



abrdn Asian Income Fund Limited

(formerly Aberdeen Asian Income Fund Limited)

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

Annual Report 31 December 2021

asian-income.co.uk

The Company invests in DBS Group, the leading Singapore bank and digital online banking solution provider





"I am pleased to report that your Company delivered an excellent performance for the 12 months to 31 December 2021, consolidating the strong performance in the previous year. On a total return basis the net asset value per share (NAV) rose by 11.0%, surpassing the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index's return of 8.1% as well as the MSCI All Countries Asia Pacific ex Japan Index's decline of 1.8%."

Ian Cadby, Chairman



"Our focus on quality companies with potential to generate both capital and dividend growth has enabled the Company to outperform both market indices while delivering an above-benchmark dividend yield of 4.1%."

Yoojeong Oh,
Investment Director

Performance Highlights

Dividend per Ordinary share – 2021

9.50p

2020

9.30p

Earnings per Ordinary share – basic
(revenue) – 2021

8.95p

2020

7.41p

Net asset value total return^{AB} – 2021

+11.0%

2020

+12.9%

Ordinary share price total return^{AB} – 2021

+5.2%

2020

+12.1%

MSCI AC Asia Pacific ex Japan High
Dividend Yield Index total return (currency
adjusted)^B – 2021

+8.1%

2020

-1.4%

MSCI AC Asia Pacific ex Japan Index total
return (currency adjusted)^B – 2021

-1.8%

2020

+19.0%

Dividend yield – 2021^{ACD}

4.1%

2020^C

4.1%

Discount to net asset value per Ordinary
share – 2021^{AC}

12.1%

2020^{AC}

6.9%

Ongoing charges^{AE} – 2021

1.01%

2020

1.10%

Net gearing^{AC} – 2021

9.6%

2020

6.9%

^A Alternative Performance Measure (see pages 118 to 120).

^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 April 2021 to increase the scope of reporting the look-through costs of holdings in investment companies.

Net asset value total return^A

To 31 December - percentage



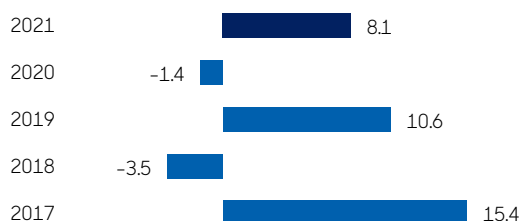
Dividends per Ordinary share

To 31 December - pence



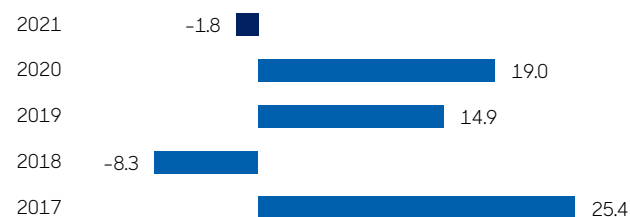
MSCI AC Asia Pacific ex Japan High Dividend Yield Index total return (currency adjusted)

To 31 December - percentage



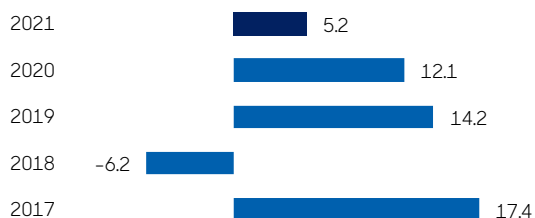
MSCI Asia Pacific Ex Japan Index total return (currency adjusted)

To 31 December - percentage



Ordinary share price total return^A

To 31 December - percentage



Net Assets

£450.8m

Market Capitalisation

£396.3m

Capital Structure

Ordinary shares of no par value in issue

171,558,896

^AAlternative Performance Measure (see page 120)

Contents



"The Board is very aware of the importance of dividends to shareholders and is pleased to confirm that the Company intends to target a total dividend of at least 9.75p per Ordinary share for the years ending 31 December 2022 and 2023."

Ian Cadby, Chairman

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in abrdn Asian Income Fund Limited, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Summary of Results

Financial Highlights

	31 December 2021	31 December 2020	% change
Net asset value total return ^A	+11.0%	+12.9%	
Share price (Ordinary) total return ^A	+5.2%	+12.1%	
MSCI AC Asia Pacific ex Japan High Dividend Yield Index total return (currency adjusted)	+8.1%	-1.4%	
MSCI AC Asia Pacific ex Japan Index total return (currency adjusted)	-1.8%	+19.0%	
Market capitalisation	£396,301,000	£401,759,000	
Discount to net asset value per Ordinary share ^A	12.1%	6.9%	
Ongoing charges ratio ^A	1.01%	1.10%	
Dividend and earnings			
Total return per Ordinary share ^B	25.88p	27.10p	-4.5
Earnings per Ordinary share – basic (revenue) ^B	8.95p	7.41p	+20.8
Dividends per Ordinary share ^C	9.50p	9.30p	+2.2
Dividend cover per Ordinary share ^A	0.94	0.80	+18.2
Revenue reserves ^D	£6,858,000	£7,748,000	
Dividend yield ^A	4.1%	4.1%	

^A Considered to be an Alternative Performance Measure as defined on pages 118 to 120.

^B Measures the relevant earnings for the year divided by the weighted average number of Ordinary shares in issue (see note 9 on page 87).

^C The figure for dividends reflects the years in which they were earned (see note 8 on page 86).

^D The revenue reserves figure takes account of the fourth interim dividend amounting to £4,712,000 (2020 – fourth interim amounting to £4,484,000).

Capital Performance to 31 December 2021

	31 December 2021	31 December 2020	% change
Total assets (see definition on page 115)	£497,543,000	£467,210,000	+6.5
Total equity shareholders' funds (net assets)	£450,790,000	£431,476,000	+4.5
Net asset value per Ordinary share	262.76p	245.40p	+7.1
Share price per Ordinary share	231.00p	228.50p	+1.1

Long Term Total Return Performance to 31 December 2021

	1 year % return	3 year % return	5 year % return	Since launch ^B % return
Net asset value ^A	+11.0	+38.5	+51.8	+395.6
Share price (Ordinary) ^A	+5.2	+34.7	+48.4	+337.2
MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted)	+8.1	+17.9	+31.3	+333.6
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	-1.8	+34.3	+54.4	+331.3

^A Considered to be an Alternative Performance Measure (see page 120 for more details).

^B Launch date being 20 December 2005.

Strategic Report

The Company invests in AusNet Services, the Australian electricity distribution and energy utility company



The Company aims to attract long term private and institutional investors wanting to benefit from the income and growth potential of Asia's most compelling and sustainable companies

Chairman's Statement



Ian Cadby

Chairman

25 March 2022

Dear Shareholders

This is the first Statement following my appointment as Chairman on 1 January 2022. I should like to take this opportunity to reiterate, on behalf of the Board, our sincere thanks to Charles Clarke following his retirement on 31 December 2021, for his enormous contribution to the Company as a Director since 2012, as Senior Independent Director and Audit Committee Chairman in 2017 and 2018 and as Chairman since 2018.

Background and Overview

For 2021, the second year of the coronavirus pandemic, Asian equity markets experienced a fairly volatile market environment. However, despite these choppy market conditions, I am pleased to report that your Company delivered an excellent performance for the 12 months to 31 December 2021, consolidating the strong performance in the previous year. On a total return basis the net asset value per share (NAV) rose by 11.0%, surpassing the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index's return of 8.1% as well as the MSCI All Countries Asia Pacific ex Japan Index's decline of 1.8%. This robust result attests to the portfolio's composition, driven by the Investment Manager's prudent investment approach of investing in quality companies with strong balance sheets. As a fellow shareholder, it is pleasing to note the longer term performance as well, with NAV per share increasing 38.5% over 3 years and 395.6% since inception in 2005. The share price total return for the year was 5.2% which was behind that of the NAV reflecting the widening out of the discount at which the shares trade to 12.1% at year end.

2021 was an eventful year for stock markets. Guarded optimism prevailed for most of the first half amid vaccine rollouts and a brightening economic outlook. The latter half of the year saw a reversal of sentiment as the rapid spread of more transmissible coronavirus strains, inflation concerns and the prospect of monetary tightening by major central banks put markets on tenterhooks. The spectre of higher interest rates, in turn, drove a powerful rotation from high-growth companies to value stocks.

Asian currencies have added yet another layer of volatility, largely underperforming our base currency, sterling, over the year as investors priced in growth risks from a hawkish Federal Reserve, monetary policy normalisation, inflationary headwinds and Omicron. A notable exception was the Chinese renminbi which strengthened as domestic monetary policy turned more benign in contrast to the developed economies.

In this environment, market performance across Asia was uneven. Taiwan and India emerged as the frontrunners, while China was the standout laggard. China's problems are largely home-grown. Regulatory upheaval was and remains, a major source of market stress. Liquidity problems continue to plague heavily indebted property developers, while economic activity is still disrupted by clusters of Covid-19 cases and Beijing's zero tolerance stance. The travails of the past year have clearly reinforced the need for deep fundamental company research when investing in China.

At the corporate level, earnings rebounded as companies recovered from losses in 2020 when the pandemic was at its height. Many restarted payouts and issued special dividends on robust results. There were several welcome developments of note. **Taiwan Semiconductor Manufacturing Co** raised dividends despite an increase in capital spending. **Samsung Electronics** announced a special dividend and an enhanced three-year shareholder return programme. Australian miner **Rio Tinto** declared its biggest ever interim dividend. Singapore banks **DBS Group**, **United Overseas Bank** and **Oversea-Chinese Banking Corp** resumed their pre-pandemic payouts after the central bank lifted restrictions.

"At the corporate level, earnings rebounded as companies recovered from losses in 2020 when the pandemic was at its height. Many restarted payouts and issued special dividends on robust results."

Overall, the case for income investing in Asia remains strong. Dividends fell sharply relative to earnings during the pandemic. However, looking forward, there is plenty of room for significant increases over the next couple of years, given low payout ratios and healthy free cashflow generation. It is also worthwhile noting that the region's high-yielding universe offers immense value and a broad opportunity set for investors. I should emphasise, however, the importance of careful stock-picking. Your Company has now delivered dividend increases for 13 consecutive years, which the Board attributes to your Investment Manager's focus on high-yielding companies with strong fundamentals.



Performance

The 11.0% NAV total return for the year ended 31 December 2021 compares favourably with the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index's return of 8.1% and the MSCI All Countries Asia Pacific ex Japan Index's decline of 1.8%.

The share price at year end was 231.0p equating to a yield of 4.1% and the share price total return for the year was 5.2% which was behind the NAV return. Despite regular share buy backs over the year, the price return has been impacted by the widening of the discount to NAV per Ordinary Share to 12.1%. The Board, in conjunction with the Manager, is actively continuing to promote the Company to new and existing shareholders. Your Company's strong performance relative to the MSCI All Countries Asia Pacific ex Japan Index was attributable to both positive stock selection and asset allocation, which is driven by where your Investment Manager finds quality companies with attractive valuations. The increase in gearing during the year to just below 10% further enhanced the performance compared to the indices.

Of particular note, the portfolio's light weighting in China contributed handsomely, thanks to your Investment Manager's discernment in adjusting the holdings within China and trimming the exposure over the year in view of regulatory uncertainties. As highlighted in the half yearly report, the portfolio has a modest weight to China, having steered clear of the internet stocks that do not pay dividends. Your Investment Manager is watching developments closely and will remain selective over the portfolio's exposure. In your Investment Manager's opinion, the bulk of the big policy changes have been rolled out and any further actions will likely be incremental. That said, regulatory change will remain part of the landscape and could continue to cause sharp lurches in investor sentiment in the near term. Indeed subsequent to the year end the holdings in **China Mobile** and **CNOOC** were sold entirely from the portfolio in compliance with the US Executive Order 14032.

Further contributing to performance was the choice of companies in a broad swathe of countries, including Australia, Taiwan and Singapore. In addition, your Investment Manager capitalised on market swings to divest select holdings and reinvest in companies with better dividend and growth opportunities. Further insights into your Company's performance and portfolio changes are contained in the Investment Manager's Review.

"On the environmental, social and governance (ESG) front, your Investment Manager's engagement efforts with the portfolio's underlying companies yielded some positive results."

On the environmental, social and governance (ESG) front, your Investment Manager's engagement efforts with the portfolio's underlying companies yielded some positive results. A key highlight was MSCI's ESG rating upgrade for **AIA** from A to AA due largely to the pan-Asian life insurer's improved performance on human capital development. Furthermore, **Samsung Electronics** announced a reorganisation, which simplified the company's structure, streamlined the management hierarchy and placed greater focus on a centralised sustainability committee. This was heartening as your Investment Manager has had a long-standing dialogue with the company on a range of ESG issues. Continued constructive engagement with the portfolio's holdings is a vital part of your Investment Manager's efforts to reduce risks in the portfolio while improving long-term gains.

Chairman's Statement

Continued

Migration to UK tax residence and Change of Name

In September 2021 shareholders approved proposals to, amongst other things, migrate the Company's tax residency to the UK and to apply for UK investment trust status. The Company earns investment income from a diversified portfolio of investments with exposure to the Asia Pacific region, much of which is subject to overseas withholding taxes and this move to UK tax residency should serve to mitigate the level of those taxes and allow the Company to access lower rates in some jurisdictions due to the existence of a number of double tax treaty agreements between the UK and overseas jurisdictions. Since the year end, and as a result of these changes, your Company has also moved the provision of its custody services onshore to the UK from Jersey and entered into a new agreement with BNP Paribas Securities Services, London Branch that will take effect in Q2 2022. The Company remains a Jersey incorporated entity, subject to Jersey law and regulation and the oversight of the Jersey Financial Services Commission.

Shareholders also approved the change of the Company's name from 1 January 2022 to 'abrdrn Asian Income Fund Limited' in order to align the Company's name with the name of the Manager's business, which has changed to abrdrn plc during 2021.

Dividends

Four quarterly dividends were declared over 2021. The first three were paid at the rate of 2.25p with the fourth interim at 2.75p for the year, representing a 2.2% increase in total dividends from 9.3p to 9.5p for the year. This increase maintains the trend that has been established over each of the last 13 years and means that the Company continues to be a "next generation dividend hero" as recognised by the Association of Investment Companies. It is very much our intention to continue to extend this record.

"Based upon the Ordinary Share price of 231.0p the shares were yielding 4.1% at year end."

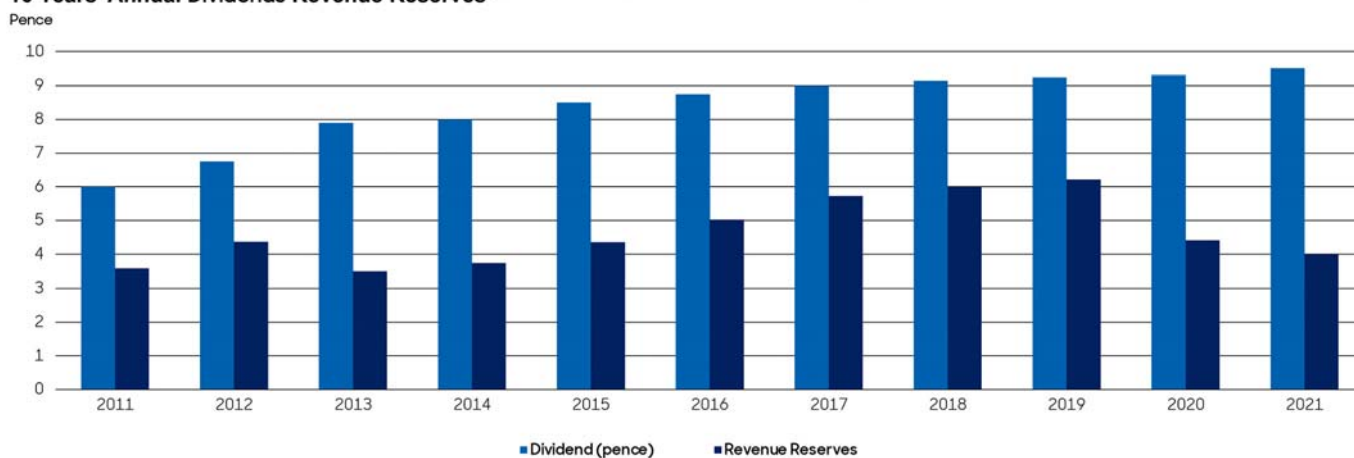
Based upon the Ordinary Share price of 231.0p the shares were yielding 4.1% at year end. The Board is very aware of the importance of dividends to shareholders and is pleased to confirm that the Company intends to target a total dividend of at least 9.75p per Ordinary share for the years ending 31 December 2022 and 2023.

"The Board is very aware of the importance of dividends to shareholders and is pleased to confirm that the Company intends to target a total dividend of at least 9.75p per Ordinary share for the years ending 31 December 2022 and 2023."

In 2021 the Board has again 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 2021, about £0.9 million, or 0.5p per share, has been used (2020: £3.3m or 1.9p per share). The net revenue reserve at 31 December 2021, adjusting for the payment of the 4th interim dividend that occurred after the year end, amounts to £6.9 million (about 4.0p per Share) and any decision as to whether this will be utilised in 2022 (and by how much) will be taken at the time of each of the quarterly dividend declarations. Having these revenue reserves as well as the ability to use its capital reserves in support of dividend payments from time to time provides an added level of comfort to your Company's ability to pay dividends and is a significant benefit of the closed end investment company structure.

As we 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.

10 Years' Annual Dividends Revenue Reserves ¹



¹ Calculated in accordance with AIC guidance 'Gearing Disclosures post RDR'

The progressive increasing of revenue reserves during the 10 year period and dilution in 2012/2013 was due to the C share class issuance.
Source: abrdn, Bloomberg, December 2021.

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 4.3 million shares for treasury at a discount (2020: 1.8 million shares). Subsequent to the year end we have continued to buy back shares and a total of 763,391 further shares have been acquired. These buybacks add 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 from 6.9% to 12.1%. At the time of writing the Ordinary Shares are trading at a discount of 13.2% to the prevailing NAV.

