Types of environmental risks and opportunities include a company's energy consumption, waste disposal, land development and carbon footprint, among others.

- **Social** factors pertain to a company's relationship with its employees and vendors. Risks and opportunities can include (but are not limited to) a company's initiatives on employee health and well-being, and how supplier relationships align with corporate values.

- **Corporate governance** factors can include the corporate decision-making structure, independence of board members, the treatment of minority shareholders, executive compensation and political contributions, among others.

At the investment stage, ESG factors and analysis help to frame where best to invest by considering material risks and opportunities alongside other financial metrics. Due diligence can ascertain whether such risks are being adequately managed, and whether the market has understood and priced them accordingly.

The Investment Manager is an active owner, voting at shareholder meetings in a deliberate manner, working with companies to drive positive change, and engaging with policymakers on ESG and stewardship matters. Furthermore, the Investment Manager has actively chosen not to invest in tobacco companies and will not invest in companies directly exposed to controversial weapons.

Can we measure it?

There are elements of ESG that can be quantified, for example the diversity of a board, the carbon footprint of a company, and the level of employee turnover. While diversity can be monitored, measuring inclusion is more of a challenge. Although it is possible to measure the level of staff turnover, it is more challenging to quantify corporate culture. Relying on calculable metrics alone would potentially lead to misleading insights. As active managers, quantitative and qualitative assessments are blended to better understand the ESG performance of a company.

The Investment Manager's analysts consider such factors in a systematic and globally-applied approach to assess and compare companies consistently on their ESG credentials, both regionally and against their peer group. Some of the key questions asked of companies include:

- How material are ESG issues for this company, and how are they being addressed?
- What is the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

The questions asked differ from company to company; the type of questions poised to a bank would be quite different from those of a semiconductor manufacturing firm. Having considered the regional universe and peer group in which the company operates, an ESG score is assigned ranging from 1 to 5. This proprietary ESG score is applied to every stock within the Investment Manager's investment universe.

ESG Engagement and Case Studies Continued

The ESG Scoring System

Having considered the regional universe and peer group in which a company operates, the Investment Manager allocates it an ESG score between one and five. This is applied across every stock covered globally. Examples of each category and a small sample of the criteria used are detailed below:

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

Climate Change

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

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

The Investment Manager has aligned its approach with that advocated by the investor agenda of the Principles for Responsible Investment (PRI) – a United Nations-supported initiative to promote responsible investment as a way of enhancing returns and better managing risk.

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

	Focus	Objective	Aim
Investments	Research & Data	Provide high-quality climate change insights and thematic research across asset classes and regions. This includes using climate-related data as an input into the investment process.	Provide relevant high-quality data and insights on climate-change trends, risks and opportunities that are fully integrated into our decision making and drive positive outcomes for our clients
Investments	Investment Integration	Understand the potential financial impacts of climate-change risks and opportunities across regions and sectors, integrate these into our investment decisions and understand the implications for our portfolios.	
Investments	Client Solutions	Undertand client needs in relation to climate change and low-carbon product demand. Develop innovative climate-related client solutions and products across all asset classes.	
Corporate Engagement	Investee Engagement & Voting	Better understand investee exposure and management of climate change risks and opportunities. Influence investee companies on management of climate change risks and opportunities via engagement and voting. Highlight expectation to apply the TCFD framework when reporting on climate-related data.	
Policy Advocacy	Collaboration & Influence	Collaborate with climate-change-related industry associations and participate in relevant initiatives. Engage with peers and policymakers to drive industry developments and best practice.	
Investor Disclosure	Disclosure	Disclose climate-change-related data using the TCFD reporting framework across the four pillars: governance, strategy, risk management, metrics & targets.	

Alignment with PRI Investor Agenda

Importance of Engagement

The Investment Manager is committed to regular, ongoing engagement with the companies in which it invests, to help to maintain and enhance their ESG standards into the future.

As part of the investment process, the Investment Manager undertakes a significant number of company meetings each year on behalf of the Company. Your Company is supported by on-desk ESG analysts, as well as a well-resourced specialist ESG Investment team. These meetings provide an opportunity to discuss various relevant ESG issues including board composition, remuneration, audit, climate change, labour issues, human rights, bribery and corruption. Companies are strongly encouraged to set clear targets or key performance indicators on all material ESG risks.

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

This engagement is not limited to a company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's customers and clients.

ESG Engagement and Case Studies Continued

CapitaLand

The Investment Manager has engaged with CapitaLand, one of Asia's largest diversified real estate groups, on the back of the company's refreshed sustainability strategy. While not always associated with environmental impact, real estate is actually an industry with a very high environmental footprint. It is estimated that the buildings and construction sector accounted for 36% of global final energy use and 39% of energy-related carbon dioxide (CO2) emissions in 2018. As a result, sustainability analysis is a key part of the analysis of companies that operate in this industry. It was comforting therefore to hear CapitaLand's renewed focus on sustainability, with their sustainability strategy having three planks:

- Build portfolio resilience (which includes targets around low carbon transition, water conversation, waste management and circular economy),
- Enable thriving communities (which includes targets around human capital, safe buildings, customers, and supply chain management), and
- Accelerate sustainability innovation (which includes use of technology and sustainable finance).

Pleasingly, the company announced its intention to transition to a low-carbon business aligned with climate science, with emissions reduction targets approved by the Science Based Targets initiative (SBTi) for a 'well-below 2°C' scenario. These targets are in line with the goals of the Paris Agreement to keep global temperature rise well below 2°C in this century.

CapitaLand's science based targets are:

- Reduce absolute greenhouse gases (GHG) of scope 1 and 2 by 28% by 2030 from a 2019 base year
- Reduce scope 3 GHG emissions from capital goods 22% per square meter by 2030 from a 2019 base year

While this discussion on sustainability and climate change is ongoing, we have been very encouraged by these developments.

Joseph GTK / Shutterstock.com

Power Grid Corp of India

Power Grid is India's Central Transmission Utility, and is responsible for distributing power in the country. It manages the national and regional grid networks in India, and provides electricity both within and across regions, operating as the backbone of Indian electricity infrastructure.

India has ambitious targets for renewable energy in the longer term, targeting 175 Gigawatts (GW) of installed capacity by 2022 and 450 GW by 2030. To achieve the latter target, the country needs to install 36 GW of renewable energy capacity per year, up from the current run rate of around 9.4 GW in 2019-2020.

It has been estimated that the addition of 60 GW of wind and 100 GW of solar power generating facilities, as part of the 175 GW target, would reduce carbon dioxide emissions by 21% (280 million tonnes) versus a scenario in which none were installed.

One hurdle to achieving this goal is the transmission network, and the need for smarter infrastructure to draw renewable energy from areas of abundant generation to those of high demand. As with most countries, renewable energy supply is unevenly distributed across India's various states. This means that additional transmission lines are required to move this electricity between and within states. On top of this, the grid needs upgrading to manage the less-stable nature of renewable energy.

Power Grid is playing a central role in the distribution of renewable energy in India, developing the infrastructure to facilitate greater penetration, including a lead role in the development of a green corridor project, a dedicated transmission network for the sector.

While investment opportunities in renewable energy are often thought to be mainly related to solar and power generation, we deeply consider the broader changes that need to happen to facilitate the greater adoption of renewable energy as part of the Company's climate change research. This helps to recognise the investment merits of a transmission company, given the growth in such infrastructure required in India.

Lakeview Images / Shutterstock.com

Governance

The Board 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.

Your Board of Directors

The Directors, all of whom are non-executive, and the majority of whom are independent of the Standard Life Aberdeen Group, supervise the management of Aberdeen Asian Income Fund Limited and represent the interests of shareholders.

Charles Clarke

Independent
Non-Executive Chairman

Appointed a Director on 29 March 2012 and appointed Chairman on 16 May 2018, he is a Jersey resident graduate chartered accountant and former senior partner of KPMG in the Channel Islands who has previously worked for KPMG in Kuala Lumpur. Charles has a portfolio of independent NED appointments and runs an offshore corporate governance consultancy.

Ian Cadby

Independent
Non-Executive Director

Appointed a Director on 11 May 2016, he is a Jersey resident board executive and investment manager with over 33 years' experience within the asset management and wealth management industry spanning a number of jurisdictions including Asia. Ian is the former Group CEO of Ermitage Ltd with extensive experience in derivatives trading, board strategy, corporate governance and risk management. Ian is also a director of CQS New City High Yield Fund Limited.

Mark Florance

Independent
Non-Executive Director and Audit Committee Chairman

Appointed a Director on 10 May 2017, he is a Singapore Permanent Resident with over 30 years' experience in corporate finance advisory, mergers and acquisitions, equity capital markets, debt capital markets and debt restructuring in Asia primarily at NM Rothschild & Sons. Mark is on the board of Butterfield Trust (Asia) Limited and is an independent member of the investment committee of renewable energy fund, Climate Investor One and water fund, Climate Investor Two.

Nicky McCabe

Independent
Non-Executive Director

Appointed a Director on 16 May 2018, she was formerly head of product and investment trusts at Fidelity International with experience across the full spectrum of asset management in back office operations, the investment team, proprietary investment, distribution and product management. Nicky is currently a non-executive director of BMO Capital and Income Investment Trust PLC, Artemis Investment Management Limited and Vitality Life Insurance.

Krystyna Nowak

Senior Independent
Non-Executive Director

Appointed a Director on 7 May 2015, she is a partner at Ridgeway Partners and former Managing Director of the Board Practice at Norman Broadbent. Krystyna studied at Oxford University, before joining Citibank, originally in London followed by nine years in Hong Kong and Singapore.

Hugh Young

Non-Executive Director

Appointed a Director on 11 November 2005, he is a resident of Singapore and is Chairman Asia for ASI. Hugh is also a director of Aberdeen New Dawn Investment Trust PLC, Aberdeen Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited and The India Fund Inc.

Directors' Report

Introduction
The Directors present their Report and the audited financial statements for the year ended 31 December 2020.

Results and Dividends
Details of the Company's results and dividends are shown on page 2 and in note 8 to the financial statements. The Company's dividend policy is to pay interim dividends on a quarterly basis and for the year to 31 December 2020 dividends have been paid in May, August and November 2020 and February 2021. As at 31 December 2020 the Company's revenue reserves (adjusted for the payment of the fourth interim dividend) amounted to £7.8 million (approximately 4.4p per Ordinary Share).

Status
The Company is registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991 with registered number 91671 and regulated as an Alternative Investment Fund by the Jersey Financial Services Commission. In addition, the Company constitutes and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988 and is an Alternative Investment Fund (within the meaning of Regulation 3 of the Alternative Investment Fund Regulations). The Company has no employees and makes no political donations. The Ordinary Shares are admitted to the Official List in the premium segment and are traded on the London Stock Exchange's Main Market.

The Company is a member of the Association of Investment Companies ("AIC").

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

Capital Structure, Issuance and Buybacks
The Company's capital structure is summarised in note 14 to the financial statements. At 31 December 2020, there were 175,824,483 fully paid Ordinary Shares of no par value (2019 – 177,591,975) Ordinary Shares in issue. At the year end there were 19,108,906 Ordinary Shares held in treasury (2019 – 17,341,414).

During the year 1,767,492 Ordinary Shares were purchased in the market for treasury (2019 - 1,038,713) and no Ordinary Shares were issued or sold from treasury.

Subsequent to the period end 90,154 Ordinary Shares have been purchased in the market at a discount for treasury.

Voting Rights
Each Ordinary Share holds one voting right and shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary Shares, excluding treasury shares, carry a right to receive dividends. On a winding up or other return of capital, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may be applied from time to time by law.

Borrowings
On 3 March 2021 the Company announced that it had renewed both its three-year £10 million term facility and its £40 million revolving credit facility with Bank of Nova Scotia, London Branch on an unsecured basis, for three years. £10 million has been drawn down under the term facility and fixed for three years at an all-in rate of 1.53%. Under the revolving credit facility, HKD73.5 million, US$19 million and GBP4.9 million has been drawn down at all-in rates of 1.3225%, 1.3185% and 1.248% respectively. Under the terms of the revolving credit facility, the Company also has the option to increase the level of the commitment from £40 million to £60 million at any time, subject to the identification by the Investment Manager of suitable investment opportunities and the Lender's credit approval.

Management Arrangements
Aberdeen Standard Capital International Limited ("ASCIL") is the Company's Manager and Company Secretary. ASCIL is a wholly owned subsidiary of Standard Life Aberdeen PLC.

The investment management of the Company is delegated from ASCIL to Aberdeen Standard Investments (Asia) Limited.

Management Fee
Under the terms of the Management Agreement dated 21 March 2017, management services are provided by ASCIL. Further details are provided in note 5 to the financial statements. In 2019 the Directors negotiated a new, lower, level of management fee with the Manager and with effect from 1 January 2020 the company secretarial fee was removed and the management fee has been calculated on the following new tiered basis:

(i) Average Value up to £350m – 0.85% per annum; and

(ii) Average Value in excess of £350m – 0.65% per annum.

The Management Fee is calculated and accrued on a monthly basis (being 1/12th of the value resulting from the sum of (i) plus (ii) above) and shall be payable quarterly in arrears.

Termination of the Management Agreement remains subject to six months' notice.

The Directors review the terms of the Management Agreement on a regular basis and have confirmed that, due to the investment skills, experience and commitment of the Investment Manager, in their opinion the continuing appointment of ASCIL with the delegation arrangements to the Investment Manager, on the terms agreed, is in the interests of shareholders as a whole.

Risk Management

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

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary Share capital of the Company at 31 December 2020:

Shareholder	No. of Ordinary Shares held	% held
Rathbones	18,937,453	10.8
1607 Capital Partners	18,325,095	10.4
Hargreaves Lansdown [A]	12,731,296	7.2
Interactive Investor [A]	10,038,127	5.7
Aberdeen Standard Retail Plans [A]	7,856,844	4.5
Aberdeen Standard Investments	7,402,800	4.2
Charles Stanley	7,239,597	4.1
Brewin Dolphin	6,684,176	3.8
City of London Inv. Management	5,780,051	3.3

[A] Non-beneficial interests

On 25 March 2021, 1607 Capital Partners notified the Company that it had reduced its holding to 17,520,594 Ordinary shares representing 9.97%). There have been no other changes notified in respect of the above holdings in the period from 31 December 2020 to 7 April 2021.

Directors

The Board currently consists of six non-executive Directors. Mark Florance, Ian Cadby, Charles Clarke, Nicky McCabe, Krystyna Nowak and Hugh Young each held office throughout the year and were the only Directors in office during the year.