Gearing

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 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.

Reduction in Management Fee and Ongoing Charges Ratio ("OCR")

The Board continues to keep all costs under careful review and remains focused upon delivering value to shareholders and regularly reviews the OCR. It is pleasing to note that the OCR has fallen from 1.10% to 1.01% during the year reflecting in part the on-going emphasis on cost control. As part of its oversight, the Board has negotiated a reduction in the level of the investment management fee payable to the Investment Manager. With effect from 1 January 2022, the management fee will be calculated on the following amended tiered basis:

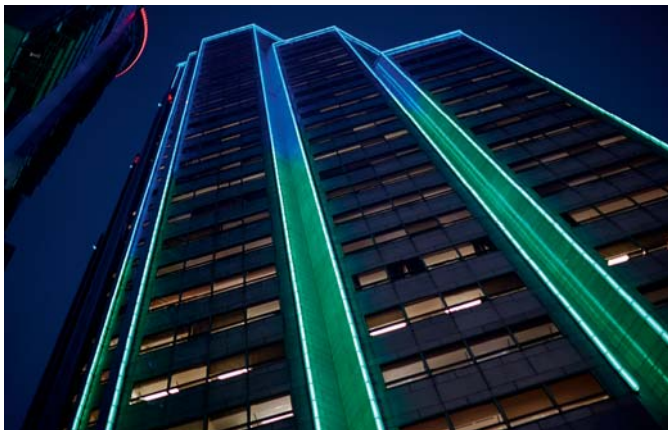
- i. Average Value up to £350m – 0.8% per annum (previously 0.85%); and
- ii. Average Value in excess of £350m – 0.6% per annum (previously 0.65%).

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 will be payable quarterly in arrears. This amendment will result in a reduction of approximately £200,000 in management fees for 2022 which should flow through to a reduction in the OCR in 2022 and subsequent years. The Directors will continue to review the Company's expenses closely to ensure that they are in line with the market.

It is pleasing to note that the OCR has fallen from 1.10% to 1.01% during the year reflecting in part the on-going emphasis on cost control.

Chairman's Statement

Continued



Annual General Meeting ("AGM")

The AGM has been convened for 10:00 a.m. on 11 May 2022 at the offices of abr dn, Bow Bells House, 1 Bread Street, London EC4M 9HH. There will be a short presentation by videoconference from the Manager followed by tea and coffee. This is the first time that the Company has held its AGM in London and the Directors very much look forward to meeting and engaging with as many shareholders as possible. However, given the evolving nature of the Covid-19 pandemic, should circumstances or guidance change significantly, rendering an in-person AGM inadvisable or not permissible, we will notify shareholders of any changes to the AGM by updating the Company's website at asian-income.co.uk and through an RNS News announcement. The Board encourages questions and feedback which can be submitted to the company secretary at: Asian.Income@abr dn.com.

Directorate and Succession Planning

As well as bidding farewell to Charles Clarke from the Board, we welcomed Robert Kirkby, a new independent non-executive Director, to the Board on 1 November 2021. Robert is a former advisory partner at KPMG Channel Islands and a fellow of the Institute of Chartered Accountants. In addition to his proven accountancy background, he also brings to the Board an in depth knowledge of the financial services industry, business strategy as well as regulatory and governance experience. He is a Jersey resident and has particular experience of, and a continued interest in, China and Hong Kong. Robert has a number of non-executive appointments including being Chair of Trustees of the Durrell Wildlife Conservation Trust, chairman of the audit committees of Digital Jersey Limited and Stonehage Fleming Family & Partners Limited and he is a director of VenCap Channel Islands Limited.

"The Board continues 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."

Environmental, Social and Governance ("ESG") Investing

The Board continues 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 the Company's portfolio is rated 'AA' at year end by Morningstar (2020: Morningstar rated 'A'). Further details pertaining to ESG and also climate change are contained on pages 42 to 49.

Outlook

At the time of writing Russian troops have invaded Ukraine, resulting in a tragic loss of life and war's concomitant effects of volatility on global stock, bond and commodity markets. The enormity of this situation together with its recency make it impossible to immediately foresee how this might impact investor returns, beyond the obvious supply chain disruption and its impact on inflation.

Alongside the ongoing conflict in Ukraine, there are other important challenges for 2022. Asia appears behind Europe in exiting the grip of the Covid pandemic, with the associated disruptions it has caused. Additionally, even prior to the Ukraine conflict, investor focus was drawn to the increasing risk of higher inflation globally, together with the interest rate hikes associated with that.

However, against this complicated back-drop, there is cause for some optimism. Inflation remains moderate in most of Asia compared to the rest of the world, so there is less risk of disruptive policy moves from regional central banks. Moreover, most governments have decided to live with Covid, which should support a gradual normalisation of economic activity. In addition, strong capex recovery helped by infrastructure spending in countries like India, also bodes well for the region. China continues to cause investor concerns with fears that important commercial centres are being affected by Covid-19 lockdowns.

However, looking at the broader context, these measures are a continuation of rolling regional lockdown policies with domestic authorities having displayed a track record of balancing mobility restrictions whilst maintaining economic activity. The good news is that Beijing can pull the necessary policy levers to sustain growth thanks to subdued inflation, as well as the fact that borrowing costs have already been cut. Also China's policy easing – at a time of Fed tightening – could provide some support for its neighbours in Asia. Your Investment Manager's measured view is that Beijing wants to strike a balance between regulatory control and encouraging innovation, and a heavy-handed clampdown on all private new economy sectors is unlikely.

All in all, your Board remains cautiously optimistic. I believe your Investment Manager's long-held focus on companies with high quality balance sheets and growing levels of income will continue to prove advantageous during these testing times. Importantly, companies with solid financials and pricing power, such as those in the portfolio, will have a competitive advantage in the year ahead. Their strong balance sheets translate into more flexibility to invest in

growth and less reliance on borrowing in a rising rate environment. Moreover, they can protect their profit margins by passing on cost increases and continue to generate positive cash flows, which is supportive of their ability to pay dividends to shareholders.

Longer term, Asia remains a good place for dividend-seeking investors. Business prospects are promising thanks to favourable structural trends, such as growing wealth, rising urbanisation and technological advances. Also working in Asia's favour is the abundance of solid companies with clear earnings' drivers, robust balance sheets and healthy cash levels. I remain sanguine that your Investment Manager will exploit these opportunities to the full and continue to deliver sustainable returns in the coming years.

Ian Cadby
Chairman
25 March 2022

Investment Manager's Review



Yoojeong Oh

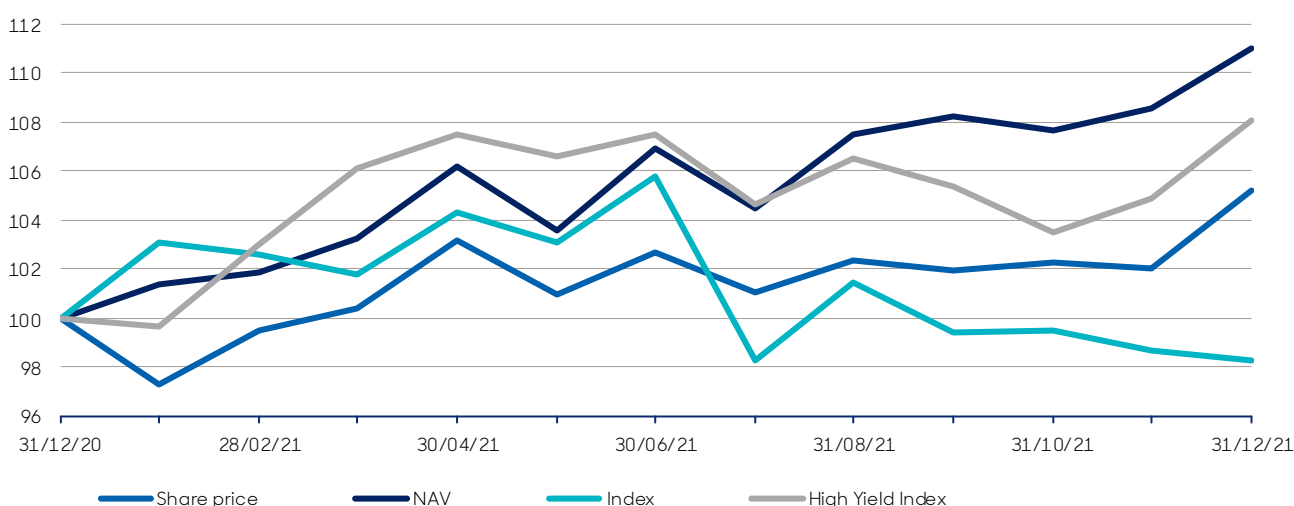
Investment Director
abrdn Asia Limited,
25 March 2022

Q1. How did abrdn Asian Income Fund do in 2021?

The Company's NAV total return was 11.0% in sterling terms over the period, outperforming the benchmark MSCI Asia Pacific ex Japan index, which fell by 1.8%. Towards the latter half of the period, many investors rebalanced their portfolios away from growth stocks because of changing interest rate expectations. This created more demand for value-style companies, which had been out of favour and were trading on cheaper valuation multiples. A key measure of value is dividend yield, thus shareholders in companies with above average

yield were rewarded in 2021. As usual, we include the MSCI Asia Pacific ex Japan High Dividend Yield (HDY) index performance in the chart below, which shows the effect of the rotation towards value seen in Asian markets. Against this backdrop, our focus on quality companies with potential to generate both capital and dividend growth has enabled the Company to outperform both market indices while delivering an above-benchmark dividend yield of 4.1%.

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")



Your Company's double-digit annual return can be attributed to a reinvigorated interest in quality dividend stocks that were overlooked in the previous growth rally. Sectors, such as banking and telecoms, have been notable beneficiaries of this change in market sentiment, and have contributed to performance. Elsewhere the demand for technology and software services remained robust on the growing global desire for mobile working, as well as emerging future trends, such as artificial intelligence and the metaverse. This proved positive for information technology, which is the highest weighted sector within the Company's portfolio. Meanwhile, unexpected regulatory changes in China drove indiscriminate selling across Chinese equities, resulting in this market ending up being the worst performing country in the region, falling 21%. Profit taking was concentrated within the large internet companies, which were not held in the portfolio due to their rich valuations and lack of dividend yield.

Q2. Which of our holdings have contributed to this performance?

Your Company's investment in Taiwanese e-commerce company **Momo.com** stood out. One of the key benefits of a closed-end fund structure is the ability to invest in companies with smaller market capitalisations, and thereby gain exposure to some interesting investment stories that would otherwise not be practical. Momo.com is one such company, which over the last three years has seen its share price rise more than ten-fold, spurred by growing online sales during the lockdown. This is a position we have been reducing, taking profits after a stellar run, as valuations are now looking expensive. Despite a growing absolute dividend, the sharp share price rally has significantly reduced the dividend yield. Therefore, we have been managing our position in this company to reflect the lower yield on offer.

The Company's utilities' exposures did well too. Energy network company **AusNet Services'** growth in its core regulatory asset base remained strong, driven by customer connections. This reinforces our confidence that AusNet's growth trajectory to financial year 2026 remains on track. We are not the only ones to see the value of AusNet's business franchise; its share price jumped in the last quarter of 2021 after receiving two takeover offers. We expect the takeover to be successful given the premium offered to existing shareholders. Meanwhile, state-owned electricity transmission player **Power Grid Corp of India** also advanced, boosted by steady asset capitalisation over the period. Power Grid has a robust project pipeline, which provides earnings' visibility for the next two to three years.

The Company's exposure to technology was once again beneficial. In Asia, the sector encompasses a broad and diverse range of companies, and the portfolio's higher-than-benchmark exposure to technology stocks is a result of our stock picking process based on fundamentals.

Taiwan Semiconductor Manufacturing Co. (TSMC), the world's leading chip-manufacturer, delivered robust earnings as it continued to benefit from strong demand for its semiconductor chips that power next generation technologies. Despite the high capital intensity requirements to remain at the forefront of innovative technologies, TSMC has a powerful combination of profitability and dominant market share when it comes to cash flow generation, enabling the company to build up a cash position on its balance sheet, which in turn, offers protection against financial risk. In India, IT-services provider **Infosys** was similarly buoyed by an improving demand outlook. The company's robust results allowed it to raise revenue guidance for the full year, prompting upward revisions to earnings' expectations. With the majority of its business conducted overseas, Infosys enjoyed revenues in US dollars while operating a predominantly Indian rupee denominated cost base. This added a foreign exchange tailwind to profit margins as the dollar strengthened. Infosys also runs a net-cash balance sheet and has been paying growing dividends to shareholders.

While financial holdings had a poor start to the year, the Company's exposure to the three Singapore banks, **DBS**, **OCBC** and **UOB** proved helpful. These lenders saw healthy earnings over the period that pointed to a steady recovery from the pandemic troughs. Furthermore, the Singapore regulator finally lifted its cap on dividend payouts, which it had earlier imposed to ensure that banks had sufficient buffer to support lending in 2020. All three banks subsequently restored their interim dividends to pre-pandemic levels, and we expect them to continue to benefit in 2022 amid a tightening monetary policy environment.

Towards the year end, the diversified miners mounted a comeback as inflationary fears picked up. Sharply rising inflation expectations create a testing environment for companies that do not have both pricing power and strong control of their operational costs. Both **BHP** and **Rio Tinto** are backed by diversified revenue streams and low-cost operating efficiencies, which has created defensible moats, thus ensuring a competitive advantage in their peer group. These companies were also lifted by record iron ore prices that supported good cash flow generation, which in turn, was positive for dividends.

Investment Manager's Review

Continued

Q3. What changes have you made to the portfolio?

During a volatile year, we used our extensive research experience in the region to top up good quality companies that have become cheaper, while taking profits on those stocks that have done particularly well. As noted earlier, the robust share price rally seen in the technology sector allowed us to trim several of our positions in tech holdings, including Momo.com, **Samsung Electronics** and TSMC.

Conversely, China was the weakest market in the region, which provided selective valuation opportunities for us to pick up good quality companies that we had previously considered too expensive. For example, we initiated **China Merchants Bank (CMB)**, which we have long considered to be the top retail lender in China with a track record of risk management in a regulatory tightening environment. It has generated superior returns over a number of years and has a well-built capital position, making it one of the higher-quality names in the sector. This is a company we have been reviewing for many years and the China sell off provided an opportunity for us to buy it for the Company.

Having exited both Standard Chartered and HSBC at the start of the year, we built up our financials holdings in Asia through companies that offered direct access to the growth in the region. Alongside CMB, we also increased our position in Asian insurance provider **AIA**, and added to banks in Australia, Singapore and Thailand, where valuations were attractive with good margin growth potential backed by reopening economies. This also shone a positive light on dividend growth as regulatory dividend caps were removed and yields began to recover. For example, in Australia, we bought **National Australia Bank (NAB)**, which reflects our expectation of an improving economic backdrop supporting a more favourable lending environment. We particularly like NAB for its good quality management team, and the stock was attractively priced relative to its peers at the time of initiation. Another quality financial holding we bought was **Macquarie Group**, which is a well-diversified business across asset management, banking and financial advisory. It is underpinned by solid underlying demand for infrastructure and renewables investment globally.

Coupled with Macquarie's specialist background in owning and operating assets, we expect to see its asset management business continue to generate attractive fees.

Meanwhile, also in Australia, we initiated industrial property specialist **Centuria Industrial REIT**, which has a high-quality portfolio of assets and good growth prospects, underpinned by its management's approach to value creation via acquisitions and capital appreciation.

Elsewhere, in Singapore, we participated in the initial public offer (IPO) of real estate investment trust, **Digital Core REIT**. As an income investor, we have struggled to find internet companies that pay dividends, and this REIT gives us direct exposure to the growing demand for internet and large-scale data centres, an area we believe offers structural growth. Digital Core REIT pays an above-market-average dividend yield and enjoys a solid growth pipeline that is backed by its sponsor, while at the same time, the stock is competitively priced. In addition, we purchased **Keppel Infrastructure Trust (KIT)**, which focuses on developed markets in Asia, predominantly in its Singaporean home market, and in Australia. Its diversified assets in key areas, such as energy distribution, water and waste-related infrastructure, provide steady and predictable cash flows, and it pays an attractive yield of close to 7%.

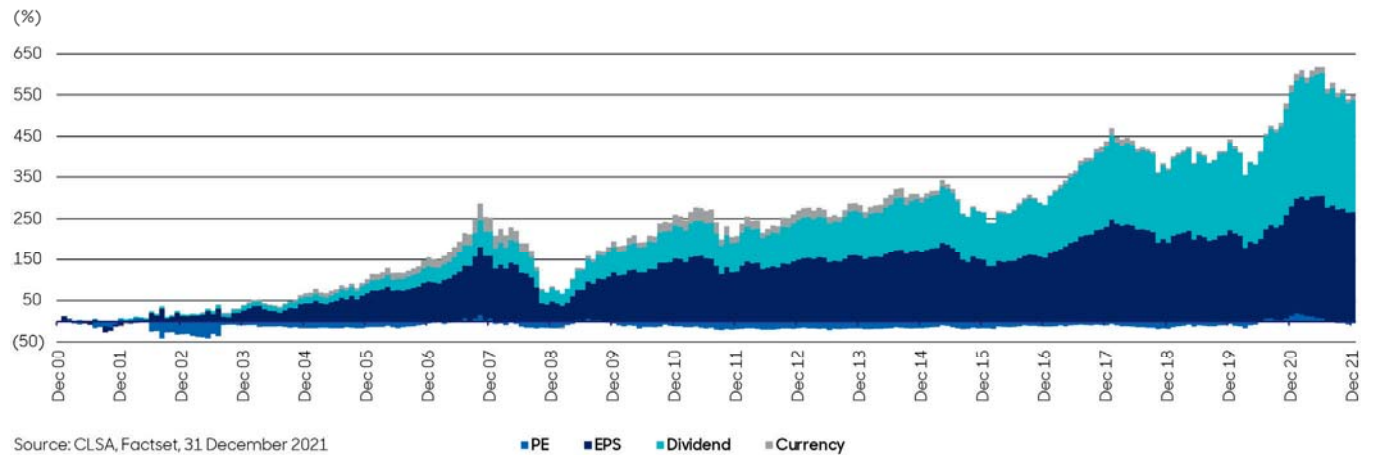
Lastly, in Taiwan, we initiated **KMC**, a leading bike-chain maker that we expect will be a direct beneficiary of an ongoing trend in developed markets to adopt cleaner modes of travel, as well as growing demand for e-bikes. The highly profitable company has a robust balance sheet, and the stock is trading at fair valuations with a generous yield.

Q4. Is Asia still attractive for income?

Asia is home to some of the world's best companies and presents a rich hunting ground for compelling stocks that offer both income and growth potential. It may come as a surprise but dividend contribution in Asia has been increasing and now accounts for about half of total returns to shareholders, as shown in the following chart, where dividend contribution is represented in light blue.

MSCI AC Asia Pacific ex-Japan – Composition of total return index

Contribution to US\$ total return since Dec 2000



Moreover, companies that pay dividends in Asia are diversified across sectors and geographies. For this reason, your Company is able to invest in high-quality holdings throughout the region with good capital and income growth opportunities across several themes, as highlighted below. Through the portfolio's technology holdings, the Company has exposure to tech enablers such as TSMC, which we have discussed earlier, as well as Samsung Electronics, which also taps into the building-Asia thematic through its mobile and 5G infrastructure

businesses. The Company's financial holdings straddle both the aspirational consumer and digital future trends through their online banking platforms and their ability to provide the growing base of middle-class consumers with increasingly sophisticated financial products and services. The Company also finds dividends and growth in the ongoing green space, where companies such as Taiwan's **Hon Hai**, which we initiated earlier in the period, and South Korea's **LG Chem**, are supplying the growing demand for electric vehicles.

Where we are finding the best opportunities:

Aspiration	Building Asia	Digital future	Going green	Health and wellness	Tech enablers
Rising affluence in Asia is leading to fast growth in premium consumption in areas including personal care products, financial services and food and beverage	Urbanisation and an infrastructure boom is set to benefit property developers and materials' producers such as cement	Growing integration amid the widespread adoption of technology means a bright future for plays on gaming, internet, fintech and tech services like the cloud	Policy makers globally are committing to a greener and lower carbon future and Asia is in the driver's seat. Plays on renewable energy, batteries, electric vehicles, related infrastructure, and environmental management all have a bright future. Grid parity will be game-changing	Asia is home to a diverse range of companies leading advancements in biotech and medical device technology. Our holdings include plays on contract research, respiratory and sleep care, vaccinations, pharmaceuticals and diagnostic products	Asia tech supply chains are well positioned for structural growth related to the rollout of 5G, big data and digital interconnectivity

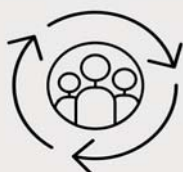
Investment Manager's Review

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Q5. How do you choose which companies to invest in?

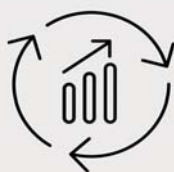
Your Company's investment team is made up of over forty fund managers and ESG analysts on the ground across Asia. The investment process places quality at the forefront, implemented through the team's bottom-up stock picking approach. Quality companies are picked for their good management track records, strong balance sheets and cash generating businesses that can support sustainable dividends for shareholders. We scout them out by analysing company financial reports, we meet the management teams to understand how the company makes money, how it builds a competitive business model,

and how robust the balance sheet is. Companies with strong balance sheets are less dependent on external borrowings. This is especially important in a rising interest rate environment, to identify holdings with lower risk of refinancing and the ability to generate sustainable profits through a business cycle. Moreover, a strong moat (ie the company's competitive advantage) leads to pricing power, which is beneficial in inflationary environments, as we see today. The ability to influence pricing allows companies to pass through the cost of inflation rather than having to absorb it as a loss. In this way, the investment team forms its expectations of a company's growth potential and dividend paying ability.



Quality Investment Process

- We are bottom up, stock pickers looking for strong balance sheets and cash generative business models.



Experienced Team

- In Asia for over 30 years, with more than 40 active equity and ESG analysts on the ground across Asia looking for quality yield



Established Strategy

- Total returns' focus with over 10 consecutive years of dividend increase paid to shareholders

Q6. How do you integrate ESG into the Company's investment strategy?

We view environmental, social and governance (ESG) research as a way to generate alpha for shareholders ('alpha' being the incremental extra return we aim to provide, compared to a benchmark). We believe that companies with a robust ESG framework, that willingly look for ways to enhance and improve their operations on key ESG factors, will be the companies to back over the long run. Our engagements on ESG topics with your Company's underlying holdings cover diverse topics, such as water recycling, energy efficiency, board refreshment and talent management. Many companies in the region, due to cultural factors, are perhaps only just beginning to

realise the importance that international investors place on having transparent and clearly articulated ESG policies. Therefore, we frequently liaise with the Company's holdings to advocate improvements to governance practices. We have included examples of how we measure the impact of our ESG engagement with AIA and DBS in the ESG report on pages 48 and 49. We aim to help these companies achieve a higher-than-benchmark ESG quality score using external MSCI fund ratings, which in turn, contributes to your Company's own ESG rating provided by MSCI. As seen in the following diagram, your Company is rated above benchmark on overall ESG quality by MSCI, and scores better than the benchmark across all three E, S and G factors.

Our primary goal is to generate better long term outcomes for our clients



ESG factors are **financially material**, and impact corporate performance

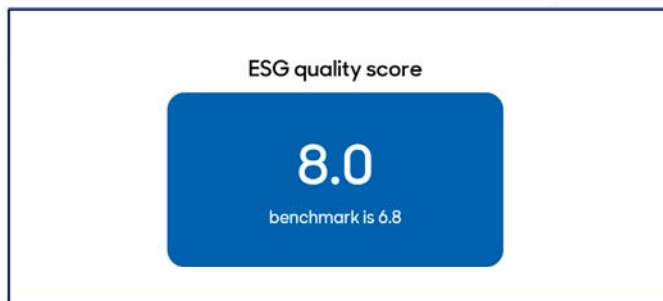


Understanding ESG risks and opportunities alongside other financial metrics allows us to make **better investment decisions**



Informed and constructive engagement helps foster better companies, **enhancing the value** of our clients' investment

Reflected in external MSCI fund ratings



Q7. What is the outlook for dividends in Asia?

While macro uncertainties around Covid-19 and rate tightening continue to impact market sentiment, it is worth remembering that Asia is in better shape compared to other regions, with healthier current account balances and stronger growth prospects, backed by a favourable demographic story. We are, however, cautious about how monetary policy could change over the course of the coming year, alongside inflationary pressures, and the risk that the coronavirus returns with new variants. As it stands, with vaccinations ramping up across countries, most Asian governments appear to be moving towards a stance of living with Covid. This will support the normalising of economic activity and as travel resumes, we should expect positive effects for consumption, businesses and the overall growth recovery.

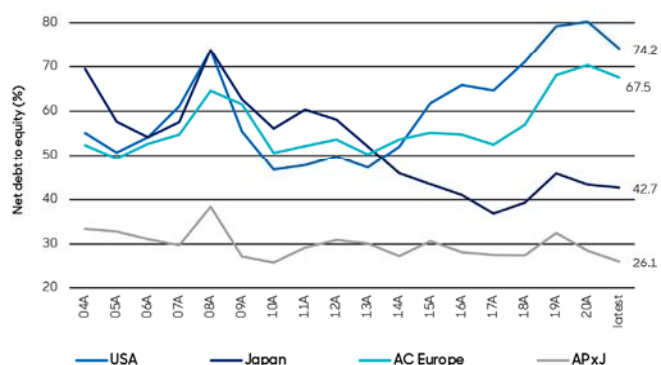
Looking at dividends, corporates in Asia have less debt on their balance sheets, which is helpful given the expectations of tighter monetary policies. Quality companies with solid balance sheets, that are not reliant on debt financing, will face less risk and have financial freedom to continue to invest in growth and to reward shareholders. The following chart shows how debt on corporate balance sheets is lowest in Asia, compared to other regions.

Investment Manager's Review

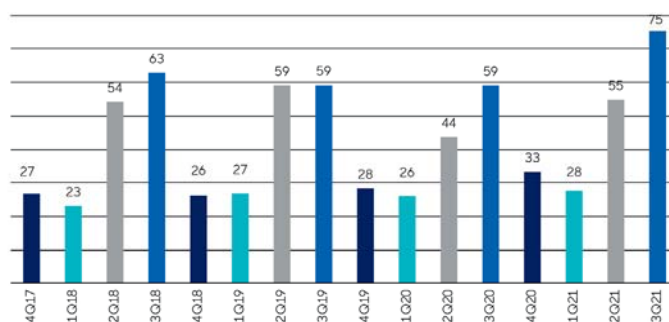
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Furthermore, Asia's high-yielding income stocks offer good value and capital protection, and we have seen dividend payments in the region rebound since the pandemic lows in 2020. The chart below shows how quarterly dividends in Asia have been rising since the beginning of last year. We expect this trend to continue as we have seen dividends resumed across the region as economies reopen.

MSCI regions (ex-fin) - Net debt to equity trend*



MSCI Asia Pac ex Japan - Quarterly dividend history (USDbn)**



* Note: 19E and latest refers to the results with the IFS16 Lease enforcement. Aggregate are bottom-up calculated with free float adjustments based on current universe. Estimates are offered as opinion and are not reflective of potential performance. Estimates are not guaranteed and actual events or results may differ materially. Forecasts are offered as opinion and are not reflective of potential performance. Forecasts are not guaranteed and actual events or results may differ materially. Source: Jefferies, Factset, 31 December 2021. ** For illustrative purposes only. Data above is based on MSCI APXJ Total Return Net Composition Stock Dividend Amount on quarter basis (USD bn) Source: Bloomberg, MSCI, 30 September 2021. For illustrative purposes only. No assumptions regarding future performance should be made.

The unfolding conflict in Ukraine is extremely concerning. Whilst this Company does not have direct exposure to Russia or Ukraine, we have been looking at any potential indirect and critical supply chain issues this may cause for our export focused holdings. Within our technology holdings, global companies such as TSMC and Samsung Electronics have been securing supply of critical raw materials since supply disruptions emerged with the US/China trade war. Looking ahead, there will clearly be an indirect impact on economies from higher energy prices and other commodities as well as increased market risk. As bottom up stock pickers, we would caution against reading too much into short term volatility, where liquidity and panic can have a major impact even if unwarranted by fundamentals. As ever, we remain focused on companies with pricing power and the ability to pass

through costs pressures, as well as those with strong balance sheets that face lower refinancing risk in a rising rate environment. This is supportive of cash generation and sustainable returns and income over the long run. We maintain our belief that Asia has an abundance of good quality companies – companies with robust balance sheets and the potential to deliver income and capital growth to shareholders in the long run. We will continue to position the Company's portfolio around structural growth themes that offer the most compelling returns.

Yoojeong Oh
Investment Director
abrdn Asia Limited,
25 March 2022

Overview of Strategy

Launched in December 2005, abrdn 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.

Change of Name

On 1 January 2022, the Company changed its name from Aberdeen Asian Income Fund Limited to abrdn Asian Income Fund Limited.

Change of Tax Residency

Following shareholder approval at the Extraordinary General Meeting held on 8 September 2021, with effect from 1 January 2022 the Company has migrated its tax residency to the UK from Jersey and has elected to join the UK's investment trust regime. The Company will continue to be registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991. Further details on the rationale for, and benefits of, the changes are disclosed in the Chairman's Statement on page 10.

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;

Overview of Strategy

Continued

- 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 24 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.

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 21. 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 at 10:00 a.m. on 11 May 2022 in London. Subject to any developments in respect of the Covid pandemic, the Board very much hopes to be able to hold a normal in-person AGM this year with an opportunity for shareholders to meet the Directors. However, we encourage all shareholders to lodge their votes by proxy on all the resolutions put forward.
Online Shareholder Presentation	In April 2021 the Company held an interactive Online Shareholder Presentation which was well attended by shareholders and potential shareholders.
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 27).

The Manager

The key service providers for the Company are the Manager, abrdrn Capital International Limited (previously known as Aberdeen Standard Capital International Limited), and the Investment Manager, abrdrn Asia Limited (previously known as 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 109 and 110 and further information about the Investment Manager is given on page 108.

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 AGM. 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

Overview of Strategy

Continued

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 priced 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 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:

Change in Tax Residency

During the year the Board and Manager undertook an extensive review of the merits of moving the Company's tax residency onshore to the United Kingdom. As a result and following the receipt of approval from shareholders at the EGM held on 8 September 2021, with effect from 1 January 2022, the Company became tax resident in the United Kingdom and joined the United Kingdom's investment trust regime. This action will allow the Company to benefit from the double tax treaty arrangements that the UK currently has in place with several of the jurisdictions in which the Company invests. The average annual reduction in the amount of withholding tax which would have been suffered by the Company over the five financial years to 31 December 2020 would have been approximately £290,000 per annum had the Company been UK tax resident.

Portfolio

The Investment Manager's Review on pages 14 to 20 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 page 16.

Gearing

The Company utilises gearing in the form of bank debt with the aim of enhancing shareholder returns over the longer term. The Company has a £40m revolving credit facility and a £10m fixed rate loan both scheduled to mature in March 2024.

Share Buybacks

During the year, the Board has continued to buy back Ordinary shares opportunistically in order to provide liquidity to the market.

ESG

As highlighted on page 12, 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, and encourages, 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.

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 29.
Performance	<p>Absolute Performance: The Board monitors the Company's NAV total return performance in absolute terms.</p> <p>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.</p> <p>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 (currency adjusted) and the MSCI AC Asia Pacific (ex Japan) Index (currency adjusted) on a total return basis over time.</p> <p>The Board measures performance over a time horizon of at least five years. The absolute, relative and share price performance is shown on page 5 and further commentary on the performance of the Company is contained in the Chairman's Statement and Investment Manager's Review.</p>
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 30.
Ongoing Charges Ratio	The Board monitors the Company's operating costs carefully. Ongoing charges for the year and previous year are disclosed on page 5.
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 overleaf 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.

Overview of Strategy

Continued

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 may continue to linger 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 Russian military offensive against Ukraine has resulted in heightened security and cyber threats across the globe as well as market disruption and heightened geo-political uncertainty. Whilst the Company has no holdings in Ukraine or Russia, these contingent and emerging risks from the conflict may have a global impact for some time and may affect the portfolio in the form of higher energy prices as well as increased volatility. 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, any re-emergence of Covid-19 or a new strain thereof may affect 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.

Risk Management	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 abrdn's 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 share buyback policy are disclosed in the Directors' Report on pages 60 and 61.
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-g 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.

Risk Management	Mitigating Action
<p>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 (PRIIPS) Regulation, the Alternative Investment Fund Managers Directive, Accounting Standards, the UK Corporation Tax Act 2010 and the FCA's Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) may have an impact on the Company.</p>	<p>The Board relies upon the abrdn Group to ensure the Company's compliance with applicable law and regulations and from time to time employs external advisers to advise on specific concerns. The Board also reviews the Manager's compliance manual and compliance monitoring plan.</p>
<p>Operational - the Company is dependent on third parties for the provision of all systems and services (in particular, those of the abrdn Group) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.</p>	<p>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 58 and 59.</p>
<p>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.</p>	<p>The Board monitors this risk through the review of income forecasts, provided by the Investment Manager, at each Board meeting.</p>

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 the abrdn Group on behalf of a number of investment companies under its management. The Company also supports the abrdn 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. abrdn'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 2021, 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.

Overview of Strategy

Continued

Environmental, Social and Human Rights Issues

The Company has no employees as management of the assets is delegated to abrdn Capital International Limited and sub-delegated to abrdn 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 UK's 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 60.

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 25 to 27;
- 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 impact of Covid-19 and conflict in Ukraine;

- The liquidity of the Company's portfolio; and,
- The flexibility and certainty provided by the £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 12 and 13 whilst the Investment Manager's views on the outlook for the portfolio are included on pages 19 and 20.

The longer term impact of both the Covid-19 pandemic and war in Ukraine 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.