Governance

The names and biographies of each of the six current Directors are disclosed on page 47 indicating their range of experience. Mr Young is non-independent and has served on the Board for more than nine years and, in accordance with corporate governance best practice, will retire at the Annual General Meeting on 12 May 2021 ("AGM") and, being eligible, offers himself for re-election. In accordance with Principle 23 of the AIC's Code of Corporate Governance which recommends that all directors should be subject to annual re-election by shareholders, all the members of the Board, will retire at the forthcoming AGM and will offer themselves for re-election. Details of each Directors' contribution to the long term success of the Company are provided on page 51.

The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively. The Board has reviewed each of the proposed reappointments and concluded that each of the Directors has the requisite high level and range of business and financial experience and recommends their re-election at the forthcoming AGM.

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

Policy on Tenure

Directors are not currently required to serve on the Board for a limited period of time only. However, the Board's intention is to follow best practice in this area and for the independent Directors to serve for up to a maximum of nine years on the Board. Mr Clarke was appointed to the Board in 2012 and subsequently became Chairman in 2018. As explained in the Chairman's Statement, the current expectation is for Mr Clarke to retire from the Board at the AGM to be held in 2022 allowing for an orderly hand over of responsibilities to a successor.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: **frc.org.uk**.

The Board has also considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out

Directors' Report Continued

additional provisions on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: **theaic.co.uk**.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC provides more relevant information to shareholders.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The full text of the Company's Corporate Governance Statement can be found on the Company's website, **asian-income.co.uk.**

Directors have attended the following scheduled Board and Committee meetings during the year ended 31 December 2020 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board	Audit	MEC	Nom
Total Meetings	4	2	1	1
C Clarke [A]	4 (4)	n/a	1 (1)	1 (1)
M Florance	4 (4)	2 (2)	1 (1)	1 (1)
I Cadby	4 (4)	2 (2)	1 (1)	1 (1)
N McCabe	4 (4)	2 (2)	1 (1)	1 (1)
K Nowak	4 (4)	2 (2)	1 (1)	1 (1)
H Young [B]	4 (4)	n/a	n/a	1 (1)

[A] Mr Clarke is not a member of the Audit Committee but attended both meetings by invitation.
[B] Mr Young is not a member of the Audit or Management Engagement Committees.

In addition to the above meetings there have been a number of ad hoc Board Meetings to review and approve dividends and other operational matters such as loan facilities.

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 Investment Manager. Such matters include strategy, gearing, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

Board Committees

The Directors have appointed a number of Committees as set out below. Copies of their terms of reference, which clearly define the responsibilities and duties of each Committee, are on the Company's website. The terms of reference of each of the Committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit Committee

The Audit Committee's Report is on pages 56 and 57 of this Annual Report.

Management Engagement Committee

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

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises the entire Board and is chaired by the Chairman of the Company. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. Notwithstanding the Articles of Association requirement that one third of the Directors retire by rotation at each Annual

General Meeting, each Director retires annually and submits themselves for re-election at the AGM.

The Company has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' individual self-evaluation and a performance evaluation of the Board as a whole. The Board also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. Given the ever changing regulatory environment, it was agreed to increase focus on continuing professional development and regulatory and accounting developments as well as future corporate governance changes. The last independent Board evaluation was conducted in 2019 by BoardAlpha Limited and the Directors intend to conduct a self-evaluation exercise in 2021 which will involve the use of self appraisal questionnaires followed up by one on one meetings with the Chairman. Consideration will be given to conducting another independently facilitated evaluation in 2022.

The independent members of the Committee have appraised each of the Directors standing for re-election at the forthcoming AGM. The Chairman was appointed to the Board in 2012 and became Chair in 2018. He has continued to Chair meetings in an orderly, open and independent manner allowing sufficient time for key areas of focus whilst allowing all significant matters to be fully debated. Ms Nowak, was appointed to the Board in 2015 and became Senior Independent Director in 2018. She has continued to provide the Board with excellent strategic and governance direction during the year. Mr Cadby was appointed to the Board in 2016 and has provided the Company with expert insight into the management of derivatives as well as the benefit of his international fund management experience. Mr Florance was appointed to the Board in 2017 and has assumed the role of Audit Committee Chairman in 2018. He has chaired the Audit Committee expertly and being resident in Asia is able to bring direct experience of the investment region to the Board. Ms McCabe was appointed to the Board in 2018 and has brought detailed investment trust insight to the Board from her previous industry experience. Mr Young was appointed to the Board as a non independent Director at the launch of the Company in 2005 and has stood for annual re-election ever since. He is Chairman Asia for Aberdeen Standard Investments and based in Singapore where he is able to bring first hand investment vision to the Board.

Accordingly, the Board has no hesitation in recommending to shareholders the reappointment of each Director at the forthcoming AGM.

The Role of the Chairman and Senior Independent Director

The Chairman is responsible for providing effective leadership to the Board, by setting the tone of the Company, demonstrating objective judgement and promoting a culture of openness and debate. The Chairman facilitates the effective contribution, and encourages active engagement, by each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman leads the evaluation of the Board and individual Directors, and acts upon the results of the evaluation process by recognising strengths and addressing any weaknesses. The Chairman also engages with major shareholders and ensures that all Directors understand shareholder views.

The Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other directors, when necessary. Working closely with the Nomination Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

Remuneration Committee

As the Company only has non-executive Directors, the Board has not established a separate Remuneration Committee and Directors' remuneration is determined by the Board as a whole.

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is set out in the Directors' Remuneration Report on page 59.

Management of Conflicts of Interests

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

No Director has a service contract with the Company although Directors are issued with letters of appointment upon

Directors' Report Continued

appointment. The Directors' interests in contractual arrangements with the Company are as shown in note 20 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Standard Life Aberdeen Group also adopts a group-wide zero tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Standard Life Aberdeen Group's anti-bribery and corruption policies are available on its website **standardlifeaberdeen.com**.

Going Concern

The Directors have undertaken a robust review of the Company's viability (refer to statement on page 25) and ability to continue as a going concern. The Company's assets consist primarily of a diverse portfolio of listed equity shares which in most circumstances are realisable within a very short timescale.

The Directors have carefully considered the financial position of the Company with particular attention to the economic and social impacts of the Covid-19 pandemic. As indicated above and in the Chairman's Statement and Investment Manager's Review, Covid-19 presents significant challenges to all of the countries within the investment region as well as the rest of the world. It is too early to be able to assess the longer term impacts on the individual companies in the portfolio, however, the Board takes comfort from the resilience of the balance sheets of those companies.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 22 to 24 and have reviewed forecasts detailing revenue and liabilities and the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Accountability and Audit

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's Auditor is unaware, and he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

Shareholders approved the re-appointment of KPMG Channel Islands Limited as independent Auditor at the AGM held in July 2020 and a Resolution to reappoint KPMG Channel Islands Limited as the Company's Auditor and to authorise the Directors to fix the Auditor's remuneration will be put to shareholders at the AGM to be held in May 2021.

Principal Risks

The Principal Risks and Uncertainties facing the Company are detailed on pages 22 to 24. The Board of Directors is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following the Financial Reporting Council's publication of "Guidance on Risk Management, Internal Controls and Related Financial and Business Reporting" (the "FRC Guidance"), the Directors confirm that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. This process has been in place for the full year under review and up to the date of approval of the financial statements, and this process is regularly reviewed by the Board and accords with the FRC Guidance.

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board has prepared its own risk register which identifies potential risks relating to strategy, investment management, shareholders, marketing, gearing, regulatory and financial obligations, third party service providers and the Board. The Board considers the potential cause and possible impact of these risks as well as reviewing the controls in place to mitigate these potential risks. A risk is rated by having a likelihood and an impact rating and the residual risk is plotted on a "heat map" and is reviewed regularly.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the principal risks faced by the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager which has, in turn, delegated the responsibility to the Investment Manager within overall guidelines. This embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Manager's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

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

The key components designed to provide effective internal control for the year under review and up to the date of this Report are outlined below:

- the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Investment Manager have agreed clearly defined investment criteria;
- there are specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Investment Manager's investment process and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the compliance department of ASCIL continually reviews the Investment Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager, Investment Manager and other third-party service providers and the Committee reviews, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations. The Board has reviewed the exceptions arising from the Standard Life Aberdeen Group ISAE3402 for the year to 30 September 2020, none of which were judged to be of direct relevance to the Company;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Standard Life Aberdeen Group, has decided to place reliance on the Standard Life Aberdeen Group's systems and internal audit procedures; and
- twice a year, at its Board meetings, the Board carries out an assessment of internal controls by considering documentation from the Investment Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

In addition, the Manager and Investment Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations. The Board meets periodically with representatives from BNP Paribas and receives control reports covering the activities of the custodian.

Representatives from the Internal Audit department of the Standard Life Aberdeen Group report six monthly to the Audit Committee of the Company and have direct access to the Directors at any time.

The 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 provide reasonable but not absolute assurance against material misstatement or loss.

The UK Stewardship Code and Proxy Voting

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Investment Manager.

Standard Life Aberdeen plc is a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Chairman welcomes feedback from all shareholders and meets periodically with the largest shareholders to discuss the Company. The Annual Report and financial statements are available on the Company's website and are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Manager's freephone information service and the Company's website (**asian-income.co.uk**).

The Notice of the Annual General Meeting included within the Annual Report and financial statements is ordinarily sent out at least 20 working days in advance of the meeting. All shareholders

Directors' Report Continued

have the opportunity to put questions to the Board or Investment Manager, either formally at the Company's Annual General Meeting or informally following the meeting. The Company Secretary is available to answer general shareholder queries at any time throughout the year. The Directors are keen to encourage dialogue with shareholders and the Chairman welcomes direct contact from shareholders.

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, the Manager or the Investment Manager) in situations where direct communication is required and usually a representative from the Board meets with major shareholders on an annual basis in order to gauge their views.

Alternative Investment Fund Managers Directive ("AIFMD")

In accordance with the Alternative Investment Funds (Jersey) Regulations 2012, the Jersey Financial Services Commission ("JFSC") has granted its permission for the Company to be marketed within any EU Member State or other EU State to which the AIFMD applies. The Company's registration certificate with the JFSC mandates that the Company "must comply with the applicable sections of the Codes of Practice for Alternative Investment Funds and AIF Services Business".

ASCIL, as the Company's non-EEA alternative investment fund manager, has notified the UK Financial Conduct Authority in accordance with the requirements of the UK National Private Placement Regime of its intention to market the Company (as a non-EEA AIF under the AIFMD) in the UK.

In addition, in accordance with Article 23 of the AIFMD and Rule 3.2.2 of the Financial Conduct Authority ("FCA") Fund Sourcebook, ASCIL is required to make available certain disclosures for potential investors in the Company. These disclosures, in the form of a Pre-Investment Disclosure Document ("PIDD"), are available on the Company's website: **asian-income.co.uk**.

Annual General Meeting

The AGM will be held at 10.30 a.m. on 12 May 2021 at the Company's registered office, 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB. By necessity, the AGM will be functional only due to the prevailing guidance and social distancing measures, including the restrictions on public gatherings and travel, and the possibility that these measures will remain in place in May, the 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 be concluded. The Board considers these arrangements to be in the best interests of shareholders given the current circumstances.

Resolutions including the following business will be proposed at the AGM:

Dividend Policy

As a result of the timing of the payment of the Company's quarterly dividends, the Company's Shareholders are unable to approve a final dividend each year. In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to Shareholders for approval at the Annual General Meeting and on an annual basis thereafter.

The Company's dividend policy shall be that dividends on the Ordinary Shares are payable quarterly in relation to periods ending March, June, September and December. It is intended that the Company will pay quarterly dividends consistent with the expected annual underlying portfolio yield. The Company has the flexibility in accordance with its Articles to make distributions from capital. Resolution 3 will seek shareholder approval for the dividend policy.

Authority to Purchase the Company's Shares

The Directors aim to operate an active discount management policy through the use of Ordinary Share buy backs, should the Company's Shares trade at a significant discount. The objective being to maintain the price at which the Ordinary Shares trade relative to the exclusive of current period income NAV at a discount of no more than 5% in normal market conditions and to the extent that is achievable. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing exclusive of current period income NAV (which, subject to shareholder approval at the AGM will be the latest estimated NAV) where the Directors believe such purchases will enhance shareholder value and are likely to assist in narrowing any discount to NAV at which the Ordinary Shares may trade. Subsequent to the period end the Company has purchased for treasury 90,154 Ordinary Shares and at the time of writing the Ordinary Shares are trading at a discount of 9.6% to the prevailing exclusive of income NAV.

Resolution 11, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's Ordinary Shares in accordance with the provisions of the Listing Rules of the Financial Conduct Authority. Accordingly, the Company will seek authority to purchase up to a maximum of 26,342,575 Ordinary Shares (or, if less, 14.99% of the issued Ordinary Share capital as at the date of passing of the resolution). The authority being sought will expire on the earlier of 18 months from the date of the resolution or at the conclusion of the Annual General Meeting to be held in 2022 unless such authority is renewed prior to such time. Any Ordinary Shares purchased in this way will be cancelled and the number of Ordinary Shares will be reduced accordingly, or the Ordinary Shares will be held in treasury.

Under Jersey company law, Jersey companies can either cancel shares or hold them in treasury following a buy-back of shares. Repurchased shares will only be held in treasury if the Board considers that it will be in the interest of the Company and for the benefit of all shareholders. Any future sales of Ordinary Shares from treasury will only be undertaken at a premium to the prevailing NAV.

Authority to Allot the Company's Shares

There are no provisions under Jersey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company. However, the Company has a premium listing on the London Stock Exchange and is required to offer pre-emption rights to its shareholders. Accordingly, the Articles of Association contain pre-emption provisions similar to those found under UK law in satisfaction of the Listing Rules requirements. Ordinary Shares will only be issued at a premium to the prevailing NAV and, therefore, will not be disadvantageous to existing shareholders. Any future issues of Ordinary Shares will be carried out in accordance with the Listing Rules.