Ian Cadby
Chairman
25 March 2022

Results

Dividends

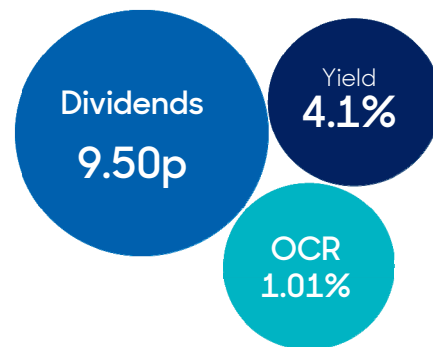
	Rate	Ex-dividend date	Record date	Payment date
First interim 2021	2.25p	22 April 2021	23 April 2021	21 May 2021
Second interim 2021	2.25p	29 July 2021	30 July 2021	20 August 2021
Third interim 2021	2.25p	21 October 2021	22 October 2021	18 November 2021
Fourth interim 2021	2.75p	20 January 2022	21 January 2022	17 February 2022
2021	9.50p			
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			

Ten Year Financial Record

Year to 31 December	2012 ^A	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total revenue (£'000)	15,052	18,736	19,333	21,216	20,947	21,758	21,056	20,996	16,942	20,198
Per Ordinary share (p)										
Revenue return	8.31	8.23	8.24	9.11	9.15	9.58	9.25	9.42	7.41	8.95
Total return	46.87	(6.69)	14.17	(18.86)	49.12	33.14	(13.17)	22.29	27.10	25.88
Dividends payable	7.15	7.90	8.00	8.50	8.75	9.00	9.15	9.25	9.30	9.50
Net asset value per Ordinary share (p)										
Basic	205.90	191.56	197.84	170.58	211.82	235.63	213.96	227.15	245.40	262.76
Diluted	203.92	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Share price per Ordinary share (p)	222.50	195.00	199.88	159.00	194.25	218.00	195.75	214.00	228.50	231.00
Equity shareholders' funds (£'000)	311,287	371,117	384,868	329,432	396,028	431,869	382,199	403,403	431,476	450,790

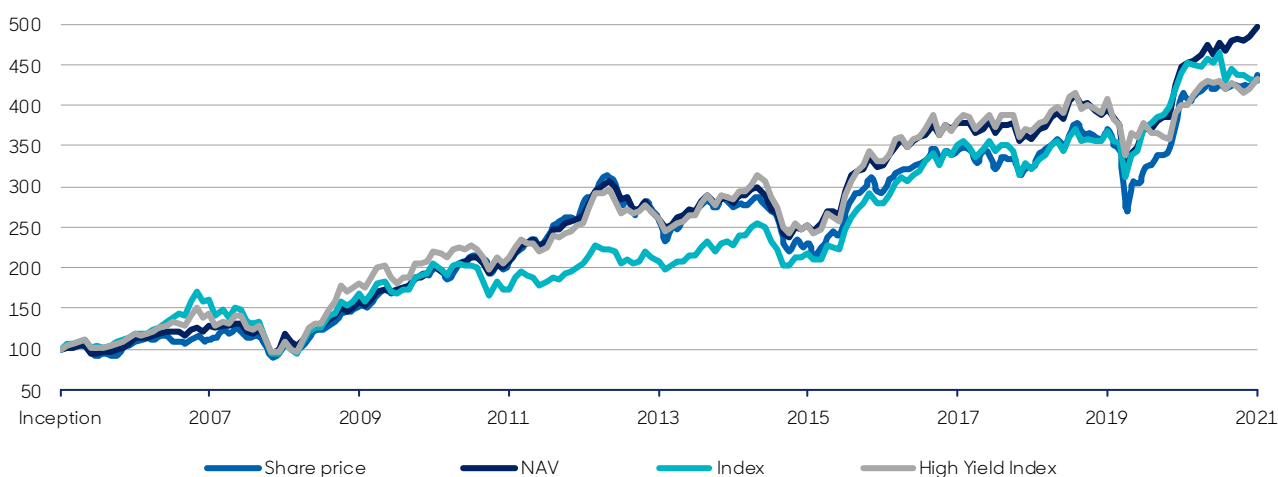
^A At the 2012 year end there were 60,000,000 C shares in issue, with a net asset value of 102.80p per share. In the year to 31 December 2012 the net revenue return per C share was 0.32p and the total return per C shares was 4.34p. The C shares were converted into Ordinary shares on 4 February 2013.

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 2021 (rebased to 100 as at 20/12/05)

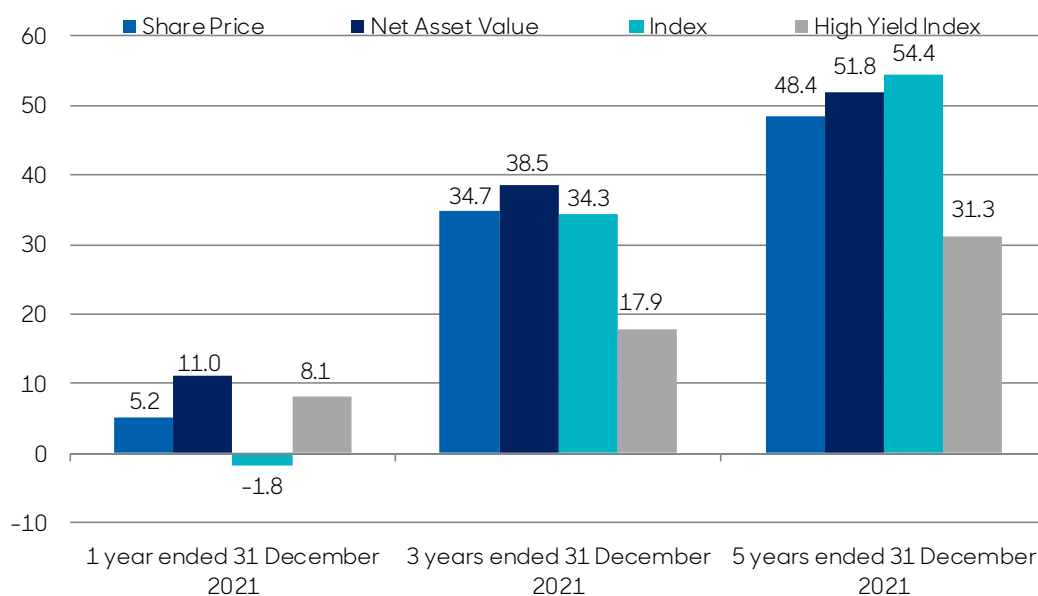


Share Price Premium/(Discount) to Diluted NAV

Launch 20 December 2005 to 31 December 2021



Standardised Performance - Total Return (%)

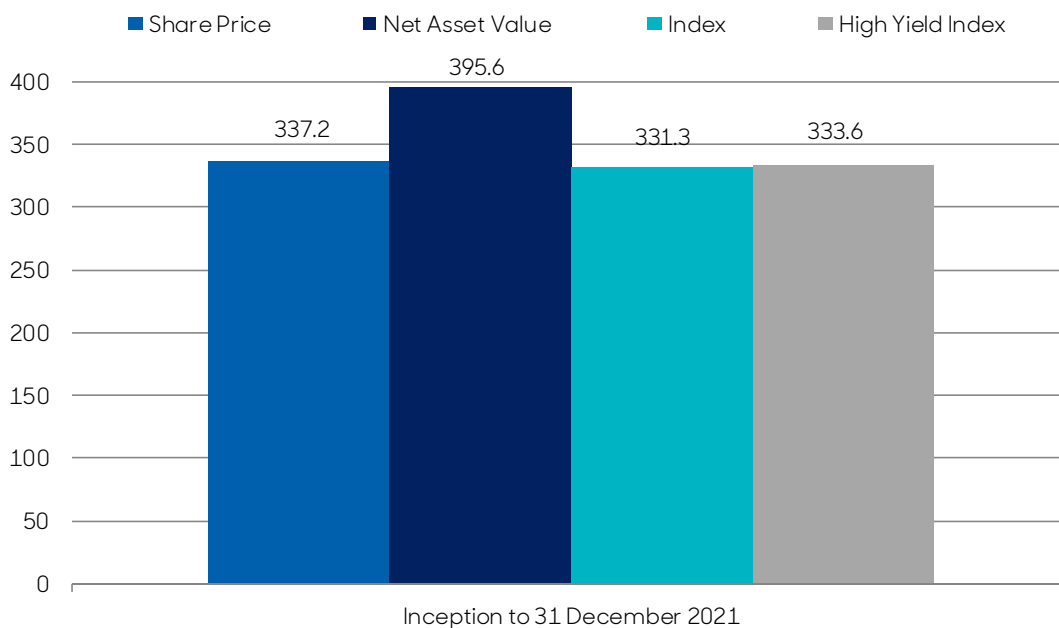


+11.0%

NAV Total Return over 1 year

+5.2%

Share Price Total Return over 1 year



+395%

NAV Total Return since launch

+337%

Share Price Total Return since launch



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

The Company invests in Taiwan Semiconductor Manufacturing Company, the world's largest pure-play semiconductor manufacturer



Ten Largest Investments

As at 31 December 2021



Taiwan Semiconductor Manufacturing Company

Holding: 7.9%

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



Samsung Electronics (Pref)

Holding: 7.2%

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.



AusNet Services

Holding: 3.7%

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.



DBS Group

Holding: 3.4%

The largest Singapore bank, it is also the best managed with a clear strategy. It is backed by good digital infrastructure, and operates with obvious focus on efficiency of returns, as shown in the distinctively better return on equity than local peers.



Oversea-Chinese Banking Corporation

Holding: 3.4%

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.



Momo.com Inc

Holding: 3.0%

The largest online retailer in Taiwan, it is benefitting from growth in the underpenetrated e-commerce market, as consumers and vendors increasingly shift online. Its prospects are well supported by its logistics edge, broad product offering and scale benefits.



Venture Corporation

Holding: 3.0%

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.



BHP Group

Holding: 2.8%

The Anglo-Australian miner is a proxy for China and emerging markets' secular growth. It offers high relative returns, a better social responsibility culture than its peers and an asset mix that is better leveraged to the energy sector's recovery.



Infosys

Holding: 2.5%

One of India's best software developers, Infosys continues to impress with its strong management, solid balance sheet and sustainable business model.



Taiwan Mobile

Holding: 2.1%

The second largest telco by size in Taiwan, Taiwan Mobile has a dominant mobile business and a significant stake in momo, the largest e-commerce platform in the country.

List of Investments

As at 31 December 2021

Company	Country	Valuation 2021 £'000	Total assets ^A %	Valuation 2020 ^B £'000
Taiwan Semiconductor Manufacturing Company	Taiwan	39,135	7.9	48,407
Samsung Electronics (Pref)	South Korea	36,025	7.2	53,266
AusNet Services	Australia	18,325	3.7	10,767
DBS Group	Singapore	16,951	3.4	10,787
Oversea-Chinese Banking Corporation	Singapore	16,699	3.4	13,380
Momo.com Inc	Taiwan	15,095	3.0	8,243
Venture Corporation	Singapore	15,056	3.0	16,848
BHP Group ^C	Australia	14,155	2.8	7,662
Infosys	India	12,594	2.5	8,409
Taiwan Mobile	Taiwan	10,561	2.1	10,190
Top ten investments		194,596	39.0	
Power Grid Corp of India	India	10,021	2.0	6,989
GlobalWafers	Taiwan	9,834	2.0	8,940
China Resources Land	China	9,629	1.9	9,315
Rio Tinto ^C	Australia	9,197	1.9	13,292
Hana Microelectronics (Foreign)	Thailand	9,139	1.8	6,016
Commonwealth Bank of Australia	Australia	8,923	1.8	7,628
Tisco Financial Group Foreign	Thailand	8,835	1.8	4,211
LG Chem (Pref)	South Korea	8,821	1.8	12,719
Hon Hai Precision Industry	Taiwan	8,670	1.7	-
Charter Hall Long Wale REIT	Australia	8,598	1.7	5,805
Top twenty investments		286,263	57.4	
Centuria Industries REIT	Australia	8,238	1.7	-
United Overseas Bank	Singapore	8,165	1.6	5,555
Shopping Centres Australasia	Australia	7,991	1.6	6,989
Spark New Zealand	New Zealand	7,886	1.6	8,351
China Merchants Bank 'A'	China	7,868	1.6	-
Tata Consultancy Services	India	7,794	1.6	6,308
SAIC Motor 'A'	China	7,745	1.6	8,899
ASX	Australia	7,712	1.7	4,877
Ala Group	Hong Kong	7,638	1.5	4,939
China Mobile ^D	China	7,570	1.5	7,123
Top thirty investments		364,870	73.4	

List of Investments

Continued

As at 31 December 2021

Company	Country	Valuation 2021 £'000	Total assets ^A %	Valuation 2020 ^B £'000
Auckland International Airport	New Zealand	7,085	1.4	7,451
NZX	New Zealand	6,093	1.2	6,580
Siam Cement ^E	Thailand	5,920	1.2	6,405
Singapore Technologies Engineering	Singapore	5,858	1.2	7,194
Midea Group 'A'	China	5,765	1.2	4,708
Accton Technology	Taiwan	5,669	1.1	4,723
Hong Kong Exchanges & Clearing	Hong Kong	5,606	1.1	1,804
Sunonwealth Electric Machine	Taiwan	5,090	1.0	-
Bank Rakyat	Indonesia	5,031	1.0	4,181
Keppel Infrastructure	Singapore	5,026	1.0	-
Top forty investments		422,013	84.8	
Capitaland Investment	Singapore	4,931	1.0	4,309
KMC Kui Meng	Taiwan	4,879	1.0	-
Digital Core REIT	Singapore	4,851	1.0	-
Ascendas India Trust	Singapore	4,835	1.0	4,749
Okinawa Cellular Telephone	Japan	4,741	1.0	4,572
Hang Lung Properties	Hong Kong	4,723	0.9	5,947
Singapore Telecommunications	Singapore	4,670	0.9	8,001
Lotus's Retail Growth Freehold And Leasehold Property Fund	Thailand	4,571	0.9	-
National Australia Bank	Australia	4,411	0.9	-
CNOOC ^D	China	4,147	0.8	3,694
Top fifty investments		468,772	94.2	
ICICI Bank ^F	India	3,761	0.8	3,934
Amada Co	Japan	3,752	0.8	6,309
Medibank Private	Australia	3,695	0.7	3,480
China Vanke (H shares)	China	3,432	0.7	3,062
Land & Houses Foreign	Thailand	3,410	0.7	3,446
Convenience Retail Asia	Hong Kong	2,779	0.6	524
China Resources Gas	China	2,645	0.5	-
Waypoint REIT	Australia	2,525	0.5	11,281
Macquarie Group	Australia	2,125	0.4	-
SP Setia (Pref)	Malaysia	474	0.1	409
Top sixty investments		497,370	100.0	

As at 31 December 2021

Company	Country	Valuation 2021 £'000	Total assets ^A %	Valuation 2020 ^B £'000
G3 Exploration ^F	China	-	-	-
Total value of investments		497,370	100.0	
Net current assets^G		173	-	
Total assets^A		497,543	100.0	

^A Net assets excluding borrowings.

^B Purchases and/or sales effected during the year may result in 2020 and 2021 values not being directly comparable.

^C Incorporated in and listing held in United Kingdom.

^D Sold entirely from the portfolio subsequent to the year end, in compliance with the US Executive Order 14032.

^E Holding includes investment in common (£3,958,000) and non-voting depositary receipt (£1,962,000) lines.

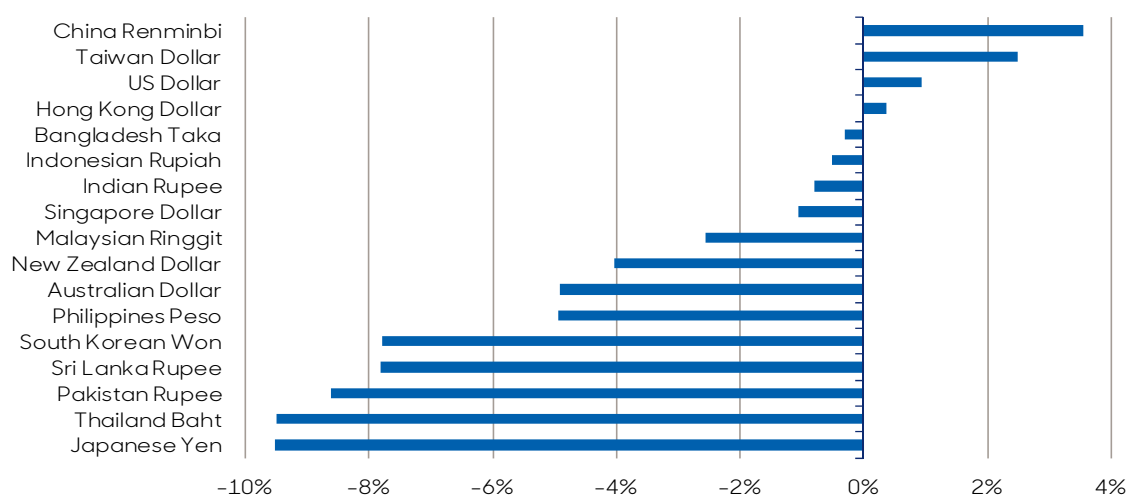
^F Corporate bonds.

^G Excludes bank loans of £46,753,000

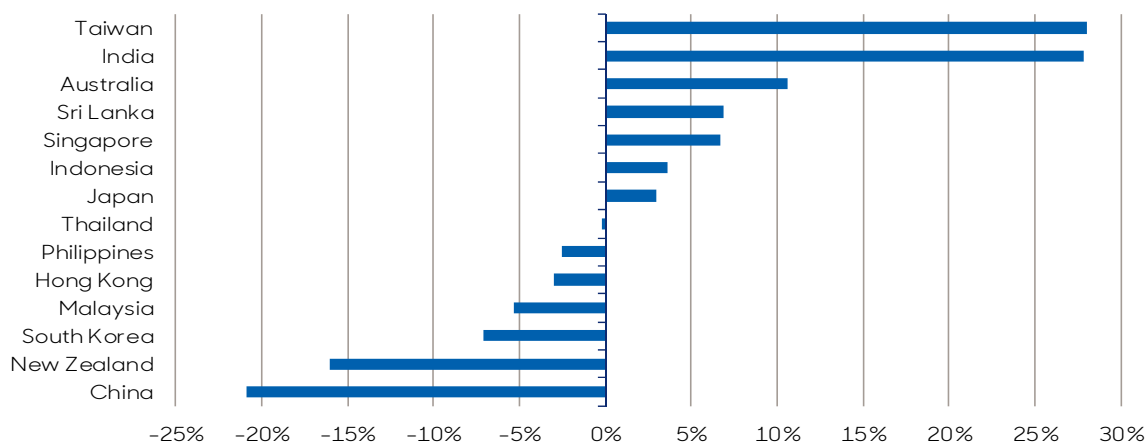
Currency/Market Performance

The Company's base currency, GBP, has been volatile but has broadly strengthened over the course of 2021, benefiting from support measures for businesses affected by Covid-19. As a result, Asian currencies have largely underperformed against GBP as investors priced in growth risks from a hawkish Federal Reserve, monetary policy normalisation, inflationary headwinds and Omicron. A notable exception was China, where monetary policy turned benign in contrast to the developed economies which is reflected in the strength of the renminbi. The Taiwan dollar also outperformed thanks to continued export strength from the domestic technology sector that supported the domestic currency. Both these currencies operate under a managed float system, which helps to soften volatility. Looking ahead, the outlook for Asian currencies continues to be influenced by US policy moves, while the Ukraine conflict is adding more uncertainty to a slowing global economic recovery presenting yet another significant macro challenge for regional markets.

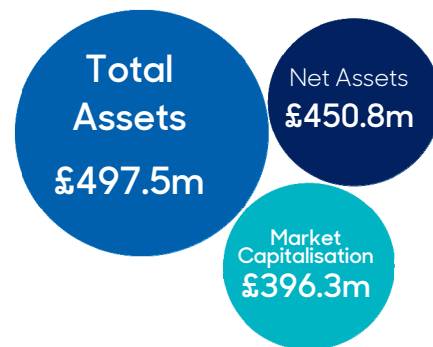
Currency Returns (in sterling terms) to 31 December 2021



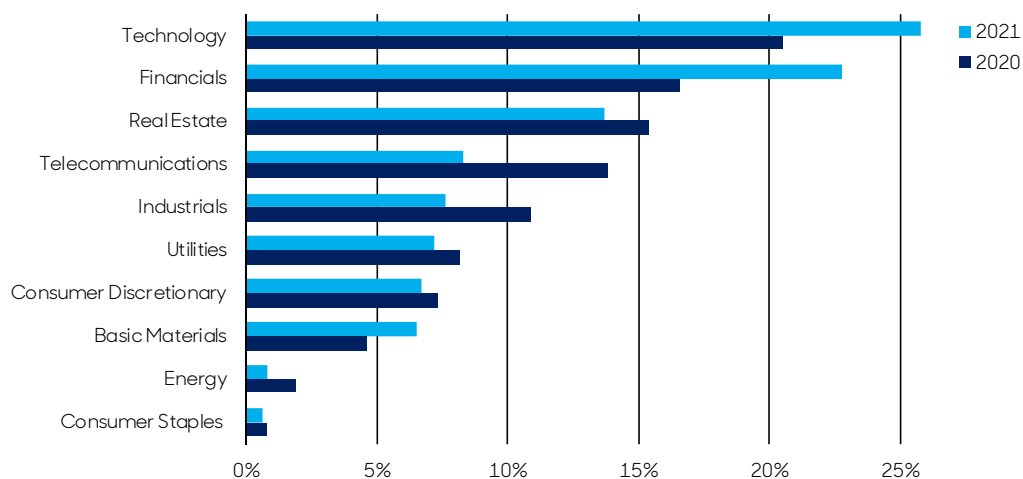
MSCI Country Index Total Returns (in sterling terms) to 31 December 2021



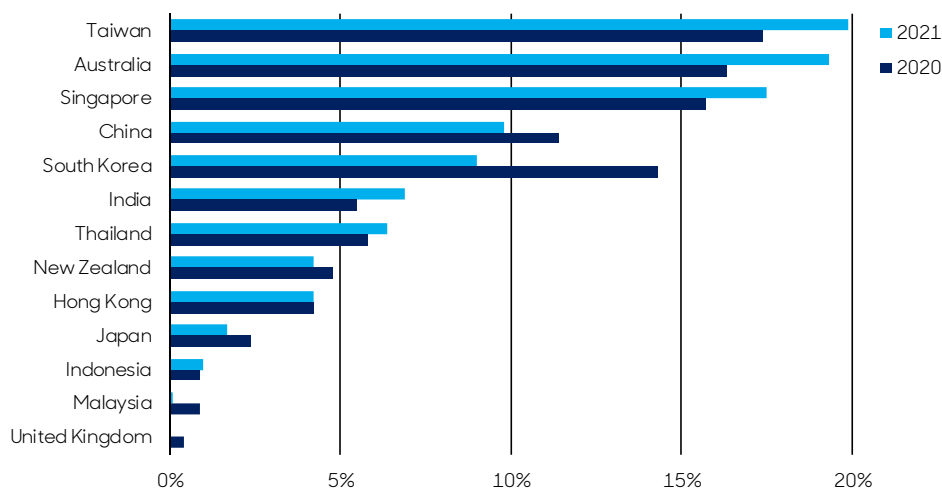
Geographical/Sector Analysis



Sector Breakdown



Geographic Breakdown



Investment Case Studies

The Investment Manager takes into consideration a number of factors when deciding whether to invest in or divest from a company. The Investment Manager's investment process and ESG engagement are further illustrated in the following case studies:

Sunonwealth Electric Machine Industry

In which year did we first invest? 2021

Where is their head office? Kaohsiung, Taiwan

Holding at year end: 1.01%

All electronic devices produce heat as the power comes on. As a result, cooling fans are needed so that the device works reliably and is less prone to premature failure due to overheating.

One of the Company's holdings thrives in this niche segment. Founded in 1980, Sunonwealth is among the leading global suppliers of cooling fans and micro motors to a broad range of industries, including information technology (IT), automotive electronics and network communication.

We invested in Sunonwealth because we like the company's focus on its core competency of cooling technology and commitment to innovation. For instance, Sunonwealth has developed the first ever MagLev motor fan, the world's smallest and thinnest magnetic levitation motor fan product.

Beyond this, its product mix is also evolving towards higher margin non-IT segments, which enhances its long-term prospects. Outside of IT, demand is rising for more complex heat management solutions across the industrial, automotive, telecom and server sectors – all of which present new revenue opportunities for Sunonwealth.

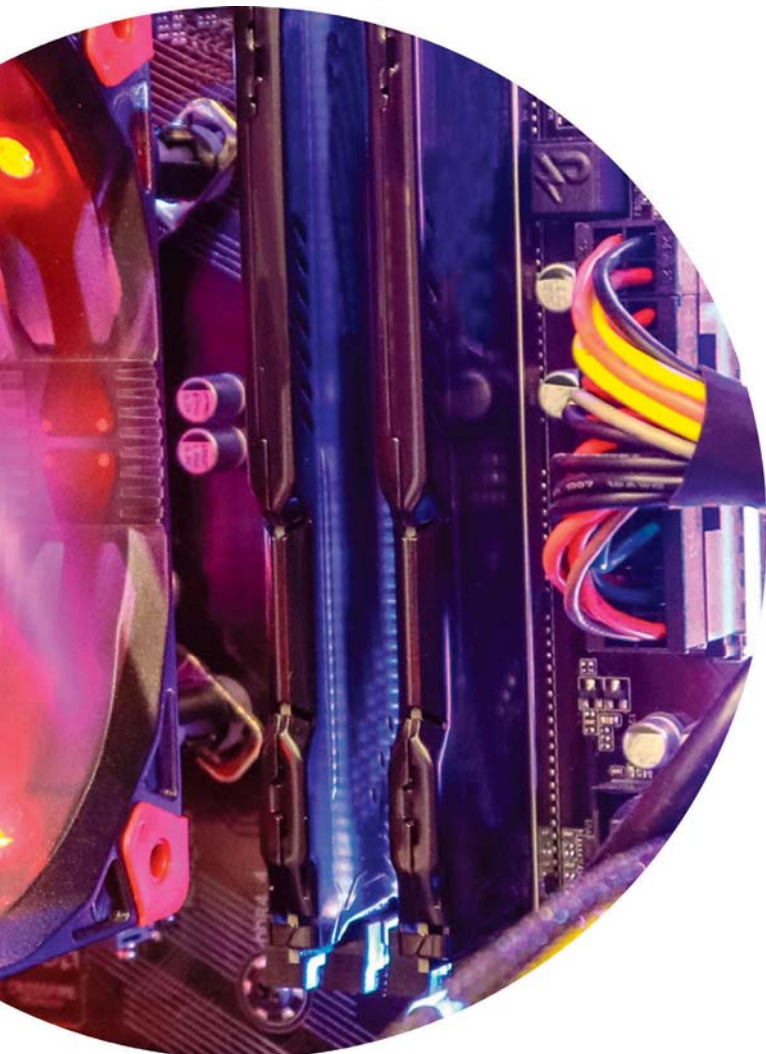
Aside from providing the portfolio with access to this structural growth, the company's balance sheet and cash flows are strong. This supports its healthy dividend payout and attractive yield.

On the ESG front, Sunonwealth has improved disclosure in some parts of its business, commendable for a small company. It requires its suppliers to comply fully with the relevant environment standards in the Restriction of Hazardous Substances Directive in production processes and raw material usage.

Sunonwealth also expressly specifies regulations on prohibited substances, while a product's R&D process must meet environment protection requirements as well. The company has received various industry and global certifications for its environmental management and quality systems.

In terms of external recognition, rating agency MSCI initiated coverage of Sunonwealth with a BBB rating in November 2021. MSCI highlighted Sunonwealth's involvement in clean tech, with offerings like automation equipment and intelligent computing solutions for cooling systems, which stood out.

In corporate governance, Sunonwealth's ownership structure follows the 'one share, one vote' principle, which helps align shareholder voting rights with economic exposure. MSCI noted weakness in disclosure around labour management, especially in monitoring workforce satisfaction, audits and staff training, which are key areas of engagement with the company for us.



Infosys Limited

In which year did we first invest?	2018
Where is their head office?	India
Holding at year end:	2.5%

India-listed Infosys Limited provides IT consulting and software services, including e-business, programme management and supply chain solutions. The group's services include application development, product co-development, and system implementation and system engineering. Infosys targets businesses specialising in the insurance, banking, telecommunications and manufacturing sectors.

Founded in 1981, Infosys is a beneficiary of the large and growing global IT services industry, which is estimated to amount to around US\$1 trillion. The sector is supported by structural trends, such as digitalisation and the migration to cloud, while cash generation tends to be healthy owing to the relatively capex-light model.

Over the years, Infosys has successfully realigned its offerings towards digital as its clients' digital transformation journey extended beyond a drive for efficiency to changing entire business models. Today, it is among the top three players with margins averaging 20%, having navigated the competitive landscape well thanks to good execution from management. The group has solid financials and robust free cash flow.

Infosys emerged strongly from the Covid-19 crisis as the pandemic propelled demand for its services. This is evident in its market share gains, large deal wins and margin expansion. Results over the year reflect the solid recovery and explain why Infosys was among the top performers for the Company over the period.

Looking ahead, Infosys should continue its revenue growth momentum and deliver solid cash flow return on investment, backed by its strong positioning and large scale as well as the accelerating adoption of digital technologies. Digital services, which is expected to average a double-digit compound annual rate, will be a key revenue driver. Moreover, the group will likely increase its payout ratio, which could attract more income investors, as the Indian government has equalised taxation between buybacks and dividends.

Equally important, Infosys has a good record on environmental, social and governance (ESG) matters, as reflected in its A rating by MSCI. The group has underlined the importance of ESG as an evaluation criterion for its deal wins. One of the few carbon-neutral companies in India, Infosys focuses on workforce diversity and developing the economic value of its workers, and maintains robust governance practices. Its ESG Vision 2030 includes clear targets such as remaining carbon neutral each year, extending digital skills to 10 million-plus people and increasing women representation in its workforce to at least 45%.



abrdn's ESG Engagement

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.

During the year the Investment Manager released a White Paper which summarised research on how ESG influences companies and portfolios. The research found that there is evidence that ESG integration can be beneficial for investors. The paper arrived at three conclusions:

- **ESG can benefit single-stock returns.** Evidence shows that shares of better-quality companies can perform better than inferior peers.
- **ESG can benefit portfolio risk and return.** Evidence shows that integrating ESG into the investment process, and investing in companies with better ESG scores, can add to performance.
- **ESG integration can lead to lower risk.** Evidence shows that ESG analysis can help deliver a similar return while reducing investment risk.

The Investment Manager believes that 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 posed 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.

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	ESG considerations not market leading	ESG risks are considered as a part of principal business	Evidence of some financially material controversies	Many financially material controversies
Excellent disclosure	Disclosure is good, but not best in class	Disclosure in line with regulatory requirements	Poor governance or limited oversight of key ESG issues	Severe governance concerns
Makes opportunities from strong ESG risk management	Governance is generally very good	Governance is generally good but some minor concerns	Some issues in treating minority shareholders poorly	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

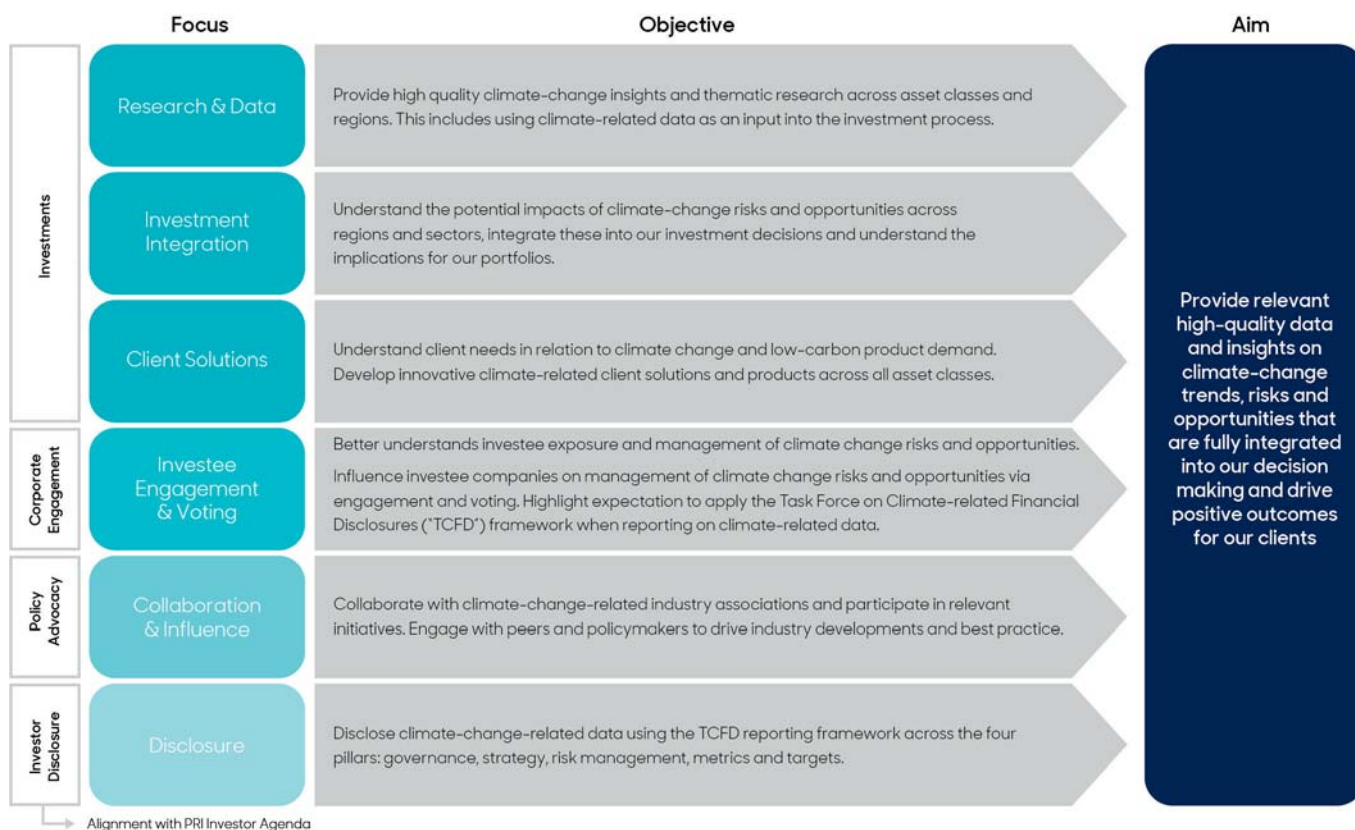
Insufficient climate change mitigation action will lead to more severe and frequent physical damage. This results in financial implications, including damage to crops and infrastructure, and the need for physical adaptation such as flood defences.

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.

abrdn's ESG Engagement

Continued

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:



To assist in analysis, the Investment Manager has developed a proprietary climate scenario analysis tool. Climate scenario analysis involves modelling the impact on financial assets of a range of pathways (for both physical climate change and the transition to a low carbon economy) under plausible assumptions for future policy and technological change. This allows the Investment Manager to explore the impact of climate change on portfolios and to inform investment decisions.

Memberships and commitments

The Investment Manager is a signatory to the Net Zero Asset Manager Initiative, which informs the way in which the Investment Manager conducts research, selects and manages investments. The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. For more information please see here: www.netzeroassetmanagers.org. To support this commitment, the Investment Manager has set a target of reducing the carbon intensity of assets it manages by 50% by 2030 vs a 2019 baseline.

In order to achieve this, the Investment Manager will pursue three pillars of action:

- Decarbonisation:** The Investment Manager will track and reduce the carbon intensity of its portfolios. That means continuing to incorporate carbon analysis into the investment process and supporting credible transition leaders and climate solutions.
- Providing net zero solutions:** The Investment Manager will increase the proportion of assets flowing into net zero-directed investing solutions. Around 30% of AUM is to be managed in line with net zero 2050. The Investment Manager will aim to increase this by continuing to develop net zero solutions across all asset classes, actively engaging with clients as well as transitioning its fund range to support net zero goals.

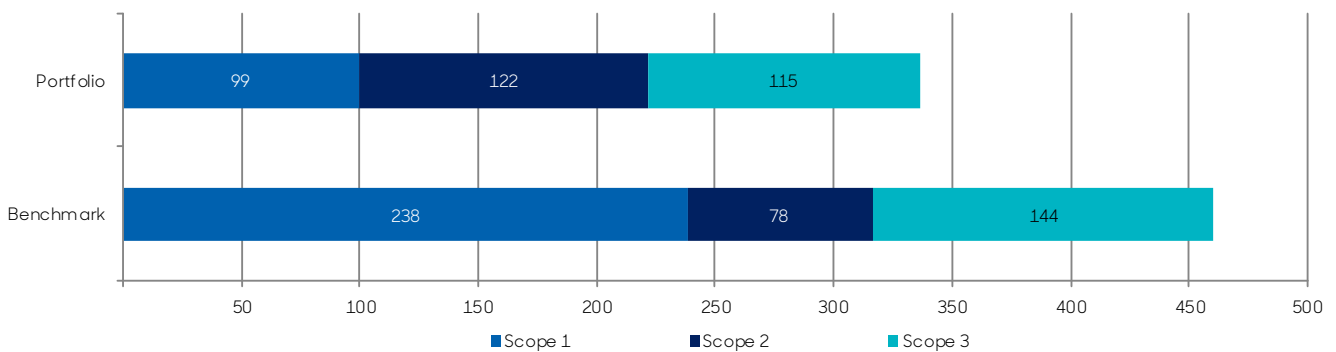
- Active ownership:** The Investment Manager will continue to vote and engage with its investee companies to drive change and transition real assets. The Investment Manager will engage with the highest financed emitters across equity and credit holdings seeking transparency on progress against clear transition milestones assessed against relevant standards – such as the Climate Action 100+ net zero benchmark. The Investment Manager will divest from companies where, after two years, it considers insufficient progress has been made against the transition milestones set, unless it's not in line with the client mandate.