Unless previously disapplied by special resolution, in accordance with the Listing Rules, the Company is required to first offer any new Ordinary Shares or securities (or rights to subscribe for, or to convert or exchange into, Ordinary Shares) proposed to be issued for cash to shareholders in proportion to their holdings in the Company. In order to continue with such Ordinary Share issues, as in previous years, your Board is also proposing that its annual disapplication of the pre-emption rights is renewed so that the Company may continue to issue Ordinary Shares as and when appropriate. Accordingly, Resolution 12, a Special Resolution, proposes a disapplication of the pre-emption rights in respect of 10% of the Ordinary Shares in issue at the date of the passing of the resolution, set to expire on the earlier of 18 months from the date of the resolution or at the conclusion of the Annual General Meeting to be held in 2022.

Adoption of New Articles of Association

As explained in detail in the Chairman's Statement on page 10, under Resolution 13, the Board is proposing amendments to the Articles of Association. The amendments are in response to challenges posed by government restrictions on social interactions as a result of the Covid-19 pandemic, which have made it difficult for shareholders to attend physical general meetings. The proposed amendments to the Company's articles of association would enable a combination of virtual and physical shareholder meetings to be held in the future where physical meetings are prohibited or impossible. Notwithstanding the proposed changes, the Directors have no present intention of holding a virtual-only meeting and the Board remains fully committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting whenever law, regulation and the circumstances permit in order to fulfil the Board's commitment to enable shareholders to meet and interact with the Board on a face-to-face basis.

In conjunction with the increased flexibility in relation to holding general meetings, it is proposed to give the Board powers to postpone general meetings and increased flexibility in relation to the adjournment of general meetings.

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 Covid-19 pandemic. As an alternative, a copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, **asian-income.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. A copy may also be obtained from the Company Secretary by requesting a copy using the address and details provided on page 102 of the Annual Report.

Recommendation

Your Board considers Resolutions 11 to 13 to be in the best interests of the Company and its members as a whole. Accordingly, your Board recommends that shareholders should vote in favour of Resolutions 11 to 13 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings which amount to 122,527 Ordinary Shares (0.1%).

Charles Clarke,
Chairman
7 April 2021

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade, Jersey JE2 3QB

Audit Committee's Report

The Audit Committee presents its report for the year ended 31 December 2020.

Committee Composition

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors: Mr M Florance (Chairman), Mr I Cadby, Ms N McCabe and Ms K Nowak. The members of the Audit Committee are each independent and free from any relationship that would interfere with their impartial judgement in carrying out their responsibilities. The Committee has satisfied itself that at least one of its members has recent and relevant financial experience. The Committee met twice during the year. In accordance with the UK Corporate Governance Code provision C.3.1 the Directors' biographies on page 47 describe the wide range of recent and relevant financial experience and the Committee's competence in the investment company sector.

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

Functions of the Committee

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

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

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Aberdeen Standard Capital International Limited which acts as Administrator and Company Secretary;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the external Auditor to review their proposed audit programme of work and the findings of the Auditor. The Committee uses this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services. During the period under review, no additional fees were paid to KPMG (2019: £nil). Any future non audit fees will be considered in the light of the requirement to maintain the Auditor's independence;
- to review an annual statement from the Manager detailing the arrangements in place within the Manager whereby its staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Activities During the Year

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

Review of Internal Control Systems and Risk

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

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2020, the Audit Committee considered the following significant issues, in particular those communicated by the Auditor during its planning and reporting of the year end audit:

Valuation of Investments

The valuation of investments is undertaken in accordance with the accounting policies, disclosed in notes 2(a) and 2(e) to the financial statements on pages 73 and 75. The audit includes independent confirmation of the existence of all investments. 99.1% of the portfolio is considered liquid and quoted in active markets and has been designated as Level 1 within the IFRS 13 fair value hierarchy and can be verified against daily market prices. The remaining 0.9% of the portfolio is not considered to trade in sufficiently active markets and has been reclassified as Level 2. Further details are provided in note 22 on page 93. The portfolio is reviewed and verified by the Investment Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to all Directors for review. The work undertaken by the Auditor on the valuation of investments is disclosed on pages 62 and 63. The Company uses the services of an independent Custodian (BNP Paribas) to hold the assets of the Company. The investment portfolio is reconciled regularly by the Investment Manager and an independent confirmation is provided to the auditor by the Custodian. The foregoing procedures and processes provide comfort to the Directors in respect of this risk.

Recognition of Investment Income

The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements on page 74. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Investment Manager circulates monthly internal control reports which are reviewed and analysed by the Board. The allocation of material special dividends is also audited by the Auditor. The foregoing procedures and processes provide comfort to the Directors in respect of this risk.

Review of Auditor

The Company's Annual Report and financial statements for the year ended 31 December 2020 have been audited by KPMG Channel Islands Limited at a cost of £36,500 (excluding disbursements). The Audit Committee has reviewed the effectiveness of the Auditor including:

- independence – the Auditor discusses with the Audit Committee, at least bi-annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards;
- quality of audit work including the ability to resolve issues in a timely manner – identified issues are satisfactorily and promptly resolved; its communications/presentation of outputs including the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible; and working relationship with management – the Auditor has a constructive working relationship with the Board, the Manager and the Investment Manager; and
- quality of people and service including continuity and succession plans – the audit team is made up of sufficient, suitably experienced staff with provision made for retention of knowledge of the investment company sector on rotation of the partner.

Re-appointment of KPMG Channel Islands Limited as Independent Auditor

KPMG Channel Islands Limited has expressed its willingness to be re-appointed independent auditor to the Company. Resolution 10 which is to be put to shareholders at the forthcoming AGM proposes the re-appointment of KPMG Channel Islands Limited as independent auditor for the year ending 31 December 2021 and authorises Directors to determine their remuneration for the year ending 31 December 2021.

Mark Florance,
Audit Committee Chairman
7 April 2021

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade, Jersey JE2 3QB

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

1. a Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the AGM on 22 July 2020;
2. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
3. an Annual Statement.

The Company's Auditor has not audited any of the disclosures provided in this Directors' Remuneration Report.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK corporate governance and the AIC's recommendations regarding the application of those principles to Jersey-domiciled investment companies.

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

The Directors are non-executive and 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 to £200,000 (Article 84). The level of cap may be increased by shareholder resolution from time to time. Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment companies that are similar in size, have a similar capital structure and have a similar investment objective. Fees are reviewed annually against the Company's peer group and, if considered appropriate, increased accordingly.

Appointment

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

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- Mr Young is a director of the Investment Manager. No other Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed upon the giving of three months' 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.

There have been no changes to the policy during the period of this Report nor are there any proposals for change in the foreseeable future. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders are considered.

The Remuneration Policy was last approved by shareholders at the AGM on 22 July 2020. The Remuneration Policy is reviewed by the Board on an annual basis and this Remuneration Policy will remain in force for the three year period that started on 1 January 2020 and will end on 31 December 2022.

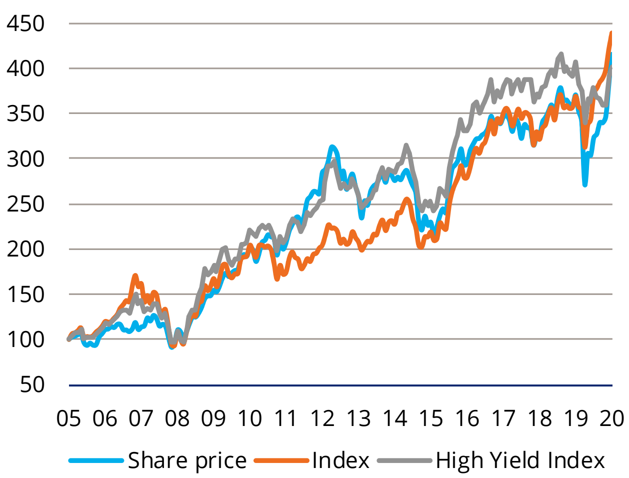
Implementation Report

Directors' Fees

The Board has carried out an annual review of the level of Directors' fees during the year which included a review of the fees payable to peer group and other similar investment companies. The Board concluded that the level of fees would be increased from 1 January 2021 to £40,500 for the Chairman, £33,500 for the Audit Committee Chairman and £28,000 for other Directors. The fees were last raised with effect from 1 January 2019 and the increase broadly reflects the impact of RPI over the two year period since then. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

Also during the year the Board carried out a review of investment performance. The following graph illustrates the total shareholder return for a holding in the Company's Ordinary Shares as compared to the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted) for the period since the inception of the Company (figures rebased to 100 at inception). Given the Company's investment objective these are the most appropriate indices against which to measure the Company's performance. Shareholders should note that the Company's portfolio is constructed without reference to any stockmarket index. It is likely, therefore, that there will be periods when the Company's performance will be quite unlike that of any index and there can be no assurance that such divergence will be to the Company's advantage.



Statement of Voting at General Meeting

At the Company's last AGM, held on 22 July 2020, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2019 and Directors' Remuneration Policy.

The following proxy votes were received on the resolutions:

Resolution	For* %	Against %	Withheld %
(2) Receive and Adopt Directors' Remuneration Report	76.6m (99.7%)	253,282 (0.3%)	201.711
(3) Approve Directors' Remuneration Policy	76.5m (99.6%)	275,679 (0.4%)	194,226

* Including discretionary votes

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 December 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 below.

Fees Payable

The Directors who served in the year received the following fees:

Director	2020 £	2019 £
C Clarke (Chairman and highest paid Director)	39,500	39,500
K Nowak	28,000	28,000
I Cadby	27,000	27,000
M Florance	32,000	32,000
N McCabe	27,000	27,000
H Young A	n/a	n/a
Total	**153,500**	**153,500**

[A] With effect from 1 April 2018 Mr Young agreed to waive his entitlement to receive fees from the Company.

Fees are pro-rated where a change takes place during a financial year. None of the above fees (2019 - nil) were payable to third parties in respect of making available the services of Directors.

Directors' Remuneration Report Continued

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' fees for the past year.

Director	Year ended 31 December 2020 %
C Clarke	0
I Cadby	0
M Florance	0
N McCabe	0
K Nowak	0
H Young	0

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 December 2020 and 1 January 2020 had no interest in the Ordinary Share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

Director	31 December 2020 Ordinary Shares	1 January 2020 Ordinary Shares
C Clarke	60,000	60,000
I Cadby	7,000	7,000
M Florance	5,109	5,052
N McCabe	5,121	5,000
K Nowak	17,797	17,797
H Young	27,500	27,500

Annual Statement

On behalf of the Board, I, Charles Clarke, Chairman, confirm that the Report on Remuneration Policy and the above Remuneration Implementation Report summarises, as applicable, for the year to 31 December 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 decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors on 7 April 2021 and signed on its behalf by:

Charles Clarke,
Chairman
7 April 2021

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 International Financial Reporting Standards as issued by the IASB and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of 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, relevant and reliable;
- state whether applicable 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 (Jersey) Law, 1991. They are responsible for such internal controls 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.

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

The Directors who hold office at the date of approval of this Director's Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that each Director has taken all the steps 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.

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 and Directors' Report includes 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 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.

Charles Clarke,
Chairman
7 April 2021

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade, Jersey JE2 3QB

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, but not the content of any information included on the website that has been prepared or issued by third parties. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent Auditor's Report to the Members of Aberdeen Asian Income Fund Limited

Our opinion is unmodified

We have audited the financial statements of Aberdeen Asian Income Fund Limited (the "Company"), which comprise the balance sheet as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board ("IASB"); and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

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 have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2019):

	The risk	Our response
Valuation of investments held at fair value through profit or loss (the "investments") Investments held at fair value through profit or loss £462,823,000 (2019:£435,984,000) Refer to note 2(e) of the accounting policies, and notes 10 and 18 of the financial statements.	**Basis:** The Company invests in a diversified portfolio of investments comprising listed equities, funds and bonds. These investments are measured at fair value through profit or loss. The valuation of the Company's investments is the main driver of the net asset value of the Company, and is a significant area of our audit. The valuation of the Company's investments is also key to the calculation of gains/(losses) on investments held at fair value through profit or loss, and the calculation of total return, which is an Alternative Performance Measure disclosed in the Company's annual report.	*Our audit procedures included:* **Internal Controls:** We evaluated the design and implementation of the controls over the valuation of investments. **Use of KPMG Specialists:** We engaged our valuation specialists to: Agree the price inputs into the fair value of all investments in the Company's portfolio to quoted exchange prices as at 31 December 2020. Independent reference prices were determined for all except one security (a defaulted bond with a reported fair value of £nil), for which insufficient market data was available. **Challenging managements' judgements:** For the one security noted above which was not tested by our valuation specialist, we assessed the judgments made by management in estimating a £nil fair value as at the balance sheet date.

	The risk	Our response
	Risk: Should the reported value of the Company's investments diverge from fair value, the Company's reported net asset value, gains/(losses) on investments held at fair value through profit or loss, and total return would be misstated.	**Assessing disclosures:** We assessed the Company's disclosures in relation to valuation of investments, specifically the accounting policies described in note 2(e), the judgments and estimates made by management, and fair value disclosures in notes 10 and 18 for compliance with IFRS.

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

Materiality for the financial statements as a whole was set at £4,704,000, determined with reference to a benchmark of total assets of £470,422,000, of which it represents approximately 1.0% (2019: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2019: 75%) of materiality for the financial statements as a whole, which equates to £3,528,000 (2019: £3,307,,000). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £235,000, 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, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

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").

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. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments;
- The ability to successfully refinance or repay debt which is due to mature;
- The ability of the Company to comply with debt covenants; and
- The recoverability of financial assets subject to credit risk.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2(a) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

Independent Auditor's Report to the Members of Aberdeen Asian Income Fund Limited Continued

- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes 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 the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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 management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to 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 or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the 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 management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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 remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (page 25) 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 or liquidity;
- the emerging and principal disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 25) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the 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.

We are also required to review the Viability Statement, set out on page 25 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

Independent Auditor's Report to the Members of Aberdeen Asian Income Fund Limited Continued

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 61, 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 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 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**.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Brian Bethell,
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Jersey,

7 April 2021

Financial Statements

The Company's Net Asset Value ("NAV") returned 12.9% over the year in sterling terms versus the 1.4% decline of the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index and the 19.0% gain of the MSCI All Countries Asia Pacific ex Japan Index.


HW
JS
I am
Thoughtful
SYNC


WOW
DBS
ASIA X

Statement of Comprehensive Income

		Year ended 31 December 2020			Year ended 31 December 2019		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	4						
Dividend income		16,560	–	16,560	20,516	–	20,516
Interest income		320	–	320	406	–	406
Traded option premiums		62	–	62	74	–	74
Total revenue	3	16,942	–	16,942	20,996	–	20,996
Gains on investments held at fair value through profit or loss	10	–	37,573	37,573	–	24,759	24,759
Net currency gains		–	217	217	–	934	934
		16,942	37,790	54,732	20,996	25,693	46,689
Expenses							
Investment management fee	5	(1,248)	(1,872)	(3,120)	(1,372)	(2,059)	(3,431)
Other operating expenses	6	(792)	–	(792)	(951)	–	(951)
Profit before finance costs and tax		14,902	35,918	50,820	18,673	23,634	42,307
Finance costs	7	(332)	(498)	(830)	(429)	(643)	(1,072)
Profit before tax		14,570	35,420	49,990	18,244	22,991	41,235
Tax expense	2(d)	(1,482)	(627)	(2,109)	(1,470)	(68)	(1,538)
Profit for the year		**13,088**	**34,793**	**47,881**	**16,774**	**22,923**	**39,697**
Earnings per Ordinary share (pence)	9	**7.41**	**19.69**	**27.10**	**9.42**	**12.87**	**22.29**

The Company does not have any income or expense that is not included in profit for the year, and therefore the "Profit for the year" is also the "Total comprehensive income for the year".

All of the profit and total comprehensive income is attributable to the equity holders of Aberdeen Asian Income Fund Limited. There are no non-controlling interests.

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

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

Balance Sheet

	Notes	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Non-current assets			
Investments held at fair value through profit or loss	10	462,823	435,984
Current assets			
Cash and cash equivalents		6,177	3,458
Other receivables	11	1,422	1,568
		7,599	5,026
Creditors: amounts falling due within one year			
Bank loans	12(a)	(35,734)	(25,990)
Other payables	12(b)	(2,518)	(1,550)
		(38,252)	(27,540)
Net current liabilities		(30,653)	(22,514)
Total assets less current liabilities		432,170	413,470
Creditors: amounts falling due after more than one year			
Bank loans	12(a)	–	(9,999)
Deferred tax liability on Indian capital gains	12(c)	(694)	(68)
		(694)	(10,067)
Net assets		**431,476**	**403,403**
Stated capital and reserves			
Stated capital	14	194,933	194,933
Capital redemption reserve		1,560	1,560
Capital reserve	15	222,751	191,412
Revenue reserve		12,232	15,498
Equity shareholders' funds		**431,476**	**403,403**
Net asset value per Ordinary share (pence)	16	**245.40**	**227.15**

The financial statements on pages 69 to 94 were approved by the Board of Directors and authorised for issue on 7 April 2021 and were signed on its behalf by:

Charles Clarke
Chairman

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

Statement of Changes in Equity

For the year ended 31 December 2020

	Note	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance		194,933	1,560	191,412	15,498	–	403,403
Buyback of Ordinary shares for treasury	14	–	–	(3,454)	–	–	(3,454)
Profit for the year		–	–	–	–	47,881	47,881
Transferred from retained earnings to capital reserve[A]		–	–	34,793	–	(34,793)	–
Transferred from retained earnings to revenue reserve		–	–	–	13,088	(13,088)	–
Dividends paid	8	–	–	–	(16,354)	–	(16,354)
Balance at 31 December 2020		**194,933**	**1,560**	**222,751**	**12,232**	**–**	**431,476**

For the year ended 31 December 2019

	Note	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance		194,933	1,560	170,680	15,026	–	382,199
Buyback of Ordinary shares for treasury	14	–	–	(2,191)	–	–	(2,191)
Profit for the year		–	–	–	–	39,697	39,697
Transferred from retained earnings to capital reserve[A]		–	–	22,923	–	(22,923)	–
Transferred from retained earnings to revenue reserve		–	–	–	16,774	(16,774)	–
Dividends paid	8	–	–	–	(16,302)	–	(16,302)
Balance at 31 December 2019		**194,933**	**1,560**	**191,412**	**15,498**	**–**	**403,403**

[A] Represents the capital profit attributable to equity shareholders per the Statement of Comprehensive Income.

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The stated capital in accordance with Companies (Jersey) Law 1991 Article 39A is £260,822,000 (2019 – £260,822,000). These amounts include proceeds arising from the issue of shares by the Company but exclude the cost of shares purchased for cancellation or treasury by the Company.

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

Cash Flow Statement

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Cash flows from operating activities			
Dividend income received		15,765	19,104
Interest income received		328	423
Derivative income received		62	74
Investment management fee paid		(1,982)	(3,409)
Other cash expenses		(884)	(890)
Cash generated from operations		13,289	15,302
Interest paid		(856)	(1,094)
Overseas taxation suffered		(1,520)	(1,402)
Net cash inflows from operating activities		10,913	12,806
Cash flows from investing activities			
Purchases of investments		(69,828)	(63,113)
Sales of investments		81,533	68,617
Net cash inflow from investing activities		11,705	5,504
Cash flows from financing activities			
Purchase of own shares for treasury	14	(3,508)	(2,166)
Dividends paid	8	(16,354)	(16,302)
Net cash outflow from financing activities		(19,862)	(18,468)
Net increase/(decrease) in cash and cash equivalents		2,756	(158)
Cash and cash equivalents at the start of the year		3,458	3,622
Effect of foreign exchange on cash and cash equivalents		(37)	(6)
Cash and cash equivalents at the end of the year	2	**6,177**	**3,458**

Non–cash transactions during the year comprised stock dividends of £936,000 (2019 – £1,091,000) (Note 4).

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

Notes to the Financial Statements

For the year ended 31 December 2020

1. **Principal activity.** The Company is a closed-end investment company incorporated in Jersey, with its Ordinary shares being listed on the London Stock Exchange. The Company's principal activity is investing in securities in the Asia Pacific region.

2. **Accounting policies**

(a) **Basis of preparation**. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Reporting Committee of the IASB ("IFRIC").

The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP), 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The Company has a revolving loan facility which expires in March 2024. Having taken these factors into account as well as the impact of Covid-19 and having assessed the principal risks and other matters set out in the Viability Statement on page 25, the Directors believe that, after making enquiries, 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. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 52.

Significant accounting judgements and estimates. The preparation of financial statements in conformity with IFRS requires the use of certain significant accounting judgements and estimates which requires management to exercise its judgement in the process of applying the accounting policies and are continually evaluated. These judgements include the assessment of the Company's ability to continue as a going concern. Another area requiring significant judgement and assumption in the financial statements is the determination of the fair value hierarchy classification of quoted bonds which have been assessed as being Level 2 due to not being considered to trade in active markets. Furthermore, the Board of Directors decided to write down the value of G3 Exploration to £nil in 2019 due to concerns over liquidity, credit worthiness, exit opportunities and the timing of any potential receipts. It has been decided to maintain that position in this year's financial statements. Another area of judgement includes the assessment of whether special dividends should be allocated to revenue or capital based on their individual merits. The Directors believe there are no significant estimates contained within the financial statements as all investments are valued at quoted bid price and all other assets and liabilities are valued at amortised cost.

The financial statements are prepared on a historical cost basis, except for investments that have been measured at fair value through profit or loss ("FVTPL").

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

New and amended accounting standards and interpretations. The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The adoption of these standards and amendments did not have a material impact on the financial statements:

Standards	
IAS 1, 8, 34, 37, 38 and IFRS 2, 3, 6, 14 Amendments	References to the Conceptual Framework
IFRS 3 Amendment	Definition of a Business
IAS 1 and IAS 8 Amendments	Definition of Material
IAS 39, IFRS 7 and 9 Amendments	Interest Rate Benchmark Reform (Phase 1)

Notes to the Financial Statements Continued

Interpretations	
IFRIC 12, 19, 20, 22 and SIC 32 Amendments	References to the Conceptual Framework

Future amendments to standards and interpretations. At the date of authorisation of these financial statements, the following amendments to Standards and Interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2021:

Standards	
IAS 39, IFRS 4, 7, 9 and 16 Amendments	Interest Rate Benchmark Reform (Phase 2)
IAS 16 Amendment	Proceeds before intended use
IAS 41, IFRS 1, 9 and 16 Amendment	Annual Improvements 2018-20 Cycle
IFRS 3 Amendment	Reference to the Conceptual Framework
IAS 1 Amendments	Classification of Liabilities as current or non-current
IFRS 4 Amendments	Extension of IFRS 9 Deferral

The Company intends to adopt the Standards and Interpretations in the reporting period when they become effective and the Board does not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the Company's financial results in the period of initial application although there may be revised presentations to the Financial Statements and additional disclosures.

(b) Income. Dividend income receivable on equity shares is recognised on the ex-dividend date. Dividend income on equity shares where no ex-dividend date is quoted is brought into account when the Company's right to receive payment is established. Where the Company has elected to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Special dividends are an area of significant accounting judgement and are credited to capital or revenue according to their circumstances. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

The fixed returns on debt securities and non-equity shares, as well as interest receivable from cash and short-term deposits, are recognised using the accruals basis.

(c) Expenses. All expenses, with the exception of interest expenses, which are recognised using the effective interest method, are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

– expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed in note 10;

– expenses (including share issue costs) are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and

– the Company charges 60% of investment management fees and finance costs to capital, in accordance with the Board's expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company.

(d) Taxation. Profits arising in the Company for the year ended 31 December 2020 will be subject to Jersey income tax at the rate of 0% (2019 – 0%).

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income.

(e) **Investments**. The Company has adopted the classification and measurement provisions of IFRS 9 'Financial Instruments'.

The Company classifies its investments based on their contractual cash flow characteristics and the Company's business model for managing the assets. The business model, which is the determining feature for debt instruments, is such that the portfolio of investments is managed, and performance is evaluated, on a fair value basis. The Manager is also compensated based on the fair value of the Company's assets. Equity instruments are classified as FVTPL because cash flows resulting from such instruments do not represent payments of principal and interest on the principal outstanding, and therefore they fail the contractual cash flows test. Consequently, all investments are measured at FVTPL.

Purchases and sales of investments are recognised on a trade date basis. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

The fair value of the financial assets is based on their quoted bid price at the reporting date, without deduction for any estimated future selling costs.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Gains/(losses) on investments held at fair value through profit or loss" on an average cost basis. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

(f) **Cash and cash equivalents**. Cash comprises cash held at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in values.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash at bank net of any outstanding bank overdrafts.

(g) **Other receivables**. Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. As such they are measured at amortised cost. Other receivables do not carry any interest, they have been assessed for any expected credit losses over their lifetime due to their short-term nature.

(h) **Other payables**. The Company has adopted the simplified approach under IFRS9 which allows entities to recognise lifetime expected losses on all these assets without the need to identify significant increases in credit risk. Other payables are non interest bearing and are stated at amortised cost.

(i) **Dividends payable**. Interim dividends payable are recognised in the financial statements in the period in which they are paid.

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

Capital redemption reserve. The capital redemption reserve arose when Ordinary shares were redeemed, at which point an amount equal to £1 per share of the Ordinary share capital was transferred from the Statement of Comprehensive Income to the capital redemption reserve. Following a law amendment in 2008, the Company is no longer required to make a transfer. Although the transfer from the Statement of Comprehensive Income is no longer required, the amount remaining in the capital redemption reserve is not distributable in accordance with the undertaking provided by the Board in the launch Prospectus.

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. This reserve also reflects any gains realised when Ordinary shares are issued at a premium to £1 per share and any losses suffered on the redemption of Ordinary shares for cancellation at a value higher than £1 per share.

Notes to the Financial Statements Continued

When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from the capital reserve. Should these shares be sold subsequently, the amount received is recognised in the capital reserve and the resulting surplus or deficit on the transaction remains in the capital reserve.

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve is the principal reserve which is utilised to fund dividend payments to shareholders.

(k) **Foreign currency**. Monetary assets and liabilities denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the reporting date. The financial statements are presented in sterling, which is the Company's functional and presentation currency. The Company's performance is evaluated and its liquidity is managed in sterling. Therefore sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included as a currency gain or loss in revenue or capital in the Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature.

(l) **Borrowings**. The Company has adopted the classification and measurement provisions of IFRS 9 'Financial Instruments'. Borrowings are measured at amortised cost using the effective interest rate method. No impact on the classification or measurement of borrowings has arisen due to the adoption of IFRS 9 in the prior year.

Borrowings are stated at the amount of the net proceeds immediately after draw down plus cumulative finance costs less cumulative payments. The finance cost of borrowings is allocated to years over the term of the debt at a constant rate on the carrying amount and charged 40% to revenue and 60% to capital to reflect the Company's investment policy and prospective revenue and capital growth.

(m) **Share capital**. The Company's Ordinary shares are classified as equity as the Company has full discretion on repurchasing the Ordinary shares and on dividend distributions.

Issuance, acquisition and resale of Ordinary shares are accounted for as equity transactions. Upon issuance of Ordinary shares, the consideration received is included in equity.

Transaction costs incurred by the Company in acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issuance or cancellation of the Company's own instruments.

(n) **Traded options**. The Company may enter into certain derivative contracts (e.g. options) to gain exposure to the market. The option contracts are classified as fair value through profit or loss and accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value i.e. market value. The premium received on the open position is recognised over the life of the option in the revenue column of the Statement of Comprehensive Income along with fair value changes in the open position which occur due to the movement in underlying securities. Losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income as they arise. Where the Company enters into derivative contracts to manage market risk, gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

3. **Segmental information.** The Company is organised into one main operating segment, which invests in equity securities, debt instruments and derivatives. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The following table analyses the Company's operating income by each geographical location. The basis for attributing the operating income is the place of incorporation of the instrument's counterparty.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Asia Pacific region	15,968	19,146
United Kingdom	974	1,850
	16,942	**20,996**

4. **Investment income**

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Income from investments		
Overseas dividend income	14,655	17,603
UK dividend income	969	1,822
Stock dividend income	936	1,091
	16,560	20,516
Other income		
Bond interest	315	378
Deposit interest	5	28
Traded option premiums	62	74
	382	480
Total revenue	**16,942**	**20,996**

During the year, the Company was entitled to premiums totalling £62,000 (2019 – £74,000) in exchange for entering into option contracts. At the year end there were no (2019 – nil) open positions. Losses realised on the exercise of derivative transactions are disclosed in note 10.

Notes to the Financial Statements Continued

5. Investment management fee

	Year ended 31 December 2020			Year ended 31 December 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,248	1,872	3,120	1,372	2,059	3,431

The Company has an agreement with Aberdeen Standard Capital International Limited ("ASCIL") for the provision of management services. With the exception of stocklending activities, this agreement has been sub-delegated to Aberdeen Standard Investment (Asia) Limited ("ASI Asia"). Any stocklending activity has been sub-delegated to Aberdeen Asset Managers Limited.