Carbon footprint

The Company's carbon footprint, as at 31 December 2021, is currently around 30% lower than that of the benchmark. The main contributors towards the carbon footprint are AusNet Services, BHP, and Keppel Infrastructure Trust. BHP is exposed to energy transition and stranded asset risk, but we view the group's approach to ESG risk mitigation, including and in particular climate risk, as industry leading. Keppel Infrastructure Trust recently announced that it would aim to achieve a 30% carbon intensity reduction by 2030 (versus a 2019 baseline), and would look to increase portfolio exposure to renewable energy by up to 25% of equity-adjusted AUM by 2030.

Fund Carbon Footprint

Weighted Average Carbon Intensity (tCO₂e/USDm)



Portfolio Carbon Intensity versus Benchmark

How carbon intensive are the companies in my portfolio compared to benchmark?

(In tonnes of CO ₂ e/ million USD revenue)	Weighted Average Carbon Intensity Scope			
	1 + 2	Scope 1	Scope 2	Scope 3
Portfolio	221	99	122	115
Benchmark	315	238	78	144
Relative Carbon Intensity (%)	70.1	41.8	157.0	80.1

Source: Trucost

abrdn's ESG Engagement

Continued

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.

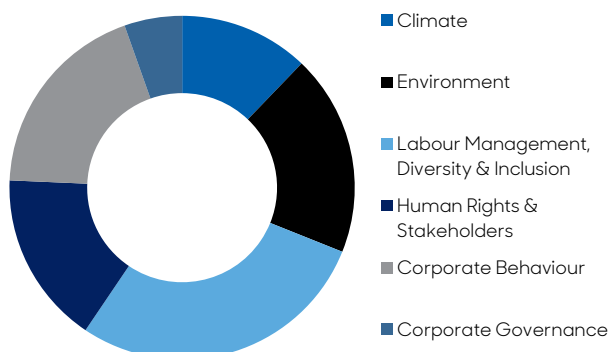
As part of the investment process, the Investment Manager undertakes a significant number of company meetings each year on behalf of the Company. Your Company is supported by on-desk ESG analysts, as well as a well-resourced specialist ESG Investment team. These meetings provide an opportunity to discuss 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.

How We Embed ESG into Investment Process

01 Investment Insight	02 Active Ownership	03 Risk & Monitoring	04 Our People
			
<p>High quality fundamental and first hand research</p> <p>Assessment of ESG for all stocks under coverage</p>	<p>Engage and vote with aim of improving financial resilience and investment performance</p> <p>Raise standards in companies and industries we invest in, and help drive industry best practice</p>	<p>Combine in-house and external scoring to inform view</p> <p>Active tracking of fund holdings against ESG objectives</p>	<p>Over 130 equity professionals, and 40+ central & on-desk ESG specialists across the world</p>

Our Engagement Activity

We regularly engage with companies we invest in. The following chart shows the engagements that have included ESG topics. Over the period we met with 17 portfolio companies on ESG topics and had 32 engagements with them. This does not include positions we have moved out of or are considering. These are the themes that we have engaged on:



Our Voting Activity

Voting Summary	Total
How many meetings were you eligible to vote?	70
How many meetings did you vote at?	68
How many resolutions were you eligible to vote on?	626
What % of resolutions did you vote on for which you were eligible?	98.6%
Of the resolutions on which you voted, what % did you vote with management?	95.9%
Of the resolutions on which you voted, what % did you vote against management?	3.4%
Of the resolutions on which you voted, what % did you abstain from voting?	0.6%
In what % of meetings, for which you did vote, did you vote at least once against management?	22.1%

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.

Whilst the Investment Manager focuses on investing in quality companies, the investment team is aware that in some cases Asian companies can lag those in Western Europe in terms of ESG. This is perhaps more true of emerging Asia than developed Asia. In investing across Asia, the Investment Manager focuses on companies and management teams exhibiting desirable behavioural traits and characteristics (for example, a track record of fair treatment of minority shareholders, thoughtful capital allocation and return) rather than a strict focus on structures (for example, relating to board composition). Subsequent to an investment, the Investment Manager engages energetically with companies to improve and enhance ESG, aiming to encourage companies to implement processes and practises that will protect and enhance shareholder value. The Investment Manager has a long track record of such constructive engagement, drawing on investment experiences globally to bring these insights to the Company's holdings.

ESG Case Studies

AIA

The Investment Manager spoke with AIA, a leading pan-Asian life and health insurer, about climate change and net zero.

In the context of the group's insurance operations, we discussed the ways that the group is thinking about the climate change impact on life expectancy and mortality risk. Whilst the group believes they are relatively less exposed on this front, they agree that literature is nascent, and typically focuses on the direct impacts of temperature change, rather than associated issues such as a potential increase in the prevalence of vector borne illnesses, including for example malaria. Given the role of climate and temperature change on the distribution and prevalence of, for example, mosquitoes, this is a key issue for Asia's population, and for the companies that insure that population.

We also discussed the ways in which the group incorporates physical risk analysis into the investment process. The group has engaged with portfolio companies on the issue and has asked companies to report on where exposures might be, either in terms of assets or operations. Again, though, this is an area where research and data are incomplete, and where scenario analysis can help. They are also looking closely at transition risks and how they can conduct meaningful scenario analyses, and can increase engagement with portfolio companies.

We also discussed the group's thinking on net zero. We were reassured that the group is thinking about this carefully. At the time of our conversation the group had already committed to divest from coal from 2021 and 2028 (for equities and fixed income, respectively), and they were studying the portfolio impact of a net zero pledge. What was comforting to us was that AIA wanted to ensure there was integrity behind any pledge made, and that their plans were credible and realistic. When we spoke, the group was considering 2050 targets, across both insurance operations and the investment portfolio, and we encouraged them to continue this work and to commit to a net zero target. We discussed the challenges around modelling for net zero, the availability of data, and constraints placed on the firm by national electricity grids in the region.

Whilst the call was encouraging, we were pleased that, following our call, AIA announced that a) it had completed the divestment of directly-managed listed equity and fixed income exposure to coal mining and coal-fired power businesses, well ahead of schedule, b) committed to achieving net-zero greenhouse gas emissions by 2050, and c) committed to the Science Based Targets initiative.



DBS

DBS is a leading Singapore bank, with a growing pan-Asian exposure. While Singapore still represents the largest single market, more than half of the bank's loans were made outside of the country in 2020, with a focus on Greater China. Since the financial regulator lifted its cap on banks' dividend payouts in 2021, DBS has restored its dividend to pre-pandemic levels, offering an attractive blend of both capital growth and dividend yield.

DBS has mapped out its sustainability strategy through three key pillars:

- Responsible banking – the bank's commitment to climate change goals and how it supports its clients as they transition towards a low-carbon economy
- Responsible business practices – guidelines and measurements for the bank to reduce its operational footprint and energy consumption, and optimise efficiencies
- Creating Social Impact – efforts to support the community and encourage social entrepreneurship

The bank has been forward thinking in many of its ESG policies, having ceased financing new coal-fired power plants since 2019, and setting a target of net zero thermal coal exposure by 2039. At the same time, DBS has been focusing on financing renewable energy, and by 2020 its exposure to renewable energy projects stood at S\$4.2 billion, versus S\$2.85 billion in 2019. The bank is thoughtful about its impact in other areas, and has been vocal in supporting responsible companies in the palm oil sector, requiring customers to demonstrate alignment with No Deforestation, No Peat, No Exploitation ("NDPE") policies.

DBS was also the first Singapore bank to commit to net zero by 2050 when it signed the United Nations-led Net-Zero Banking Alliance (NZBA). At the same time, it increased its support for the renewables sector and raised its sustainable financing target to S\$50 billion by 2024 (approximately £27.5 billion). A significant portion of DBS's business is with small- and medium enterprises (SMEs) in Asia, and part of the bank's strategy to reach its own sustainability goals entails supporting its customers to tackle their own green targets. The bank's broad portfolio of digital technology solutions offers such support.

As part of the bank's responsible business practices, it adopted the Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations and is also actively collaborating with regulating authorities in Singapore to develop a sustainability disclosure framework. DBS had set tools in place to monitor its Scope 1, 2 and 3 greenhouse gas emissions, and it measures its energy and water consumption across all its markets. In this way, it seeks to develop new strategies to embed green infrastructure throughout its operations. For example, in line with its renewable energy commitments, DBS has been working towards powering 100% of its Singapore operations using renewable energy by 2030. It aims to subsequently extend the goal to its global operations.

This performance has been recognised externally, and DBS has maintained its MSCI AA ESG rating since November 2016, scoring well areas of governance, access to finance, privacy and data security, and human capital development.



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

The Company invests in GlobalWafers, which specialises in manufacturing wafers for the semiconductor industry

Board of Directors



Ian Cadby

Independent Non-Executive Chairman

Appointed a Director on 11 May 2016 and Chairman on 1 January 2022, 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.



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. Krystyna is also a director of Record PLC.



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 where he was the vice-chairman for S.E. Asia and co-head of Asia. Mark is the chairman 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. He has a Bachelor of Commerce (accounting) and a Bachelor of Laws from the University of New South Wales. He also has a Diploma from the Securities Institute of Australia.



Robert Kirkby

Independent Non-Executive Director

Appointed a Director on 1 November 2021, he is a former advisory partner at KPMG Channel Islands and a fellow of the Institute of Chartered Accountants with a background as a business leader. He is a Jersey resident but has particular experience of, and a continued interest in, China and Hong Kong. Robert has a number of non-executive appointments including being Chair of Trustees of the Durrell Wildlife Conservation Trust, chairman of the audit committees of Digital Jersey Limited and Stonehage Fleming Family & Partners Limited and he is a director of VenCap Channel Islands Limited.



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.



Hugh Young

Non-Executive Director

Appointed a Director on 11 November 2005, he is a resident of Singapore and is Chairman, Asia Pacific Region at abrdn. Hugh is also a director of Aberdeen New Dawn Investment Trust PLC, Aberdeen Australia Equity Fund Inc., abrdn 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 2021.

Results and Dividends

Details of the Company's results and dividends are shown on page 5 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 2021 dividends have been paid in May, August and November 2021 and February 2022. As at 31 December 2021 the Company's revenue reserves (adjusted for the payment of the fourth interim dividend) amounted to £6.9 million (approximately 4.0p 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.

With effect from 1 January 2022 the Company has applied to HM Revenue & Customs to become an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 January 2022. The Directors are of the opinion that the Company has conducted its affairs for the period from 1 January 2022 so as to enable it to comply with the ongoing requirements for investment trust status.

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 2021, there were 171,558,896 fully paid Ordinary Shares of no par value (2020 – 175,824,483) Ordinary Shares in issue. At the year end there were 23,374,493 Ordinary Shares held in treasury (2020 – 19,108,906).

During the year 4,265,587 Ordinary Shares were purchased in the market for treasury (2020 – 1,767,492) and no Ordinary Shares were issued or sold from treasury.

Subsequent to the year end 763,391 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

The Company has a three-year £10 million term facility and a £40 million revolving credit facility with Bank of Nova Scotia, London Branch on an unsecured basis, both maturing in April 2024. £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 GBP15.8 million is currently drawn at the prevailing Sterling Overnight Index Average (SONIA) plus the margin of 1.2%. 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

abr dn Capital International Limited ("ACIL") is the Company's Manager and Company Secretary. ACIL is a wholly owned subsidiary of abr dn plc.

The investment management of the Company is delegated from ACIL to abr dn Asia Limited.

Management Fee

Under the terms of the Management Agreement dated 21 March 2017, management services are provided by ACIL.

Further details are provided in note 5 to the financial statements. In 2021, the Directors negotiated a new, lower, level of management fee with the Manager and with effect from 1 January 2022 the management fee has been calculated on the following new tiered basis:

- i. Average Value up to £350m – 0.8% per annum; and
- ii. Average Value in excess of £350m – 0.6% 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 is 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 ACIL 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 2021:

Shareholder	No of Shares Held	% held
1607 Capital Partners	17,946,967	10.5
Rathbones	17,328,808	10.1
Hargreaves Lansdown ^A	13,564,891	7.9
Interactive Investor ^A	11,695,733	6.8
abrdn Retail Plans ^A	8,244,547	4.8
Brewin Dolphin	7,463,763	4.4
Charles Stanley	6,776,640	4.0
City of London Inv. Management	5,534,851	3.2
AJ Bell ^A	5,237,283	3.1

^A Non-beneficial interests

There have been no changes notified in respect of these holdings in the period from 31 December 2021 to 25 March 2022.

Directors

The Board currently consists of six non-executive Directors. Mark Florance, Ian Cadby, Nicky McCabe, Krystyna Nowak and Hugh Young who each held office throughout the year and Robert Kirkby, who was appointed on 1 November 2021. On 31 December 2021, Charles Clarke retired from the Board. The above Directors were the only Directors to hold office during the year.

Governance

The names and biographies of each of the six current Directors are disclosed on pages 52 and 53 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 11 May 2022 ("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 Director's contribution to the long term success of the Company are provided on page 57.

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.

Directors' Report

Continued

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 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 2021 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)
R Kirkby ^B	1 (1)	n/a	n/a	n/a
N McCabe	4 (4)	2 (2)	1 (1)	1 (1)
K Nowak	4 (4)	2 (2)	1 (1)	1 (1)
H Young ^C	4 (4)	n/a	n/a	1 (1)

^A Mr Clarke was not a member of the Audit Committee but attended both meetings by invitation.

^B Mr Kirkby was appointed to the Board on 1 November 2021.

^C 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 62 and 63 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.

During the year the Company undertook a search for a new independent non-executive Director, using the services of Thomas Dessain, a company connected with Mr Charles Clarke who retired on 31 December 2021. The Directors, other than Mr Clarke, chose Thomas Dessain on the basis of its expertise in the Jersey market and a very competitive fee. The search culminated in the appointment of Mr Kirkby, a former advisory partner at KPMG. Although KPMG acts as auditor to the Company, the Board has judged Mr Kirkby to be completely independent as he has never been involved with KPMG's audit business and did not act as an audit partner for KPMG.

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 have conducted a self-evaluation exercise in 2021 which involved 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. 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 of the Asia Pacific Region for abrdn and based in Singapore where he is able to bring first hand investment vision to the Board. Mr Kirkby joined the Board in November 2021 and has already started to contribute meaningfully to the Board's discussions.

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

Directors' Report

Continued

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 pages 64 to 66.

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 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 abrdn 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 abrdn Group's anti-bribery and corruption policies are available on its website abrdn.com.

Going Concern

The Directors have undertaken a robust review of the Company's viability (refer to statement on page 28) 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 Investment Manager's Review, Covid-19 has presented significant challenges to all of the countries within the investment region as well as the rest of the world. It is still 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 25 to 27 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 May 2021 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 2022.

Principal Risks

The Principal Risks and Uncertainties facing the Company are detailed on pages 25 to 27. 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 ACIL 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 abrdn Investment Vector ISAE3402 for the year to 30 September 2021, 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 abrdn Group, has decided to place reliance on the abrdn 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 ensure 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 abrdn 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.

Directors' Report

Continued

The UK Stewardship Code and Proxy Voting

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

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

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 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".

ACIL, 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, ACIL 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 10:00 a.m. on 11 May 2022 at the Investment Manager's offices, Bow Bells House, 1 Bread Street, London EC4M 9HH. The Board expects the AGM to be an in-person meeting, subject to any prevailing guidance and social distancing measures.

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 share buyback policy should the price at which the Ordinary Shares trade relative to the NAV per Share (excluding income) be at a discount of more than 5% in normal market conditions. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing estimated NAV per Share (ex income) 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 763,391 Ordinary Shares and at the time of writing the Ordinary Shares are trading at a discount of 13.2% 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 25,602,246 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 2023 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 2023.

Recommendation

Your Board considers Resolutions 11 and 12 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 and 12 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings which amount to 92,144 Ordinary Shares (0.05%).

Ian Cadby,
Chairman
25 March 2022

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 2021.

Committee Composition

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors: Mr M Florance (Chairman), Mr R Kirkby, 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 pages 52 and 53 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 abrdn 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 (2020: £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 abrdn 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 2021, 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(e) and 22 to the financial statements on pages 82 and 102. The audit includes independent confirmation of the existence of all investments. 99.2% 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 0.8% 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 to the financial statements. 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 68 and 69. 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 81. 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 2021 have been audited by KPMG Channel Islands Limited at a cost of £39,500 (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 2022 and authorises Directors to determine their remuneration for the year ending 31 December 2022.

Mark Florance,

Audit Committee Chairman
25 March 2022

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 £28,000 – see table overleaf).
- 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.