The investment management fee is payable quarterly in arrears and is based on an annual fee of 0.85% on the average net assets of the previous six months up to £350 million and 0.65% per annum thereafter (2019 – based on an annual amount of 0.85% of the net asset value of the Company valued monthly and on the average of the previous five monthly valuation points). The balance due to ASCIL at the year end was £2,306,000 (2019 – £1,168,000). The investment management fees are charged 40% to revenue and 60% to capital in line with the Board's expected long term returns.

6. Other operating expenses

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Directors' fees	154	154
Promotional activities[A]	206	206
Auditor's remuneration:		
– statutory audit	38	37
Custody fees	140	126
Secretarial and administration fee[B]	–	134
Other	254	294
	792	951

[A] Promotional activities in relation to the Company's participation in the Aberdeen Standard Investment Trust share plan and ISA are provided by Aberdeen Asset Managers Limited ("AAML"). The total fees paid are based on an annual rate of £206,000 (2019 – £206,000). An amount of £52,000 (2019 – £52,000) was payable to AAML at the year end.
[B] The Company agreed with the Manager that payment of the secretarial and administration fee of £134,000 would cease with effect from 1 January 2020. As such there was a balance due to ASCIL at the year end of £nil (2019 – £67,000).

No fees have been paid to the Company's auditor during the period other than those listed here.

7. Finance costs

	Year ended 31 December 2020			Year ended 31 December 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	332	498	830	429	643	1,072

Finance costs are charged 40% to revenue and 60% to capital as disclosed in the accounting policies.

8. **Dividends on Ordinary equity shares**

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend 2019 – 2.50p per Ordinary share (2018 – 2.40p)	4,438	4,286
First interim dividend 2020 – 2.25p per Ordinary share (2019 – 2.25p)	3,981	4,012
Second interim dividend 2020 – 2.25p per Ordinary share (2019 – 2.25p)	3,976	4,004
Third interim dividend 2020 – 2.25p per Ordinary share (2019 – 2.25p)	3,959	4,000
	16,354	**16,302**

The table below sets out the total dividends declared in respect of the financial year. The revenue available for distribution by way of dividend for the year is £13,088,000 (2019 – £16,774,000).

	2020 £'000	2019 £'000
First interim dividend 2020 – 2.25p per Ordinary share (2019 – 2.25p)	3,981	4,012
Second interim dividend 2020 – 2.25p per Ordinary share (2019 – 2.25p)	3,976	4,004
Third interim dividend 2020 – 2.25p per Ordinary share (2019 – 2.25p)	3,959	4,000
Fourth interim dividend 2020 – 2.55p per Ordinary share (2019 – 2.50p)	4,484	4,438
	16,400	**16,454**

The fourth interim dividend for 2020, amounting to £4,484,000 (2019 – fourth interim dividend of £4,438,000), is not recognised as a liability in these financial statements as it was announced and paid after 31 December 2020.

9. **Earnings per share**

Ordinary shares. The earnings per Ordinary share is based on the profit after taxation of £47,881,000 (2019 – profit £39,697,000) and on 176,666,175 (2019 – 178,087,642) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year excluding Ordinary shares held in treasury.

The earnings per Ordinary share detailed above can be further analysed between revenue and capital as follows:

	Year ended 31 December 2020			Year ended 31 December 2019		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit (£'000)	13,088	34,793	47,881	16,774	22,923	39,697
Weighted average number of Ordinary shares in issue[A]			176,666,175			178,087,642
Return per Ordinary share (pence)	7.41	19.69	27.10	9.42	12.87	22.29

[A] Calculated excluding shares held in treasury.

Notes to the Financial Statements Continued

10. Investments held at fair value through profit or loss

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Opening book cost	333,903	324,939
Opening investment holding gains	102,081	91,234
Opening fair value	435,984	416,173
Analysis of transactions made during the year		
Purchases at cost	70,750	62,842
Sales proceeds received	(81,484)	(67,790)
Gains on investments[A]	37,573	24,759
Closing fair value	**462,823**	**435,984**

	£'000	£'000
Closing book cost	313,692	333,903
Closing investment gains	149,131	102,081
Closing fair value	**462,823**	**435,984**

[A] Includes losses realised on the exercise of traded options of £nil (2019 – £236,000) which are reflected in the capital column of the Statement of Comprehensive Income in accordance with accounting policy 2(n). Premiums received from traded options totalled £62,000 (2019 – £74.000) per note 4.

The Company received £81,484,000 (2019 – £67,790,000) from investments sold in the year. The book cost of these investments when they were purchased was £90,961,000 (2019 – £53,878,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The portfolio valuation	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Listed on recognised stock exchanges:		
Equities – UK	15,005	21,153
Equities – overseas	443,884	410,952
Bonds – overseas	3,934	3,879
Total	**462,823**	**435,984**

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

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Purchases	84	73
Sales	91	71
	175	**144**

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

11. Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts due from brokers	–	49
Prepayments and accrued income	1,422	1,519
	1,422	**1,568**

None of the above assets are past their due date or impaired.

12. Creditors: amounts falling due within one year

(a) **Bank loans**. At the year end, the Company had the following unsecured bank loans:

			2020			2019
	Interest rate %	Local currency principal amount	Carrying amount £'000	Interest rate %	Local currency principal amount	Carrying amount £'000
Unsecured bank loans repayable within one year:						
Hong Kong Dollar	1.544	73,500,000	6,934	3.305	212,500,000	20,587
United States Dollar	1.503	19,000,000	13,900	2.686	7,157,751	5,403
Sterling	1.393	4,900,000	4,900	–	–	–
Sterling	2.179	10,000,000	10,000	–	–	–
Total			**35,734**			**25,990**
Unsecured bank loans repayable between one and five years:						
Sterling	–	–	–	2.179	10,000,000	9,999
Total			**–**			**9,999**

Notes to the Financial Statements Continued

At the date of signing this report, loans of HK$73,500,000, US$19,000,000 and £4,900,000 were drawn down at interest rates of 1.33054%, 1.3315% and 1.24688% respectively under a new £40 million multi currency revolving loan facility agreement with Bank of Nova Scotia, London which runs until 2 March 2024. This facility agreement replaced the existing £40 million multi currency revolving loan facility agreement with Scotiabank Europe PLC. On 2 March 2021 the £10,000,000 term loan with Scotiabank Europe PLC was replaced with a three year loan of £10,000,000 with Bank of Nova Scotia, London at an interest rate of 1.53%. Financial covenants contained within the relevant loan agreements provide, inter alia, that the Company's NAV shall at no time be less than £185 million and that adjusted NAV coverage shall at no time be less than 4.0 to 1.0. At 31 December 2020 net assets were £431 million and borrowings were 8.3% thereof. The Company has complied with all financial covenants throughout the year.

(b) Other payables	2020 £'000	2019 £'000
Amounts due to brokers for purchase of shares for treasury	–	54
Investment management fees	2,306	1,168
Other amounts due	212	328
	2,518	**1,550**

Amounts falling due in more than one year:

(c) Other payables	2020 £'000	2019 £'000
Deferred tax liability on Indian capital gains	**694**	**68**

13. Analysis of changes in financing during the year

	2020 £'000	2019 £'000
Opening balance at 1 January	35,989	36,929
Increase in loan drawdown	374	–
Foreign exchange movements	(629)	(940)
Closing balance at 31 December	**35,734**	**35,989**

14. Stated capital

	Ordinary shares (number)	Treasury shares (number)	Total shares (number)	£'000
Authorised Ordinary shares of no par value	**Unlimited**	**Unlimited**	**Unlimited**	**Unlimited**
Issued and fully paid Ordinary shares of no par value				
At 31 December 2019	177,591,975	17,341,414	194,933,389	194,933
Shares purchased for treasury	(1,767,492)	1,767,492	–	–
At 31 December 2020	**175,824,483**	**19,108,906**	**194,933,389**	**194,933**

During the year 1,767,492 (2019 – 1,038,713) Ordinary shares were bought back by the Company for holding in treasury at a total cost of £3,454,000 (2019 – £2,191,000). At the year end 19,108,906 (2019 – 17,341,414) Ordinary shares were held in treasury, which represents 9.80% (2019 – 8.90%) of the Company's total issued share capital at 31 December 2020.

For each Ordinary share issued £1 is allocated to stated capital, with the balance taken to the capital reserve.

The Ordinary shares give shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed.

Since the year end a further 90,154 Ordinary shares have been bought back for holding in treasury at a cost of £201,000.

Voting and other rights. In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for each Ordinary share held.

The Ordinary shares carry the right to receive all dividends declared by the Company or the Directors.

On a winding-up, provided the Company has satisfied all of its liabilities, holders of Ordinary shares are entitled to all of the surplus assets of the Company.

15. Capital reserve

	2020 £'000	2019 £'000
At 1 January	191,412	170,680
Net currency gains	217	934
Movement in unrealised fair value	47,050	10,847
(Loss)/profit on realisation of investments	(9,477)	13,912
Costs charged to capital	(2,997)	(2,770)
Buyback of Ordinary shares for treasury	(3,454)	(2,191)
At 31 December	**222,751**	**191,412**

16. Net asset value per share

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

	Net asset value per share 2020 p	Net asset values attributable 2020 £'000	Net asset value per share 2019 p	Net asset values attributable 2019 £'000
Ordinary shares	245.40	431,476	227.15	403,403

The net asset value per Ordinary share is based on 175,824,483 (2019 – 177,591,975) Ordinary shares, being the number of Ordinary shares in issue at the year end excluding Ordinary shares held in treasury.

Notes to the Financial Statements Continued

17. Analysis of changes in net debt

	At 31 December 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2020 £'000
Cash and short term deposits	3,458	(37)	2,756	–	6,177
Debt due within one year	(25,990)	629	(374)	(9,999)	(35,734)
Debt due after more than one year	(9,999)	–	–	9,999	–
	(32,531)	**592**	**2,382**	**–**	**(29,557)**

	At 31 December 2018 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2019 £'000
Cash and short term deposits	3,622	(6)	(158)	–	3,458
Debt due within one year	–	–	–	(25,990)	(25,990)
Debt due after more than one year	(36,929)	939	–	25,991	(9,999)
	(33,307)	**933**	**(158)**	**1**	**(32,531)**

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**. 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, other than derivatives, 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 Company also has the ability to enter into derivative transactions, in the form of traded options, for the purpose of enhancing income returns and portfolio management. During the year, the Company entered into certain derivative contracts. As disclosed in note 4, the premium received in respect of options written in the year was £62,000 (2019 – £74,000). Positions closed during the year realised a loss of £nil (2019 – £236,000). The realised loss was caused by the underlying price on exercise being higher than the exercise price for call options and lower than the exercise price for put options. The largest position in derivative contracts held during the year at any given time was £33,000 (2019 – £52,000). The Company had no open positions in derivative contracts at 31 December 2020.

The Board has delegated the risk management function to ASCIL under the terms of its management agreement with ASCIL (further details of which are included under note 5). 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, with the exception of short-term borrowings.

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

ASCIL is a fully integrated member of the Standard Life Aberdeen plc Group (the "Group"), which provides a variety of services and support to ASCIL in the conduct of its business activities, including in the oversight of the risk management framework for the Company. ASCIL 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). ASCIL has delegated responsibility for monitoring and oversight of the Investment Manager and other members of the Group which carry out services and support to ASCIL.

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 Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("Shield").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group Chief Executive Officer 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 plc, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk management. The main risks arising from the Company's financial instruments are (i) market risk (comprising interest rate risk, currency risk and equity price risk), (ii) liquidity risk, (iii) credit risk and (iv) gearing risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing each of these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term receivables and payables with the exception of the credit risk of short-term debtors.

(i) Market risk. The fair value or future cash flows of 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 equity price risk.

Interest rate risk. Interest rate risk is the risk that interest rate movements may affect:

– the fair value of the investments in fixed interest rate securities;

– the level of income receivable on cash deposits;

– the interest payable on the Company's variable rate borrowings.

Management of the risk

Financial assets. Although the majority of the Company's financial assets comprise equity shares which neither pay interest nor have a stated maturity date, at the year end the Company had two (2019 – two) holdings in fixed rate overseas corporate bonds, with G3 Exploration valued at £nil (2019 – £nil) and ICICI Bank at £3,934,000 (2019 – £3,879,000). Bond prices are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee entity. G3 Exploration appointed joint liquidators during December 2019. Using an adjusted net asset value model the Board of Directors decided to write down the value of G3 Exploration to £nil due to concerns over liquidity, credit worthiness, exit opportunities and the timing of any potential receipts. There has been no change in carrying value during the year under review or as at the date of this Report.

Notes to the Financial Statements Continued

Returns from bonds are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond the market price at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

Financial liabilities. The Company primarily finances its operations through use of equity, retained profits and bank borrowings. Details of the terms and conditions of the bank borrowings are disclosed in note 12. Interest is due on the Bank of Nova Scotia, London fixed term loan quarterly with the next interest payment being due on 2 June 2021. Interest is due on the Bank of Nova Scotia, London multi currency revolving loan facility on the maturity date, with the next interest payment being due on 30 April 2021.

The Board actively monitors its bank borrowings. A decision on whether to roll over its existing borrowings will be made prior to their maturity dates, taking into account the Company's ability to draw down fixed, long-term borrowings.

The interest rate profile of the Company (excluding short term debtors and creditors but including short term borrowings as stated previously) was as follows:

At 31 December 2020	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Indian Overseas Corporate Bond	3.60	9.15	–	3,934
Cash at bank – Sterling	–	–	2,655	–
Cash at bank – Hong Kong Dollar	–	–	3,476	–
Cash at bank – Taiwan Dollar	–	–	41	–
Cash at bank – Singapore Dollar	–	–	5	–
			6,177	**3,934**

At 31 December 2020	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Liabilities				
Bank loan – Hong Kong Dollar	0.02	1.54	–	(6,934)
Bank loan – US Dollar	0.02	1.50	–	(13,900)
Bank loan – Sterling	0.11	1.39	–	(4,900)
Bank loan – Sterling	0.17	2.18	–	(10,000)
			–	**(35,734)**

At 31 December 2019	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Indian Overseas Corporate Bond	4.60	9.15	–	3,879
Cash at bank – Sterling	–	–	3,414	–
Cash at bank – Taiwan Dollar	–	–	39	–
Cash at bank – Singapore Dollar	–	–	5	–
			3,458	**3,879**

At 31 December 2019	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Liabilities				
Bank loan – Hong Kong Dollar	0.20	3.30	–	(20,587)
Bank loan – US Dollar	0.04	2.69	–	(5,403)
Bank loans – Sterling	1.17	2.18	–	(9,999)
			–	**(35,989)**

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

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

All financial liabilities are measured at amortised cost using the effective interest rate method.

Interest rate sensitivity. The sensitivity analysis demonstrates the sensitivity of the Company's profit for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit/(loss) for the year is the effect of the assumed change in interest rates on:

– the net interest income for one year, based on the floating rate financial assets held at the Balance Sheet date; and

– changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the Balance Sheet date.

The Directors have considered the potential impact of a 100 basis point movement in interest rates and concluded that it would not be material in the current year (2019 – not material). This consideration is based on the Company's exposure to interest rates on its floating rate cash balances, fixed interest securities and bank loans.

Foreign currency risk. A significant proportion of the Company's investment portfolio is invested in overseas securities and the Balance Sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis. A significant proportion of the Company's borrowings, as detailed in note 12, is in foreign currency as at 31 December 2020.

Management of the risk. The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings.

The fair values of the Company's monetary items that have foreign currency exposure at 31 December are shown below. Where the Company's equity investments (which are non-monetary items) are priced in a foreign currency, they have been included within the equity price risk sensitivity analysis so as to show the overall level of exposure.

Notes to the Financial Statements Continued

	31 December 2020			31 December 2019		
	Equity investments £'000	Net monetary assets /(liabilities) £'000	Total currency exposure £'000	Equity investments £'000	Net monetary assets /(liabilities) £'000	Total currency exposure £'000
Australian Dollar	62,324	–	62,324	67,554	–	67,554
Chinese Renminbi	51,564	–	51,564	6,562	–	6,562
Hong Kong Dollar	16,273	(3,458)	12,815	68,374	(20,587)	47,787
Indian Rupee	21,706	3,934	25,640	14,101	3,879	17,980
Indonesian Rupiah	4,181	–	4,181	4,607	–	4,607
Japanese Yen	10,881	–	10,881	16,176	–	16,176
Korean Won	65,985	–	65,985	39,967	–	39,967
Malaysian Ringgit	4,240	–	4,240	11,951	–	11,951
New Zealand Dollar	22,382	–	22,382	3,686	–	3,686
Singapore Dollar	72,876	5	72,881	92,072	5	92,077
Taiwanese Dollar	80,503	41	80,544	49,336	39	49,375
Thailand Baht	26,723	–	26,723	36,408	–	36,408
US Dollar	4,246	(13,900)	(9,654)	4,037	(5,403)	(1,366)
Total	**443,884**	**(13,378)**	**430,506**	**414,831**	**(22,067)**	**392,764**

Foreign currency sensitivity. The following table details the impact on the Company's net assets to a 10% decrease (in the context of a 10% increase the figures below should all be read as negative) in sterling against the foreign currencies in which the Company has exposure. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2020 £'000	2019 £'000
Australian Dollar	6,232	6,755
Chinese Renminbi	5,156	656
Hong Kong Dollar	1,282	4,779
Indian Rupee	2,564	1,798
Indonesian Rupiah	418	461
Japanese Yen	1,088	1,618
Korean Won	6,599	3,997
Malaysian Ringgit	424	1,195
New Zealand Dollar	2,238	369
Singapore Dollar	7,288	9,208
Taiwanese Dollar	8,054	4,938
Thailand Baht	2,672	3,641
US Dollar	(965)	(137)
Total	**43,050**	**39,278**

Equity price risk. Equity price risk (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the Company's quoted equity 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. The allocation of assets to international markets and the stock selection process, as detailed on pages 99 and 100, both 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 recognised stock exchanges.

Concentration of exposure to equity price risks. A geographic analysis of the Company's investment portfolio is shown on page 35, which shows that the majority of the investments' value is in the Asia Pacific region. It should be recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Equity price risk sensitivity. The following table illustrates the sensitivity of the profit after taxation for the year and the equity to an increase or decrease of 10% (2019 – 10%) in the fair values of the Company's equities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at each Balance Sheet date, with all other variables held constant.

		2020		2019
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit after taxation				
Revenue return – increase /(decrease)	–	–	–	–
Capital return – increase /(decrease)	45,889	(45,889)	43,211	(43,211)
Total profit after taxation – increase /(decrease)	**45,889**	**(45,889)**	**43,211**	**(43,211)**
Equity	**45,889**	**(45,889)**	**43,211**	**(43,211)**

(ii) Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which stood at £38,946,000 (2019 – £37,607,000).

Management of the risk. Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and readily realisable securities, which can be sold to meet funding commitments if necessary and these amounted to £6,177,000 and £462,823,000 (2019 – £3,458,000 and £435,984,000) at the year end respectively. Short-term flexibility is achieved through the use of loan facilities.

Notes to the Financial Statements Continued

Maturity profile. The following table sets out the undiscounted gross cash flows, by maturity, of the Company's significant financial liabilities and cash at the Balance Sheet date:

At 31 December 2020	Within 1 year £'000	Between 1-5 years £'000	Total £'000
Fixed rate			
Bank loans	35,734	–	35,734
Interest on bank loans	(93)	–	(93)
	35,641	**–**	**35,641**
Floating rate			
Cash	**6,177**	**–**	**6,177**

At 31 December 2019	Within 1 year £'000	Between 1-5 years £'000	Total £'000
Fixed rate			
Bank loans	25,990	9,999	35,989
Interest on bank loans	(400)	(54)	(454)
	25,590	**9,945**	**35,535**
Floating rate			
Cash	**3,458**	**–**	**3,458**

Details of the Company's borrowing arrangements are disclosed in note 12 on pages 81 and 82.

(iii) Credit risk. This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss. The Company is exposed to credit risk on debt instruments. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVTPL. The carrying value of these assets, under IFRS 9 represents the Company's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates (see table below "Credit Risk Exposure").

The Company's only financial assets subject to the expected credit loss model within IFRS 9 are only short–term other receivables. At 31 December 2020, the total of short–term other receivables was £1,422,000 (2019 – £1,568,000). Given the balance is not material an assessment of credit risk is not performed. No other assets are considered impaired and no other amounts have been written off during the year.

All other receivables are expected to be received within twelve months or less. An amount is considered to be in default if it has not been received on the due date.

As only other receivables are impacted by the IFRS 9 model, the Company has adopted the simplified approach. The loss allowance is therefore based on lifetime ECLs.

Management of the risk. Where the investment manager makes an investment in a bond, corporate or otherwise, where available, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default. The Company has the following holdings:

– a Chinese overseas corporate bond issued by G3 Exploration. G3 Exploration appointed joint liquidators during December 2019. Therefore the Board of Directors decided to write down the value of G3 Exploration to nil due to the uncertainty over the repayment of the debt. No interest for G3 Exploration has been accrued in 2019 or 2020.
– an Indian overseas corporate bond issued by ICICI Bank.

All of the above bonds are non-rated. The investment manager undertakes an ongoing review of their suitability for inclusion within the portfolio.

Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk to the Company of default.

The risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

Cash is held only with reputable banks with high quality external credit ratings.

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

Credit risk exposure. In summary, compared to the amounts included in the Balance Sheet, the maximum exposure to credit risk at 31 December was as follows:

	2020		2019	
	Balance Sheet £'000	**Maximum exposure £'000**	**Balance Sheet £'000**	**Maximum exposure £'000**
Non-current assets				
Investments held at fair value through profit or loss	462,823	3,934	435,984	3,879
Current assets				
Cash at bank	6,177	6,177	3,458	3,458
Other receivables	1,422	1,422	1,568	1,568
	470,422	**11,533**	**441,010**	**8,905**

(iv) Gearing risk. The Company's policy is to increase its exposure to equity markets through the judicious use of borrowings. When borrowings are invested in such markets, the effect is to magnify the impact on shareholders' funds of changes, both positive and negative, in the value of the portfolio. As noted in note 2(l) on page 76 financial liabilities are classified under IFRS 9. The Company has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Company. The loans are carried at amortised cost, using the effective interest rate method in the financial statements.

Management of the risk. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. The fixed rate facilities are used to finance opportunities at low rates and, the revolving and uncommitted facilities to provide flexibility in the short-term.

Notes to the Financial Statements Continued

19. 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 income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The policy is that debt should not exceed 25% of net assets.

The Company's capital at 31 December comprises:

	2020 £'000	2019 £'000
Debt		
Borrowings under the multi-currency loan facility	25,734	25,990
Borrowing under the three year Sterling loan facility	10,000	9,999
	35,734	**35,989**

Equity	2020 £'000	2,019 £'000
Equity share capital	194,933	194,933
Retained earnings and other reserves	236,543	208,470
	431,476	**403,403**
Debt as a % of net assets[A]	**8.28**	**8.92**

[A] The calculation above differs from the AIC recommended methodology, where debt levels are shown net of cash and cash equivalents held.

The Board, with the assistance of the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing, which takes account of the Investment Manager's views on the market;

– the need to buy back equity shares for cancellation or for holding in treasury, which takes account of the difference between the net asset value per Ordinary share and the Ordinary share price (i.e. the level of share price discount);

– the need for new issues of equity shares; and

– the extent to which revenue in excess of that which is required to be distributed should be retained.

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

20. Related party transactions and transactions with the Manager

Fees payable during the period to the Directors are disclosed in note 6 on page 78 and within the Directors' Remuneration Report (unaudited) on pages 59 and 60, along with their interests in shares of the Company.

Mr Young, who is a Director of the Company, is employed by the Company's Investment Manager, Aberdeen Standard Investments (Asia) Limited, which is a wholly-owned subsidiary of Standard Life Aberdeen plc. The Manager, Aberdeen Standard Capital International Limited ("ASCIL") is also a subsidiary of Standard Life Aberdeen plc. Management, promotional activities and secretarial and administration services are provided by ASCIL with details of transactions during the year and balances outstanding at the year end disclosed in notes 5 and 6.

21. **Controlling party**. In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

22. **Fair value hierarchy**. IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy as follows:

At 31 December 2020	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	458,889	–	–	458,889
Quoted bonds	b)	–	3,934	–	3,934
Net fair value		**458,889**	**3,934**	**–**	**462,823**

At 31 December 2019	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	432,105	–	–	432,105
Quoted bonds	b)	–	3,879	–	3,879
Net fair value		**432,105**	**3,879**	**–**	**435,984**

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

b) Quoted bonds. The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Investments in quoted bonds are not considered to trade in active markets and accordingly the Company's holding in quoted bonds as at 31 December 2020 has been classified as Level 2.

A reconciliation of fair value movements within Level 3 is set out below:

Financial assets at fair value through profit or loss	2020 £'000	2019 £'000
Opening balance	–	–
Transfer from Level 2	–	4,413
Losses on investments held at fair value through profit or loss	–	(76)
Written down to nil value	–	(4,337)
Net fair value	**–**	**–**

Notes to the Financial Statements Continued

In October 2019 the Board of Directors took the decision to write down the value of G3 Exploration by 50% in light of interest payment default and concerns over ongoing trading. At this point the G3 Exploration bond was reclassified as Level 3. G3 Exploration appointed joint liquidators during December 2019. Using an adjusted net asset value model the Board of Directors decided to write down the value of G3 Exploration to £nil due to concerns over liquidity, credit worthiness, exit opportunities and the timing of any potential receipts. There has been no change in carrying value during the year under review or as at the date of this Report.

Fair value of financial assets. The Directors are of the opinion that the fair value of other financial assets is equal to the carrying amounts in the Balance Sheet.

Fair values of financial liabilities. The fair value of borrowings as at the 31 December 2020 has been estimated at £35,734,000 (carrying value per Balance Sheet – £35,734,000) which was calculated using a discounted cash flow valuation technique. At 31 December 2019 the fair value was £35,999,000 (carrying value per Balance Sheet – £35,989,000). Under the fair value hierarchy in accordance with IFRS 13, these borrowings can be classified as Level 2.

Securities Financing Transactions Disclosure (Unaudited)

Securities Financing Transactions Disclosure

The Company engages in Securities Financing Transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the accounting period are detailed below:

Absolute value of assets engaged in SFTs	£'000	% of lendable assets	% of assets under management
31 December 2020			
Securities lending	–	–	–
31 December 2019			
Securities lending	N/A	N/A	N/A

Top ten collateral issuers and collateral received

Based on market value of collateral received.

For all issuers, only equity securities with a main market listing were lent and the custodian was BNP Paribas.

2020	£'000	2019	£'000
HSBC Holdings	2,444	N/A	N/A
Oversea-Chinese Banking Corporation	173		
United Overseas Bank	3,611		
	6,228		

	2020		2019	
	Market value of collateral held	Proportion held in segregated accounts	Market value of collateral held	Proportion held in segregated accounts
Collateral held per custodian	**£'000**	**%**	**£'000**	**%**
BNP Paribas	6,853	100	N/A	N/A

One custodian is used to hold the collateral, which is in a segregated account.

Collateral analysed by currency	Market value of collateral received 2020 £'000	2019 £'000
Pound Sterling	6,853	N/A
Total collateral received	**6,853**	**N/A**

Securities Financing Transactions Disclosure (Unaudited) Continued

Securities lending Top Ten Counterparties per type of SFT[A]	Market value of securities lending £'000	Countries of counterparty establishment	Settlement and clearing
31 December 2020			
Macquarie Bank	6,853	Australia	Tri-party
Total market value of securities lending	**6,853**		–
31 December 2019			
Total market value of securities lending	N/A	N/A	N/A

[A] All counterparties are shown

Maturity Tenor of SFTs (remaining period to maturity)

31 December 2020

Securities lending

The lending and collateral transactions are on an open basis and can be recalled on demand. As at 31 December 2020 there were no securities on loan.

The Company does not engage in any re-use of collateral.

	2020		2019	
Return and cost per type of SFT	**£'000**	**%**	**£'000**	**%**
Securities lending				
Gross return	–	–	N/A	N/A
Direct operational costs (securities lending agent costs)[B]	–	–	N/A	N/A
Indirect operational costs (Investment Adviser operational costs)	–	–	N/A	N/A
Total costs	–	–	N/A	N/A
Net return	**–**	**–**	**N/A**	**N/A**

[B] The unrounded direct operational costs and fees incurred for securities lending for the 12 months to 31 December 2020 is £Nil (2019 – £N/A)

Corporate Information

The Company's Investment Manager is Aberdeen Standard Investments (Asia) Limited, a subsidiary of Standard Life Aberdeen PLC, whose group companies as at 31 December 2020 had £534.6 billion of assets under management and administration.