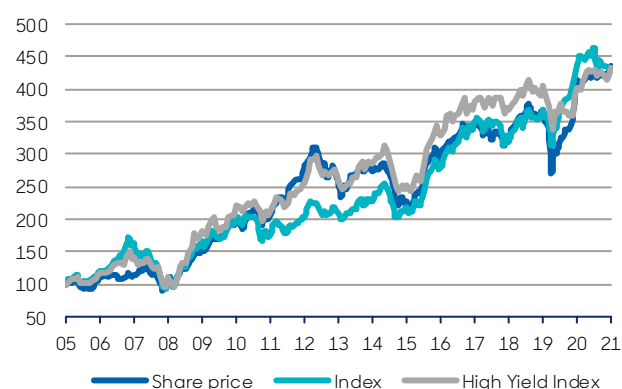
Implementation Report

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 2022 to £42,000 for the Chairman, £34,000 for the Audit Committee Chairman and £29,000 for other Directors. The fees were last raised with effect from 1 January 2021. 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 considered 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 12 May 2021, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2020 and Directors' Remuneration Policy.

The following proxy votes were received on the resolutions:

Resolution	For* %	Against %	Withheld %
(2) Receive and Adopt Directors' Remuneration Report	75.9m (99.6%)	338,849 (0.4%)	172,809
(3) Approve Directors' Remuneration Policy**	76.5m (99.6%)	275,679 (0.4%)	194,226

* Including discretionary votes

** Approved at the AGM on 22 July 2020

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

Spend on Pay

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

Fees Payable

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

Director	2021 £	2020 £
C Clarke (Chairman until 31 December 2021 and highest paid Director)	40,500	39,500
K Nowak ^A	29,000	28,000
I Cadby	28,000	27,000
M Florance	33,000	32,000
R Kirkby ^B	4,666	n/a
N McCabe	28,000	27,000
H Young ^C	n/a	n/a
Total	163,166	153,500

^A Ms Nowak is Senior Independent Director and receives an extra £1,000 per annum

^B Mr Kirkby was appointed to the Board on 1 November 2021

^C 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 (2020 - 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	Year ended
	31 December 2021	31 December 2020
	%	%
C Clarke	2.5	0
I Cadby	3.7	0
M Florance	4.7	0
R Kirkby	n/a	n/a
N McCabe	3.7	0
K Nowak	3.6	0
H Young ^A	n/a	n/a

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

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 2021 and 1 January 2021 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 2021	1 January 2021
	Ordinary Shares*	Ordinary Shares
C Clarke	60,000	60,000
I Cadby	7,000	7,000
M Florance	12,789	5,109
R Kirkby	16,937	n/a
N McCabe	5,121	5,121
K Nowak	17,797	17,797
H Young	27,500	27,500

Subsequent to the period end Mr Cadby's beneficial holding has increased to 12,000 Ordinary shares following the purchase of 5,000 shares on 31 January 2022. With the exception of this further disclosure, the Directors' holdings were unchanged at 25 March 2022, being the nearest practicable date prior to the signing of this Annual Report.

Annual Statement

On behalf of the Board, I, Ian Cadby, Chairman, confirm that the Report on Remuneration Policy and the above Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2021:

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

The Directors' Remuneration Report was approved by the Board of Directors on 25 March 2022 and signed on its behalf by:

Ian Cadby,
Chairman
25 March 2022

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 are 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.

Ian Cadby,
Chairman
25 March 2022

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 abrdn Asian Income Fund Limited

Our opinion is unmodified

We have audited the financial statements of abrdn Asian Income Fund Limited (the "Company"), which comprise the balance sheet as at 31 December 2021, 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 2021, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards; 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 the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. 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 2020):

	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 £497,370,00 (2020: £462,823,000) 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 2021. 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.

The risk	Our response
<p>Risk:</p> <p>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.</p>	<p>Challenging managements' judgements:</p> <p>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.</p> <p>Assessing disclosures:</p> <p>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.</p>

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

Materiality for the financial statements as a whole was set at £5,020,000, determined with reference to a benchmark of total assets of £502,076,000, of which it represents approximately 1.0% (2020: 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% (2020: 75%) of materiality for the financial statements as a whole, which equates to £3,765,000 (2020: £3,528,000). 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 £251,000, 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").

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

Continued

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;
- 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 sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, 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.

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

Continued

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 28) 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 risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 28) 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 28 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.

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
- 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 67, 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,
25 March 2022

Financial Statements





The Company's Net Asset Value ("NAV") returned 11.0% over the year in sterling terms versus the 8.1% gain of the MSCI All Countries Asia Pacific ex Japan Index and the -1.8% decline of the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index

Statement of Comprehensive Income

	Notes	Year ended 31 December 2021			Year ended 31 December 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	4						
Dividend income		19,869	-	19,869	16,560	-	16,560
Interest income		294	-	294	320	-	320
Stock lending income		2	-	2	-	-	-
Traded option premiums		33	-	33	62	-	62
Total revenue	3	20,198	-	20,198	16,942	-	16,942
Gains on investments held at fair value through profit or loss	10	-	33,354	33,354	-	37,573	37,573
Net currency (losses)/gains		-	(266)	(266)	-	217	217
		20,198	33,088	53,286	16,942	37,790	54,732
Expenses							
Investment management fee	5	(1,411)	(2,116)	(3,527)	(1,248)	(1,872)	(3,120)
Other operating expenses	6	(862)	-	(862)	(792)	-	(792)
Profit before finance costs and tax		17,925	30,972	48,897	14,902	35,918	50,820
Finance costs	7	(238)	(357)	(595)	(332)	(498)	(830)
Profit before tax		17,687	30,615	48,302	14,570	35,420	49,990
Tax expense	2(d)	(2,024)	(967)	(2,991)	(1,482)	(627)	(2,109)
Profit for the year		15,663	29,648	45,311	13,088	34,793	47,881
Earnings per Ordinary share (pence)	9	8.95	16.93	25.88	7.41	19.69	27.10

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 abrdn 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 2021 £'000	As at 31 December 2020 £'000
Non-current assets			
Investments held at fair value through profit or loss	10	497,370	462,823
Current assets			
Cash and cash equivalents		3,268	6,177
Other receivables	11	1,438	1,422
		4,706	7,599
Creditors: amounts falling due within one year			
Bank loans	12(a)	(36,788)	(35,734)
Other payables	12(b)	(2,917)	(2,518)
		(39,705)	(38,252)
Net current liabilities		(34,999)	(30,653)
Total assets less current liabilities		462,371	432,170
Creditors: amounts falling due after more than one year			
Bank loans	12(a)	(9,965)	-
Deferred tax liability on Indian capital gains	12(c)	(1,616)	(694)
		(11,581)	(694)
Net assets		450,790	431,476
Stated capital and reserves			
Stated capital	14	194,933	194,933
Capital redemption reserve		1,560	1,560
Capital reserve	15	242,727	222,751
Revenue reserve		11,570	12,232
Equity shareholders' funds		450,790	431,476
Net asset value per Ordinary share (pence)	16	262.76	245.40

The financial statements on pages 76 to 103 were approved by the Board of Directors and authorised for issue on 25 March 2022 and were signed on its behalf by:

Ian Cadby

Chairman

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

Statement of Changes in Equity

For the year ended 31 December 2021

	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	222,751	12,232	-	431,476
Buyback of Ordinary shares for treasury	14	-	-	(9,672)	-	-	(9,672)
Profit for the year		-	-	-	-	45,311	45,311
Transferred from retained earnings to capital reserve ^A		-	-	29,648	-	(29,648)	-
Transferred from retained earnings to revenue reserve		-	-	-	15,663	(15,663)	-
Dividends paid	8	-	-	-	(16,325)	-	(16,325)
Balance at 31 December 2021		194,933	1,560	242,727	11,570	-	450,790

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

^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 (2020 - £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 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities			
Dividend income received		18,432	15,765
Interest income received		298	328
Derivative income received		33	62
Investment management fee paid		(3,148)	(1,982)
Other cash expenses		(860)	(884)
Net cash generated from operating activities before interest paid and tax		14,755	13,289
Interest paid		(557)	(856)
Overseas taxation paid		(2,009)	(1,520)
Net cash inflows from operating activities		12,189	10,913
Cash flows from investing activities			
Purchases of investments		(98,164)	(69,828)
Sales of investments		98,324	81,533
Net cash inflow from investing activities		160	11,705
Cash flows from financing activities			
Purchase of own shares for treasury	14	(9,672)	(3,508)
Dividends paid	8	(16,325)	(16,354)
Loan arrangement expense paid		(49)	-
Drawdown of loans		25,800	-
Repayment of loans		(14,900)	-
Net cash outflow from financing activities		(15,146)	(19,862)
Net (decrease)/increase in cash and cash equivalents		(2,797)	2,756
Cash and cash equivalents at the start of the year		6,177	3,458
Effect of foreign exchange on cash and cash equivalents		(112)	(37)
Cash and cash equivalents at the end of the year	2(f)	3,268	6,177

Non-cash transactions during the year comprised stock dividends of £1,373,000 (2020 – £936,000) (Note 4).

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

Notes to the Financial Statements

For the year ended 31 December 2021

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 April 2021 to the extent they are consistent with IFRS.

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 28, 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 58.

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. One 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. In addition, significant judgement is required to determine the fair value hierarchy classification of Thai securities held on foreign markets whose pricing is based on the local market and have been assessed as Level 1 as the local securities are considered to be identical assets in line with IFRS 13 guidance. Another area of judgement includes the assessment of whether special dividends should be allocated to revenue or capital based on their individual merits.

Furthermore, the Board of Directors has a policy to write down the value of investments in the financial statements where there are concerns over liquidity, credit worthiness, exit opportunities and the timing of any potential receipts. 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 2021.

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 2021. The adoption of these standards and amendments did not have a material impact on the financial statements:

Standards

IFRS 4, 7, 9 and 16 Amendments Interest Benchmark Reform Phase 2

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 2022:

Standards

IAS 1 Amendments	Classification of Liabilities as Current or Non-Current
IAS 1 Amendments	Disclosure of Accounting Policies
IAS 8 Amendments	Definition of Accounting Estimates

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.

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

(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 2021 will be subject to Jersey income tax at the rate of 0% (2020 - 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.

Notes to the Financial Statements

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- (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.

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.

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.

Notes to the Financial Statements

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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 2021 £'000	Year ended 31 December 2020 £'000
Asia Pacific region	17,431	15,968
United Kingdom	2,767	974
	20,198	16,942

4. Investment income

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Income from investments		
Overseas dividend income	15,729	14,655
UK dividend income	2,767	969
Stock dividend income	1,373	936
	19,869	16,560
Other income		
Bond interest	294	315
Deposit interest	-	5
Stock lending income	2	-
Traded option premiums	33	62
	329	382
Total revenue	20,198	16,942

During the year, the Company was entitled to premiums totalling £33,000 (2020 – £62,000) in exchange for entering into option contracts. At the year end there were no (2020 – nil) open positions. Losses realised on the exercise of derivative transactions are disclosed in note 10.

5. Investment management fee

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,411	2,116	3,527	1,248	1,872	3,120

The Company has an agreement with abrdrn Capital International Limited ("ACIL") for the provision of management services. With the exception of stocklending activities, this agreement has been sub-delegated to abrdrn Asia Limited ("abrdrn 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. The balance due to ACIL at the year end was £2,685,000 (2020 – £2,306,000). The investment management fees are charged 40% to revenue and 60% to capital in line with the Board's expected long term returns. With effect from 1 January 2022 the annual management fee is charged at 0.8% of the average net assets of the previous six months up to £350 million and 0.6% per annum thereafter. All other terms and conditions remain unaltered.

6. Other operating expenses

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Directors' fees	166	154
Promotional activities ^A	206	206
Auditor's remuneration:		
– statutory audit	40	38
Custody fees	178	140
Other	272	254
	862	792

^A Promotional activities in relation to the Company's participation in the abrdrn 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 (2020 – £206,000). An amount of £52,000 (2020 – £52,000) was payable to AAML at the year end.

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

Notes to the Financial Statements

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7. Finance costs

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	232	349	581	332	498	830
Amortisation of loan arrangement expenses	6	8	14	-	-	-
	238	357	595	332	498	830

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 2021 £'000	Year ended 31 December 2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend 2020 – 2.55p per Ordinary share (2019 – 2.50p)	4,484	4,438
First interim dividend 2021 – 2.25p per Ordinary share (2020 – 2.25p)	3,954	3,981
Second interim dividend 2021 – 2.25p per Ordinary share (2020 – 2.25p)	3,951	3,976
Third interim dividend 2021 – 2.25p per Ordinary share (2020 – 2.25p)	3,936	3,959
	16,325	16,354

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 £15,663,000 (2020 – £13,088,000).

	2021 £'000	2020 £'000
First interim dividend 2021 – 2.25p per Ordinary share (2020 – 2.25p)	3,954	3,981
Second interim dividend 2021 – 2.25p per Ordinary share (2020 – 2.25p)	3,951	3,976
Third interim dividend 2021 – 2.25p per Ordinary share (2020 – 2.25p)	3,936	3,959
Fourth interim dividend 2021 – 2.75p per Ordinary share (2020 – 2.55p)	4,712	4,484
	16,553	16,400

The fourth interim dividend for 2021, amounting to £4,712,000 (2020 – fourth interim dividend of £4,484,000), is not recognised as a liability in these financial statements as it was announced and paid after 31 December 2021.

9. Earnings per share

Ordinary shares. The earnings per Ordinary share is based on the profit after taxation of £45,311,000 (2020 – profit £47,881,000) and on 175,057,061 (2020 – 176,666,175) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year excluding Ordinary shares held in treasury, which do not carry the rights to vote or to dividends.

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

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit (£'000)	15,663	29,648	45,311	13,088	34,793	47,881
Weighted average number of Ordinary shares in issue ^A	175,057,061			176,666,175		
Return per Ordinary share (pence)	8.95	16.93	25.88	7.41	19.69	27.10

^A Calculated excluding shares held in treasury.

10. Investments held at fair value through profit or loss

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening book cost	313,692	333,903
Opening investment holding gains	149,131	102,081
Opening fair value	462,823	435,984
Analysis of transactions made during the year		
Purchases at cost	99,517	70,750
Sales proceeds received	(98,324)	(81,484)
Gains on investments ^A	33,354	37,573
Closing fair value	497,370	462,823
	£'000	£'000
Closing book cost	346,679	313,692
Closing investment gains	150,691	149,131
Closing fair value	497,370	462,823

^A Includes losses realised on the exercise of traded options of £nil (2020 – £nil) 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 £33,000 (2020 – £62,000) per note 4.

The Company received £98,324,000 (2020 – £81,484,000) from investments sold in the year. The book cost of these investments when they were purchased was £66,530,000 (2020 – £90,961,000). 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.

Notes to the Financial Statements

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The portfolio valuation	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Listed on recognised stock exchanges:		
Equities – UK	-	15,005
Equities – overseas	493,609	443,884
Bonds – overseas	3,761	3,934
Total	497,370	462,823

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 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 2021 £'000	Year ended 31 December 2020 £'000
Purchases	108	84
Sales	181	91
	289	175

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

	2021 £'000	2020 £'000
Prepayments and accrued income	1,438	1,422

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:

	2021			2020		
	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	1.374	73,500,000	6,960	1.544	73,500,000	6,934
United States Dollar	1.435	19,000,000	14,028	1.503	19,000,000	13,900
Sterling	1.310	15,800,000	15,800	1.393	4,900,000	4,900
Sterling	-	-	-	2.179	10,000,000	10,000
Total			36,788			35,734
Unsecured bank loans repayable between one and five years:						
Sterling	1.530	10,000,000	9,965	-	-	-
Total			9,965			-

At the date of signing this report, loans of HKD 73,500,000, US\$19,000,000 and £15,800,000 were drawn down at interest rates of 1.35768%, 1.36448% and 1.6777% respectively under a £40 million multi currency revolving loan facility agreement with Bank of Nova Scotia, London which runs until 2 March 2024. 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 2021 adjusted NAV coverage was 9.6 to 1.0 based on borrowings of £46,753,000 and net assets were £450,790,000. The Company has complied with all financial covenants throughout the year.

	2021 £'000	2020 £'000
(b) Other payables		
Investment management fees	2,685	2,306
Other amounts due	232	212
	2,917	2,518
Amounts falling due in more than one year:		
	2021 £'000	2020 £'000
(c) Deferred tax liability on Indian capital gains	1,616	694

Notes to the Financial Statements

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13. Analysis of changes in financing during the year

	2021 £'000	2020 £'000
Opening balance at 1 January	35,734	35,989
Net increase in loan drawdown	10,851	374
Amortisation of loan arrangement expenses	14	-
Foreign exchange movements	154	(629)
Closing balance at 31 December	46,753	35,734

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 2020	175,824,483	19,108,906	194,933,389	194,933
Shares purchased for treasury	(4,265,587)	4,265,587	-	-
At 31 December 2021	171,558,896	23,374,493	194,933,389	194,933

During the year 4,265,587 (2020 – 1,767,492) Ordinary shares were bought back by the Company for holding in treasury at a total cost of £9,672,000 (2020 – £3,454,000). At the year end 23,374,493 (2020 – 19,108,906) Ordinary shares were held in treasury, which represents 11.99% (2020 – 9.80%) of the Company's total issued share capital at 31 December 2021.

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 763,391 Ordinary shares have been bought back for holding in treasury at a cost of £1,736,000.

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, excluding shares held in treasury.

The Ordinary shares carry the right to receive all dividends declared by the Company or the Directors, excluding shares held in treasury.

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, excluding shares held in treasury.

15. Capital reserve

	2021 £'000	2020 £'000
At 1 January	222,751	191,412
Net currency (losses)/gains	(266)	217
Movement in unrealised fair value	1,560	47,050
Profit/(loss) on realisation of investments	31,794	(9,477)
Costs charged to capital	(3,440)	(2,997)
Buyback of Ordinary shares for treasury	(9,672)	(3,454)
At 31 December	242,727	222,751

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 2021 p	Net asset values attributable 2021 £'000	Net asset value per share 2020 p	Net asset values attributable 2020 £'000
Ordinary shares	262.76	450,790	245.40	431,476

The net asset value per Ordinary share is based on 171,558,896 (2020 – 175,824,483) Ordinary shares, being the number of Ordinary shares in issue at the year end excluding Ordinary shares held in treasury.