Information about the Investment Manager

Aberdeen Standard Investments (Asia) Limited

The investment management of the Company has been delegated by Aberdeen Standard Capital International Limited to Aberdeen Standard Investments (Asia) Limited ("ASI Asia"). ASI Asia is based in Singapore and is a wholly-owned subsidiary, and the Asia Pacific headquarters of, Standard Life Aberdeen PLC (the "Standard Life Aberdeen Group"), a publicly-quoted company on the London Stock Exchange.

Worldwide, the Standard Life Aberdeen Group manages and administers a combined £564.6 billion (as at 31 December 2020) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

The Standard Life Aberdeen Group has its headquarters in Edinburgh with principal offices in Aberdeen, Bangkok, Hong Kong, Kuala Lumpur, Jersey, London, Philadelphia, Singapore, Stockholm, Sydney, Taipei and Tokyo.

The Investment Team Senior Managers

Hugh Young
Chairman Asia

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

Flavia Cheong
Head of Equities – Asia Pacific, Asian Equities

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

Yoojeong Oh
Investment Director, Asian Equities

CFA® charterholder, MEng in Engineering, Economics and Management from the University of Oxford. Joined ASI Asia in 2005 and was initially a member of the UK and European Equities Team in London before moving to Singapore.

Christina Woon
Investment Manager, Asian Equities

CFA® charterholder, Bachelor of Accountancy from Singapore Management University. Joined ASI Asia in January 2013 as a graduate.

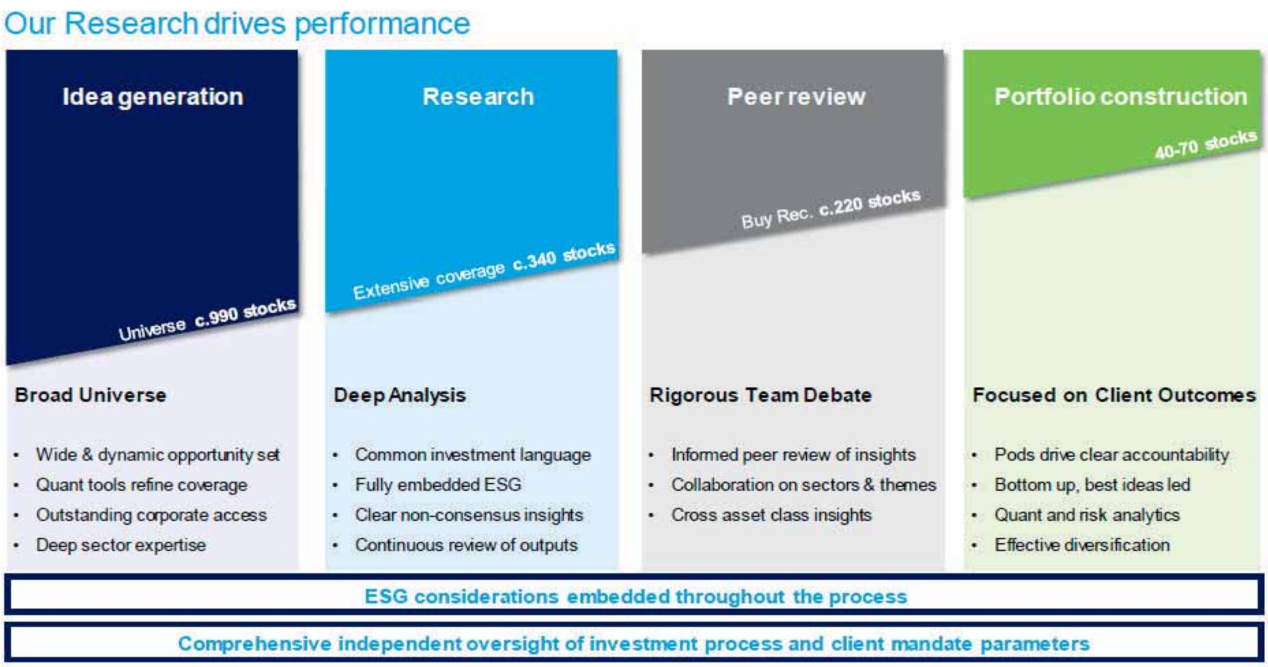
The Investment Manager's Investment Process

As active equity investors, we believe that deep fundamental research, responsible stewardship with ESG, and a disciplined investment process is the best approach to meet our client's investment needs – now and in the future. Our approach to equity investing is underpinned by three core investment beliefs.

Fundamental research delivers insights that can be used to exploit market inefficiencies. In our view, company fundamentals ultimately drive share prices but are often valued inefficiently in the shorter term. We believe that fundamental research is the key to delivering insights that allow us to exploit these inefficiencies and identify the best investment opportunities for client portfolios.

ESG assessment and corporate engagement enhance returns. We place constructive engagement and environmental, social and governance (ESG) considerations at the heart of company research, ensuring we are responsible stewards of our clients' assets. We believe that this approach can mitigate risks and enhance returns for our clients, as companies with robust ESG practices tend to enjoy long-term financial benefits.

Disciplined, active investment can deliver superior outcomes for our clients. We aim to build high conviction portfolios where our stock-specific insights drive performance, giving our clients access to our best investment ideas.



Research

The Investment Manager has developed a proprietary research platform used by all its equity, credit and ESG teams, giving instant access to research globally. The research is focused on four key areas:

- **Foundations** – the Investment Manager analyses how the company makes money, the attractiveness and characteristics of its industry, and the strength and sustainability of the economic 'moat'. This includes a thorough evaluation of the environmental, social and governance (ESG) risks and opportunities of the company. Face-to-face meetings anchor how the Investment Manager understands and challenges the key elements of a company's fundamentals: the evolution and growth of the business; the sustainable competitive advantage; management's track record of execution and managing risk; past treatment of minority shareholders; the balance sheet and financials; and ESG risks and opportunities of the company in question.

- **Dynamics** – the shorter- and longer-term dynamics of the business that will be the key determinants of its corporate value over time. Specifically the Investment Manager looks for changes in the factors driving the market price of a stock, identifying the drivers that the wider market may not be pricing in. Understanding the dynamics behind these drivers allows the Investment Manager to focus on the factors that will drive shareholder returns from a particular stock.

- **Financials and Valuation** – the Investment Manager examines the strengths and weaknesses of the company's financials including a thorough analysis of the balance sheet, cash flow

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

The Investment Manager's Investment Process Continued

and accounting, the market's perception of the company's future prospects and value, and its own forecasts of future financials and how the stock should be priced. This includes significant focus on the dividend paying capability of each business, the potential for dividend growth and the sustainability of the payout.

- **Investment insight and risk** – the Investment Manager articulates its investment thesis, explaining how it views a stock differently from the market consensus and how the Investment Manager expects to crystallise value from the holding over time.

Integrated ESG Analysis

The detailed analysis of the Investment Manager's embedded ESG process is contained on pages 39 to 43.

Idea Generation

Research coverage is organised on a sector basis, with analysts developing deep expertise which enables them to identify investment opportunities through fundamental knowledge at both the sector and stock level. The Investment Manager also uses quantitative screening tools and risk tools to help us identify interesting stock opportunities and the most appropriate coverage universe.

Peer Review

Having a common investment language facilitates effective communication and comparison of investment ideas through peer review which is a critical part of the process. All investment ideas are subject to rigorous peer review, both at regular meetings and on an ad hoc basis – and all team members debate stocks, meet companies from all industries, and given their dual fund manager / analyst role are incentivised to fully participate in the entire process.

Portfolio Construction/Risk Controls

Portfolios are built from the bottom up, prioritising high conviction stock ideas in a risk aware framework, giving clients access to the best investment ideas. Portfolio risk budgets are derived from clients' investment objectives and required outcomes. Peer review is an essential component of the construction process with dedicated portfolio construction pods (smaller dedicated groups of senior team members that have clear accountability for the strategy) debating stock holdings, portfolio structure and risk profiles.

As an active equity investor the Investment Manager has adopted a principled portfolio construction process which actively takes appropriate and intentional risk to drive return. The largest component of the active risk will be stock-specific risk, along with appropriate levels of diversification. Risk systems monitor and analyse risk exposures across multiple perspectives breaking down the risk within the portfolio by industry and country factors, by currency and macro factors, and by other fundamental factors (quality, momentum, etc.). Consideration of risk starts at the stock level with the rigorous company research helping the Investment Manager to avoid stock specific errors. The Investment Manager ensures that any sector or country risk is appropriately sized and managed relative to the overall objectives of the Company.

Operational Risk and Independent Governance Oversight

Risk management is an integral part of the Investment Manager's management process and portfolios are formally reviewed on a regular basis with the Investment Manager's Global Head of Equities, the Portfolio Managers, the Investment Manager's Investment Governance & Oversight Team (IGO) and members of the Manager's Investment Risk Team. This third party oversight both monitors portfolio risk and also oversees operational risk to ensure client objectives are met.

Investor Information

Keeping You Informed

Detailed information on the Company, including price, performance information and a monthly fact sheet is available from the Company's website (**asian-income.co.uk**) and the TrustNet website (**trustnet.co.uk**). Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for investment company information.

Twitter:

https://twitter.com/AberdeenTrusts

LinkedIn:

https://www.linkedin.com/company/aberdeen-standard-investment-trusts

Alternative Investment Fund Managers Directive ("Directive")

In accordance with the Alternative Investment Funds (Jersey) Regulations 2012, the Jersey Financial Services Commission ("JFSC") has granted permission for the Company to be marketed within any EU Member State or other EU State to which the Directive applies. The Company's registration certificate with the JFSC is now conditioned such that the Company "must comply with the applicable sections of the Codes of Practice for Alternative Investment Funds and AIF Services Business".

Aberdeen Standard Capital International Limited ("ASCIL"), as the Company's non-EEA alternative investment fund manager, has notified the UK Financial Conduct Authority in accordance with the requirements of the UK National Private Placement Regime of its intention to market the Company (as a non-EEA AIF under the Directive) in the UK.

In addition, in accordance with Article 23 of the Directive and Rule 3.2.2 of the Financial Conduct Authority ("FCA") Fund Sourcebook, ASCIL is required to make available certain disclosures for potential investors in the Company. These disclosures, in the form of a pre-investment disclosure document ("PIDD"), are available on the Company's website: **asian-income.co.uk**. The periodic disclosures required to be made by the Manager under AIFMD are set out on page 107.

Investor Warning

The Board has been made aware by Aberdeen Standard Investments that some investors have received telephone calls from people purporting to work for the Aberdeen Standard Investments, or third parties, who have offered to buy their investment company shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for Aberdeen Standard Investments and any third party making such offers has no link with the Aberdeen Standard Investments. Aberdeen Standard Investments 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 Aberdeen Standard Investments' investor services centre using the details provided below.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £2,000 for the 2021/2022 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 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.

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of Asian companies by investment in an investment company 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 its securities can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authorities' ("FCA") rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream pooled investments because the Company would qualify as an investment trust if the Company were based in the UK.

Direct Investment

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

Investor Information Continued

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per company, while regular savers may invest from £30 per month. 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. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Standard Investment Trust Share Plan

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

Stocks and Shares ISA

An investment of up to £20,000 can be made in the tax year 2021/2022.

The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Shareholder Enquiries

Registered Shareholders

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc registered shareholders holding their shares in the Company directly should contact the registrars, Link Market Services Trustees Limited, PO Box 532, St Helier Jersey JE4 5UW (e-mail **shareholderenquiries@linkassetservices.com**) or Tel: 0371 664 0300 Lines are open 9.00 a.m. to 5.30 p.m. (London Time) Monday to Friday. Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the registrars in writing.

General Enquiries

Any general enquiries about the Company should be directed to the Company Secretary, Aberdeen Asian Income Fund Limited, c/o Aberdeen Standard Capital International Limited, 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB or by emailing **CEF.CoSec@aberdeenstandard.com**.

Aberdeen Standard Investments Savings Plan Enquiries

If you have any questions about an investment held through the Aberdeen Standard Investment Trust Share Plan, Stocks and Shares ISA or Investment Plan for Children, please telephone the Manager's Customer Services Department on 0808 500 0040. Alternatively, email **inv.trusts@aberdeenstandard.com** or write to Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB. Terms and conditions for the managed savings products can also be found under the literature section of **invtrusts.co.uk.**

Literature Request Service

For literature and application forms for the Company and Aberdeen Standard Investments 'investment company products, please contact:

Telephone: 0808 500 0040
www.invtrusts.co.uk/en/fund-centre/literature-order-form

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found in the 'Key Literature' section of the Company's website.

Online Dealing

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

AJ Bell YouInvest; Barclays Smart Investor; Charles Stanley Direct; EQi; Fidelity; Halifax; Hargreaves Lansdown; Interactive Investor; Novia; Transact; and Standard Life.

Discretionary Private Client Stockbrokers

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

Independent Financial Advisers

To find an adviser who recommends on investment companies, 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
https://register.fca.org.uk/
register@fca.org.uk

The above information on pages 101 to 103 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Glossary of Terms

ASI Asia or Investment Manager
Aberdeen Standard Investments (Asia) Limited – the Company's Investment Manager.

Aberdeen Standard Investments or ASI
The investment arm of the Standard Life Aberdeen Group

AIC
The Association of Investment Companies – the AIC is the trade body for closed-ended investment companies (**theaic.co.uk**).

AIFMD
The Alternative Investment Fund Managers Directive – The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITS (Undertakings for Collective Investments in Transferable Securities) fund and which is managed/marketed in the EU. The Company has been designated as an AIF.

ASCIL
Aberdeen Standard Capital International Limited – the Company's Manager.

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.

Derivative
A derivative is a financial security with a value that is reliant upon or derived from an underlying asset or group of assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its price is determined by fluctuations in the underlying asset.

Disclosure Guidance and Transparency Rules or DTRs
The DTRs contain requirements for publishing and distributing annual financial reports, half-yearly financial reports and other regulatory statements, and are applicable to investment companies which are listed on the main market of the London Stock Exchange.

Discount
The amount by which the market price per share of an investment company is lower than the NAV per share. The discount is normally expressed as a percentage of the NAV per share.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Key Information Document or KID
The Packaged Retail and Insurance-based Investment Products ("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 Investment Manager to retail investors prior to them making any investment decision and is available via a link on the Company's website. The Company is not responsible for the information contained in the KID and shareholders should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Financial Conduct Authority or FCA
The FCA issues the Listing Rules and DTRs.

Manager or ASCIL
Aberdeen Standard Capital International Limited.

Net Asset Value or NAV
The value of total assets less liabilities. Liabilities for this purpose includes current and long-term liabilities. The NAV divided by the number of shares in issue (excluding all shares held in treasury) produces the NAV 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 (the AIC basis).

Official List
The FCA's Official List is the definitive record of whether a company's securities are officially listed in the UK. Among other things, each entry in the Official List shows the: security listed; its issuer; and the security's listing category - the set of obligations that apply to the issuer regarding that particular listing.

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

Ordinary Shares
The Company's Ordinary Shares give shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed. The Ordinary Shares are in registered form and traded on the London Stock Exchange's Main Market. Subject to the Articles of Association, on a show of hands every registered holder of Ordinary Shares (a shareholder) who is present in person (or, being a corporation, by representative) shall have one vote. On a poll every shareholder present in person (or, being a corporation, by representative) or by proxy shall be entitled to one vote in respect of each Ordinary Share held. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

PIDD
The pre-investment disclosure document. The disclosures that are required to be made to investors by ASCIL and the Company in accordance with the AIFMD.

Premium
The amount by which the market price per share of an investment company exceeds the NAV per share. The premium is normally expressed as a percentage of the NAV 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 Group
The Standard Life Aberdeen PLC group of companies.

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 Company on the date to which that dividend was earned, eg quarter end, half year or year end date. Information relevant to the reporting period is disclosed on page 108.

Voting Rights
In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for every Ordinary Share held.

Winding-Up Entitlements
On a winding up of the Company, any surplus assets available after payment of all debts and satisfaction of all liabilities of the Company shall be applied in repaying the Ordinary shareholders the amounts paid up on such shares. Any surplus shall be divided among the holders of Ordinary Shares pari passu according to the amount paid up on such shares respectively.

Your Company's Share Capital History

Issued Share Capital at 31 December 2020

175,824,483
Ordinary Shares of no par value

19,108,906
Ordinary Shares of no par value held in Treasury

Capital History

20 December 2005
110,000,000 Ordinary Shares placed at 100p per share and 22,000,000 Warrants issued at 10p per Warrant. Ordinary Share issue applicants were entitled to purchase Warrants on the basis of one Warrant for every 10 Ordinary Shares applied for.

Year to 31 December 2007
800,000 Ordinary Shares of no par value purchased in the market for cancellation

Year to 31 December 2008
760,000 Ordinary Shares of no par value purchased in the market for cancellation

Year to 31 December 2009
1,350,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV

11 May 2010
160,999 Warrants exercised resulting in the issue of 160,999 new Ordinary shares

13 October 2010
885,062 Warrants exercised resulting in the issue of 885,062 new Ordinary shares

Year to 31 December 2010
7,199,001 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV

16 May 2011
14,793,009 Warrants exercised resulting in the issue of 14,793,009 new Ordinary shares

5 October 2011
5,800 Warrants exercised resulting in the issue of 5,800 new Ordinary shares

Year to 31 December 2011
6,250,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV

24 May 2012
1,766,974 Warrants exercised resulting in the issue of 1,766,974 new Ordinary shares

15 October 2012
814,113 Warrants exercised resulting in the issue of 814,113 new Ordinary shares

16 November 2012
60,000,000 C shares issued by way of a Placing and Offer for Subscription

Year to 31 December 2012
9,517,388 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV

4 February 2013
60,000,000 C shares converted into 30,552,000 new Ordinary Shares

17 May 2013
3,574,043 Warrants exercised resulting in the issue of 3,574,043 new Ordinary Shares. Following the exercise no Warrants remain

Year to 31 December 2013
8,425,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV

Year to 31 December 2014
800,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV

Year to 31 December 2015
500,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV. 1,907,000 Ordinary Shares of no par value purchased in the market at a discount to the prevailing NAV (of which 1,807,000 were held in treasury and 100,000 were cancelled)

Year to 31 December 2016
6,158,000 Ordinary Shares of no par value purchased in the market at a discount to the prevailing NAV for treasury

Year to 31 December 2017
3,686,168 Ordinary Shares of no par value purchased in the market at a discount to the prevailing NAV for treasury

Year to 31 December 2018
4,651,533 Ordinary Shares of no par value purchased in the market at a discount to the prevailing NAV for treasury

Year to 31 December 2019
1,038,713 Ordinary Shares of no par value purchased in the market at a discount to the prevailing NAV for treasury

Year to 31 December 2020
1,767,492 Ordinary Shares of no par value purchased in the market at a discount to the prevailing NAV for treasury

AIFMD Disclosures (Unaudited)

The Manager 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 **asian-income.co.uk**. There have been no material changes to the disclosures contained within the PIDD since the last publication in May 2020.

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

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 18 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by ASCIL.
- In accordance with the requirements of the AIFMD, the Manager's remuneration policy is available from the Company Secretaries, Aberdeen Standard Capital International Limited on request (see contact details on page 102) and the remuneration disclosures in respect of the ASCIL reporting period for the year ended 31 December 2020 are available on the Company's website.

The above information 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

Alternative Performance Measures

Alternative performance measures 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 IFRS and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total return. Total return is considered to be an alternative performance measure. NAV and share price total returns show how the NAV and share price have 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 December 2020 and 31 December 2019.

Year ended 31 December 2020	Dividend rate	NAV	Share price
31 December 2019	N/A	227.15p	214.00p
23 January 2020	2.50p	229.77p	212.50p
23 April 2020	2.25p	187.79p	166.00p
30 July 2020	2.25p	208.09p	183.00p
22 October 2020	2.25p	218.70p	198.25p
31 December 2020	N/A	245.40p	228.50p
Total return		**+12.9%**	**+12.1%**

Year ended 31 December 2019	Dividend rate	NAV	Share price
31 December 2018	N/A	213.96p	195.75p
17 January 2019	2.40p	216.13p	196.50p
25 April 2019	2.25p	231.16p	214.00p
18 July 2019	2.25p	237.99p	218.00p
24 October 2019	2.25p	226.02p	207.00p
31 December 2019	N/A	227.15p	214.00p
Total return		**+10.5%**	**+14.2%**

Discount to net asset value per Ordinary share. The difference between the share price of 228.50p (31 December 2019 – 214.00p) and the net asset value per Ordinary share of 245.40p (31 December 2019 – 227.15p) expressed as a percentage of the net asset value per Ordinary share.

Dividend cover. Revenue return per share of 7.41p (2019 – 9.42p) divided by dividends per share of 9.30p (2019 – 9.25p) expressed as a ratio.

Dividend yield. The annual dividend of 9.30p per Ordinary share (2019 – 9.25p) divided by the share price of 228.50p (2019 – 214.00p), expressed as a percentage.

Net gearing. Net gearing measures the total borrowings of £35,734,000 (31 December 2019 – £35,989,000) less cash and cash equivalents of £6,177,000 (31 December 2019 – £3,453,000) divided by shareholders' funds of £431,476,000 (31 December 2019 – £403,403,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to brokers at the year end of £nil (2019 – £5,000) as well as cash and cash equivalents of £6,177,000 (2019 – £3,458,000).

Ongoing charges. Ongoing charges is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC, as updated in 2020 to include the look-through costs of holding certain investment funds as well 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)	3,120	3,431
Administrative expenses (£'000)	792	951
Ongoing charges (£'000)	**3,912**	**4,382**
Average net assets (£'000)	**378,122**	**406,372**
Ongoing charges ratio (excluding look-through costs)	**1.03%**	**1.08%**
Look-through costs[A]	**0.07%**	**0.15%**
Ongoing charges ratio (including look-through costs)	**1.10%**	**1.23%**

[A] Costs associated with holdings in collective investment schemes as defined by the Committee of European Securities Regulators' guidelines on the methodology for the calculation of the ongoing charges figure, issued on 1 July 2010.

The ongoing charges percentage 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.

General

The AGM on 12 May 2021 will be functional only. **The Board has therefore decided to hold an interactive Online Shareholder Presentation which will be held at 10.30 a.m. on Tuesday 27 April 2021.** Full details on how to register for the event can be found at: **www.workcast.com/register?cpak=6761218631054882**

Notice of Annual General Meeting

Notice is hereby given that the fifteenth Annual General Meeting of Aberdeen Asian Income Fund Limited will be held at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB at 10.30 a.m. on 12 May 2021 for the following purposes:

Ordinary Business

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

1. To receive the Directors' Report and financial statements for the year ended 31 December 2020, together with the Auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 December 2020 (other than the Directors' Remuneration Policy).
3. THAT shareholders approve the Company's Dividend Policy to continue to pay four interim dividends per year.
4. To re-elect Mr H Young as a Director.
5. To re-elect Ms K Nowak as a Director.
6. To re-elect Ms N McCabe as a Director.
7. To re-elect Mr I Cadby as a Director.
8. To re-elect Mr M Florance as a Director.
9. To re-elect Mr C Clarke as a Director.
10. To re-appoint KPMG Channel Islands Limited as independent Auditor and to authorise the Audit Committee to agree their remuneration.

Special Business

To consider and, if thought fit, pass resolutions 11, 12 and 13, which will each be proposed as Special Resolutions:

11. THAT, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles of Association to make market purchases on a stock exchange of and to cancel or hold in treasury Ordinary Shares of no par value in the capital of the Company ("Ordinary Shares"), provided that:

    a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14.99% of the issued share capital of the Company as at the date of the passing of this resolution;

    b) the maximum price which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share taken from the Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;

    c) the minimum price which may be paid for an Ordinary Share is 1 pence;

    d) the Company be authorised to purchase Ordinary Shares out of its unrealised capital or revenue profits less its capital or revenue losses, whether realised or unrealised; and,

    e) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2022 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.

12. THAT, the Directors be empowered to allot Ordinary Shares for cash (or sell Ordinary Shares held as treasury shares) up to a maximum amount of 17,573,432 Ordinary Shares (or 10% of the total number of Ordinary Shares in issue as at the date of the passing of this resolution) as if Article 10 of the Company's Articles of Association did not apply, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution) at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2022 or 18 months from the date of the passing of this resolution but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require Ordinary Shares to be issued after such expiry and the Directors of the Company may issue Ordinary Shares in pursuance of any such offer or agreement as if such expiry had not occurred.

Notice of Annual General Meeting Continued

13. THAT with effect from the conclusion of the meeting, the articles of association of the Company produced to the meeting and initialled by the Chairman for the purpose of identification be adopted as the Company's articles of association in substitution for, and to the exclusion of, the existing articles of association.

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade, St Helier, Jersey JE2 3QB
14 April 2021

By order of the Board
Aberdeen Standard Capital International Limited
Secretaries

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed. **(*Shareholders' attention is drawn to note 14 below.*)**

2. Instruments of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to The Registrars, Aberdeen Asian Income Fund Limited, Link Group, 10th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL so as to arrive not less than forty eight hours before the time fixed for the meeting. **(*Shareholders' attention is drawn to note 14 below.*)**

3. In accordance with Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the meeting (or, in the event that the meeting be adjourned, on the register of members forty eight hours before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than forty eight hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

4. Notes on CREST Voting.
CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear website (**www.euroclear.com/CREST**). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

5. In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 10.30 a.m. on 10 May 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications Host) from which the issuer's agent is able to retrieve the message.

6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal systems 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 CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

7. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's registrars no later than 10.30 a.m. on 10 May 2021.

8. Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's Ordinary Shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

9. No Director has a service contract with the Company.

10. The Register of Directors' interests is kept by the Company and available for inspection.

11. As at 7 April 2021 (being the last business day prior to the publication of this notice) the Company's issued Ordinary Share capital comprised 175,734,329 Ordinary Shares of no par value and 19,199,060 Treasury shares. 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 7 April 2021 was 175,734,329.

12. There are special arrangements for holders of Ordinary Shares through the Aberdeen Standard Share Plan and ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

13. The full terms of the proposed amendments to the articles of association of the Company would have been made available for inspection at a place in or near the City of London (or such other place as determined by the FCA) as required under LR 13.8.10R(2). However, in light of Covid-19 restrictions, the FCA have granted the Company a waiver from complying with this obligation. Therefore, a copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website, **asian-income.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. In the event that the current Covid-19 related restrictions are lifted before the AGM, a hard copy of these documents will also be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the AGM.

14. Given the risks posed by the spread of the Coronavirus and in accordance with the provisions of the Articles of Association and the Government of Jersey guidance, physical attendance at the Annual General Meeting may not be possible. If the law or Government of Jersey guidance so requires at the time of the meeting, the Chairman will limit, in his sole discretion, the number of individuals in attendance at the meeting. If Stay at Home Measures are in place at the time of the meeting, such attendance will be limited to two persons. Should the Government of Jersey 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.

Corporate Information

Directors
Charles Clarke, Chairman
Krystyna Nowak, Senior Independent Director
Ian Cadby
Mark Florance
Nicky McCabe
Hugh Young

Manager, Secretary & Registered Office
Aberdeen Standard Capital International Limited
1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB

Tel: 01534 758 847
CEF.CoSec@aberdeenstandard.com

Registered in Jersey with Number 91671

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

Registrars
Link Market Services Trustees Limited
PO Box 532
St Helier
Jersey JE4 5UW

Tel: 01534 847 000

Transfer Agents
Link Group,
10th Floor Central Square,
29 Wellington Street,
Leeds LS1 4DL

Tel: 0371 664 0300
(lines are open 9.00am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)
enquiries@linkgroup.co.uk
signalshares.com

Bankers
The Bank of Nova Scotia, London
201 Bishopsgate, 6th Floor
London EC2M 3NS

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

Jersey Lawyers
Appleby
PO Box 207
13-14 Esplanade
St Helier
Jersey JE1 1BD

Stockbrokers
Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

Independent Auditor
KPMG Channel Islands Limited
37 Esplanade, St Helier
Jersey, JE4 8WQ

Custodian
BNP Security Services S.A Jersey Branch

United States Internal Revenue Service FATCA Registration Number (GIIN)
MIXWGC.99999.SL.832

Legal Entity Identifier (LEI)
549300U76MLZF5F8MN87

Website
asian-income.co.uk

Visit us online
asian-income.co.uk

Aberdeen Standard Investments