17. Analysis of changes in net debt

	At 31 December 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2021 £'000
Cash and short term deposits	6,177	(112)	(2,797)	-	3,268
Debt due within one year	(35,734)	(154)	(900)	-	(36,788)
Debt due after more than one year	-	-	(9,951)	(14)	(9,965)
	(29,557)	(266)	(13,648)	(14)	(43,485)

Notes to the Financial Statements

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	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)

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 £33,000 (2020 – £62,000). Positions closed during the year realised a loss of £nil (2020 – £nil). A realised loss would result if the underlying price on exercise is 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 £20,000 (2020 – £33,000). The Company had no open positions in derivative contracts at 31 December 2021.

The Board has delegated the risk management function to ACIL under the terms of its management agreement with ACIL (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 ACIL 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.

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

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 abrdn 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 (2020 – two) holdings in fixed rate overseas corporate bonds, with G3 Exploration valued at £nil (2020 – £nil) and ICICI Bank at £3,761,000 (2020 – £3,934,000). 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.

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.

Notes to the Financial Statements

Continued

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 March 2022. 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 25 March 2022.

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 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Indian Overseas Corporate Bond	2.60	9.15	-	3,761
Cash at bank – Sterling	-	-	3,227	-
Cash at bank – Taiwan Dollar	-	-	41	-
			3,268	3,761

At 31 December 2021	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	0.07	1.37	-	(6,960)
Bank loan – US Dollar	0.07	1.43	-	(14,028)
Bank loan – Sterling	0.07	1.31	-	(15,800)
Bank loan – Sterling	2.17	1.53	-	(10,000)
			-	(46,788)

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 loans – Sterling	0.11	1.39	-	(4,900)
Bank loans – Sterling	0.17	2.18	-	(10,000)
			-	(35,734)

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 (2020 – 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.

Notes to the Financial Statements

Continued

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 2021.

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.

	31 December 2021			31 December 2020		
	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	87,514	-	87,514	62,324	-	62,324
Chinese Renminbi	21,378	-	21,378	51,564	-	51,564
Hong Kong Dollar	48,169	(6,960)	41,209	16,273	(3,458)	12,815
Indian Rupee	30,409	3,761	34,170	21,706	3,934	25,640
Indonesian Rupiah	5,031	-	5,031	4,181	-	4,181
Japanese Yen	8,493	-	8,493	10,881	-	10,881
Korean Won	44,846	-	44,846	65,985	-	65,985
Malaysian Ringgit	474	-	474	4,240	-	4,240
New Zealand Dollar	6,093	-	6,093	22,382	-	22,382
Singapore Dollar	82,191	-	82,191	72,876	5	72,881
Taiwanese Dollar	98,933	41	98,974	80,503	41	80,544
Thailand Baht	31,875	-	31,875	26,723	-	26,723
US Dollar	4,851	(14,028)	(9,177)	4,246	(13,900)	(9,654)
Total	470,257	(17,186)	453,071	443,884	(13,378)	430,506

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.

	2021 £'000	2020 £'000
Australian Dollar	8,751	6,232
Chinese Renminbi	2,138	5,156
Hong Kong Dollar	4,121	1,282
Indian Rupee	3,417	2,564
Indonesian Rupiah	503	418
Japanese Yen	849	1,088
Korean Won	4,485	6,599
Malaysian Ringgit	47	424
New Zealand Dollar	609	2,238
Singapore Dollar	8,219	7,288
Taiwanese Dollar	9,897	8,054
Thailand Baht	3,188	2,672
US Dollar	(918)	(965)
Total	45,306	43,050

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 110 and 111, 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 39, 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.

Notes to the Financial Statements

Continued

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% (2020 – 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.

	2021		2020	
	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)	49,361	(49,361)	45,889	(45,889)
Total profit after taxation – increase /(decrease)	49,361	(49,361)	45,889	(45,889)
Equity	49,361	(49,361)	45,889	(45,889)

(ii) Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which stood at £51,286,000 (2020 – £38,946,000).

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 £3,268,000 and £497,370,000 (2020 – £6,177,000 and £462,823,000) at the year end respectively. Short-term flexibility is achieved through the use of loan facilities.

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:

	Within 1 year £'000	Between 1-5 years £'000	Total £'000
At 31 December 2021			
Fixed rate			
Bank loans	36,788	10,000	46,788
Interest on bank loans	237	191	428
	37,025	10,191	47,216
Floating rate			
Cash	3,268	-	3,268

	Within 1 year £'000	Between 1-5 years £'000	Total £'000
At 31 December 2020			
Fixed rate			
Bank loans	35,734	-	35,734
Interest on bank loans	93	-	93
	35,827	-	35,827
Floating rate			
Cash	6,177	-	6,177

Details of the Company's borrowing arrangements are disclosed in note 12 on page 89.

(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 2021, the total of short-term other receivables was £1,438,000 (2020 - £1,422,000). 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 with a book cost of £4,611,000. 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 2020 or 2021.
- 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.

Notes to the Financial Statements

Continued

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 findings 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:

	2021		2020	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments held at fair value through profit or loss	497,370	3,761	462,823	3,934
Current assets				
Cash at bank	3,268	3,268	6,177	6,177
Other receivables	1,438	1,438	1,422	1,422
	502,076	8,467	470,422	11,533

(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 83 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.

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:

	2021 £'000	2020 £'000
Debt		
Borrowings under the multi-currency loan facility	36,788	25,734
Borrowing under the three year Sterling loan facility	9,965	10,000
	46,753	35,734
Equity		
Equity share capital	194,933	194,933
Retained earnings and other reserves	255,857	236,543
	450,790	431,476
Debt as a % of net assets^A	10.37	8.28

^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.

Notes to the Financial Statements

Continued

20. Related party transactions and transactions with the Manager

Fees payable during the period to the Directors are disclosed in note 6 on page 85 and within the Directors' Remuneration Report (unaudited) on pages 64 to 66, 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, abrdrn Asia Limited, which is a wholly-owned subsidiary of abrdrn plc. The Manager, abrdrn Capital International Limited ("ACIL") is also a subsidiary of abrdrn plc. Management, promotional activities and secretarial and administration services are provided by ACIL with details of transactions during the year and balances outstanding at the year end disclosed in notes 5 and 6.

Mr Clarke, who was a Director and Chairman of the Company until 31 December 2021 is also Chairman of Thomas Dessain who were paid £11,000 relating to services provided in the recruitment search for Mr Kirkby.

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.

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 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	493,609	-	-	493,609
Quoted bonds	b)	-	3,761	-	3,761
Net fair value		493,609	3,761	-	497,370

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

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 2021 has been classified as Level 2.

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 2021 has been estimated at £46,878,000 (carrying value per Balance Sheet – £46,753,000) which was calculated using a discounted cash flow valuation technique. At 31 December 2020 the fair value was £35,734,000 (carrying value per Balance Sheet – £35,734,000). Under the fair value hierarchy in accordance with IFRS 13, these borrowings can be classified as Level 2.

23. Post Balance Sheet events

On 4 January 2022 the Company announced that with effect from 1 January 2022 it had changed its name to abrdrn Asian Income Fund Limited. In addition, the Company announced that it had migrated tax residency to the UK from Jersey and elected to join the UK's investment trust regime following a review of tax arrangements.

Subsequent to the year end, global stockmarkets have experienced increased volatility due to the Russian military offensive against Ukraine. At the date this Report was signed, the NAV has fallen to 259.09p compared to 262.76p at the year end.

Securities Financing Transactions Disclosure (Unaudited)

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 Fund'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 2021			
Securities lending	362	0.07	0.08
31 December 2020			
Securities lending	-	-	-

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.

2021	£'000	2020	£'000
Activision Blizzard	42	HSBC Holdings	2,444
United Airlines	42	Oversea-Chinese Banking Corporation	173
Constellation A	42	United Overseas Bank	3,611
APA Corp	42		
Illimina	41		
UnitedHealth Group	41		
Relx	21		
Amadeus IT Group	21		
GN Store Nord	21		
Daimler	21		
	334		6,228

	2021		2020	
	Market value of collateral held £'000	Proportion held in segregated accounts %	Market value of collateral held £'000	Proportion held in segregated accounts %
Collateral held per custodian				
BNP Paribas	460	100	6,853	100

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

Collateral analysed by currency	Market value of collateral received	
	2021 £'000	2020 £'000
Pound Sterling	21	6,853
Canadian Dollar	1	-
Swiss Franc	21	-
Danish Krone	62	-
Euro	104	-
US Dollar	251	-
Total collateral received	460	6,853

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 2021			
BNP Paribas	362	France	Tri-party
Total market value of securities lending	362		-
31 December 2020			
Macquarie Bank	6,853	Australia	Tri-party
Total market value of securities lending	6,853		

^A All counterparties are shown

Securities Financing Transactions Disclosure (Unaudited)

Continued

Maturity Tenor of SFTs (remaining period to maturity)

31 December 2021

Securities lending

The lending and collateral transactions are on an open basis and can be recalled on demand. As at 31 December 2021 and 31 December 2020 there were no securities on loan.

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

Return and cost per type of SFT	2021		2020	
	£'000	%	£'000	%
Securities lending				
Gross return	2	120	-	-
Direct operational costs (securities lending agent costs) ^B	-	(20)	-	-
Indirect operational costs (Investment Adviser operational costs)	-	-	-	-
Total costs	-	(20)	-	-
Net return	2	100	-	-

^B The unrounded direct operational costs and fees incurred for securities lending for the 12 months to 31 December 2021 is £385 (2020 - £Nil)

Corporate Information

The Company's Investment Manager is abrdn Asia Limited, a subsidiary of abrdn plc, whose group companies as at 31 December 2021 had £542 billion of assets under management and administration

Information about the Investment Manager

abr dn Asia Limited

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

Worldwide, the abr dn Group manages and administers a combined £542 billion (as at 31 December 2021) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

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

The Investment Team Senior Managers



Hugh Young

Chairman Asia Pacific Region

BA in Politics from Exeter University. Started investment career in 1980. He is Chairman of the abr dn Asia business in Asia.



Flavia Cheong

Head of Equities – Asia Pacific

CFA® charterholder, 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 abr dn Asia in August 1996.



Yoojeong Oh

Investment Director, Asian Equities

CFA® charterholder, MEng in Engineering, Economics and Management from the University of Oxford. Joined abr dn 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 abr dn 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.

Our research drives performance



Source: abrdn

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.

The Investment Manager's Investment Process

Continued

- **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 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 42 to 47.

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: @abrdrTrusts

LinkedIn: [abrdr 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".

abrdr Capital International Limited ("ACIL"), 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, ACIL 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 117.

Investor Warning

The Board has been made aware by abrdr that some investors have received telephone calls from people purporting to work for the abrdr, 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 abrdr and any third party making such offers has no link with the abrdr Group. abrdr 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 abrdr's 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 2022/2023 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 (NMPs) 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 qualifies as an investment trust.

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 abrdr Investment Plan for Children, abrdr Share Plan and abrdr Investment Trusts ISA.

Investor Information

Continued

abrdn Investment Plan for Children

abrdn 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 abrdn 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.

abrdn Share Plan

abrdn 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 abrdn 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.

abrdn Investment Trusts ISA

An investment of up to £20,000 can be made in the tax year 2022/2023.

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 to abrdn

You can choose to transfer previous tax year investments to the abrdn 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 (Jersey) Limited, PO Box 532, St Helier Jersey JE4 5UW (e-mail shareholderenquiries@linkassetsservices.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, abrdn Asian Income Fund Limited, c/o abrdn Capital International Limited, 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB or by emailing CEF.CoSec@abrdn.com.

abrdn Savings Plan Enquiries

If you have any questions about an investment held through the abrdn Share Plan, abrdn ISA or abrdn Investment Plan for Children, please telephone the Manager's Customer Services Department on 0808 500 0040. Alternatively, email inv.trusts@abrdn.com or write to abrdn 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 abrdn's 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; 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 111 to 113 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

abrdn Asia or Investment Manager

abrdn Asia Limited – the Company's Investment Manager (previously known as Aberdeen Standard (Asia) Limited).

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/marketted in the EU. The Company has been designated as an AIF.

ACIL

abrdn Capital International Limited – the Company's Manager (previously known as Aberdeen Standard Capital International Limited).

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 ACIL

abrdn 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 ACIL 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.

abrdn Group

The abrdn 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 120.

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 2021

171,558,896 Ordinary Shares of no par value

23,374,493 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

Year to 31 December 2010

7,199,001 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 2011

6,250,000 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 2012

9,517,388 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 2013

8,425,000 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 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

Year to 31 December 2021

4,265,587 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 ACIL.
- In accordance with the requirements of the AIFMD, the Manager's remuneration policy is available from the Company Secretaries, abrdn Capital International Limited on request (see contact details on page 125) and the remuneration disclosures in respect of the ACIL reporting period for the year ended 31 December 2021 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.

Discount to net asset value per Ordinary share

The discount is the amount by which the share price is lower than the net asset value per share, expressed as a percentage of the net asset value.

		2021	2020
NAV per Ordinary share (p)	a	262.76	245.40
Share price (p)	b	231.00	228.50
Discount	$(b-a)/a$	-12.1%	-6.9%

Dividend cover

Dividend cover measures the revenue return per share divided by total dividends per share, expressed as a ratio.

		2021	2020
Revenue return per share	a	8.95p	7.41p
Dividends per share	b	9.50p	9.30p
Dividend cover	a/b	0.94	0.80

Dividend yield

The annual dividend per Ordinary share divided by the share price, expressed as a percentage.

		2021	2020
Annual dividend per Ordinary share (p)	a	9.50p	9.30p
Share price (p)	b	231.00p	228.50p
Dividend yield	$(b-a)/a$	4.1%	4.1%

Net gearing

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

		2021	2020
Borrowings (£'000)	a	46,753	35,734
Cash (£'000)	b	3,268	6,177
Amounts due to brokers (£'000)	c	-	-
Amounts due from brokers (£'000)	d	-	-
Shareholders' funds (£'000)	e	450,790	431,476
Net gearing	(a-b+c-d)/e	9.6%	6.9%

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC, 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 daily net asset values with debt at fair value published throughout the year.

	2021	2020
Investment management fees (£'000)	3,527	3,120
Administrative expenses (£'000)	862	792
Less: non-recurring charges ^A (£'000)	(76)	-
Ongoing charges (£'000)	4,313	3,912
Average net assets (£'000)	446,994	378,122
Ongoing charges ratio (excluding look-through costs)	0.96%	1.03%
Look-through costs^B	0.05%	0.07%
Ongoing charges ratio (including look-through costs)	1.01%	1.10%

^A Professional services comprising advisory and legal fees considered unlikely to recur.

^B Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

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.

Alternative Performance Measures

Continued

Total return

NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored against open-ended and closed-ended competitors, and the Reference Index, respectively.

Year ended 31 December 2021		NAV	Share Price
Opening at 1 January 2021	a	245.40p	228.50p
Closing at 31 December 2021	b	262.76p	231.00p
Price movements	$c=(b/a)-1$	7.1%	1.1%
Dividend reinvestment ^A	d	3.9%	4.1%
Total return	c+d	+11.0%	+5.2%

Year ended 31 December 2020		NAV	Share Price
Opening at 1 January 2020	a	227.15p	214.00p
Closing at 31 December 2020	b	245.40p	228.50p
Price movements	$c=(b/a)-1$	8.0%	6.8%
Dividend reinvestment ^A	d	4.9%	5.3%
Total return	c+d	+12.9%	+12.1%

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

General



The AGM will be held at 10:00 a.m. on 11 May 2022 at Bow Bells House,
1 Bread Street, London EC4M 9HH

Notice of Annual General Meeting

Notice is hereby given that the sixteenth Annual General Meeting of abrdn Asian Income Fund Limited will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH at 10.00 a.m. on 11 May 2022 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 2021, together with the Auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 December 2021 (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 elect Mr R Kirkby 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 and 12 which will both 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 2023 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 17,079,550 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 2023 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.

By order of the Board
abrdn Capital International Limited

Secretaries
25 March 2022

Registered Office

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

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 13 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, abrdn 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 13 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 10.00 a.m. on 9 May 2022. 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.

Notice of Annual General Meeting

Continued

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 10.00 a.m. on 9 May 2022.
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 25 March 2022 (being the last business day prior to the publication of this notice) the Company's issued Ordinary Share capital comprised 170,795,505 Ordinary Shares of no par value and 24,137,884 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 25 March 2022 was 170,795,505.
12. There are special arrangements for holders of Ordinary Shares through the abrdn Share Plan and ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.
13. *The Board is hopeful that the 2022 AGM will be an in-person meeting. However, given the evolving nature of the Covid-19 pandemic, should circumstances change significantly before the time of the AGM, the Company will notify shareholders of any changes to the AGM arrangements by updating the Company's website at murray-intl.co.uk and through an RIS announcement, where appropriate, as early as is possible before the date of the meeting. Shareholders should note that if law or Government guidance so requires at the time of the meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the meeting and may be required to impose entry restrictions on certain persons wishing to attend the meeting in order to ensure the safety of those attending the meeting and to satisfy any requirements mandated by the venue managers.*

Corporate Information

Directors

Ian Cadby, *Chairman*
Krystyna Nowak, *Senior Independent Director*
Mark Florance, *Audit Committee Chairman*
Robert Kirkby (*appointed 1 November 2021*)
Nicky McCabe
Hugh Young

Manager, Secretary & Registered Office

abrdn Capital International Limited
1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB

Tel: **01534 758 847**
CEF.CoSec@abrdn.com

Registered in Jersey with Number 91671

Investment Manager

abrdn Asia Limited
21 Church Street
#01-01 Capital Square Two
Singapore 049480

Registrars

Link Market Services (Jersey) Limited
PO Box 532
St Helier
Jersey JE4 5UW

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

Dickson Minto
16 Charlotte Square
Edinburgh EH2 4DF

Jersey Lawyers

Mourant Ozannes (Jersey) Limited
22 Grenville Street
St Helier
Jersey JE4 8PX

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



For more information visit:

asian-income.co.uk