abrdn Asian Income Fund Limited

Annual Report 31 December 2022

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Find out more

www.asian-income.co.uk

About the Company

A bottom-up, unconstrained strategy focused on delivering rising income and capital growth by investing in quality Asia-Pacific companies at sensible valuations.

The Investment Manager's investment teams are on the ground in Asia, seeking out cash-generative companies with strong balance sheets that pay attractive dividends to their shareholders.

Environmental, social and governance ("ESG") analysis is embedded in the Investment Manager's research process.

The investment approach

Through intensive, first-hand research, the Investment Manager actively manages portfolios aiming to deliver long-term returns.

01 Identifying and investing in quality assets

The Investment Manager rates every investment against strict quality criteria designed for each asset class. Intensive first-hand research, supported by its global presence and proprietary tools, means it can often identify investments whose quality is not yet fully recognised by the market.

02 Team-based, high-conviction thinking

Instead of star managers, the Investment Manager uses the insight and analysis of its whole team to rate and select investments. This in turn gives them the conviction to focus on their best ideas – and build portfolios that may be very different from the Index and competitor funds.

03 Being forward focused

Achieving superior results by being forward-focused. The Investment Manager focuses on what is changing in companies, industries and markets but is not being priced in or is being mispriced. It analyses the dynamic factors shaping future opportunities and identifies the corporate leaders of the future.

04 Powering positive change

The Investment Manager believes that investing sustainably has the power to create a fairer, healthier world. It is also critical to managing risk and generating better returns. Analysis of ESG factors is integral to the investment process.

Once invested, the Investment Manager actively engages with companies to keep raising standards across their activities and operations.

The Company at a Glance

4.7%
Dividend yield

10.0p
Dividend per Ordinary share

£413.4m
Net Assets

£365.1m
Market Capitalisation

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

On the ground
Experienced management team based in Asia Pacific

Quality focus
Access to some of the most exciting, shareholder-focused companies

Diversification
Offering diversified income generation

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

Yoojeong Oh
Investment Director
abrdn Asia Limited

The Company in detail
See under the foldout detailed information on the make-up of the Company.

Performance Highlights

The NAV total return of -3.6% for the year ended 31 December 2022 was ahead of the Index, which fell by 6.8% on a total return basis. The dividend per Ordinary share increased by 5.3%, from 9.5p to 10.0p, providing a dividend yield of 4.7%.

Dividend per Ordinary share

10.0p

2022	10.0p
2021	9.5p

Dividend yield[ACD]

4.7%

2022	4.7%
2021	4.1%

Net asset value total return[AB]

-3.6%

2022	-3.6%
2021	11.0%

Ordinary share price total return[AB]

-2.7%

2022	-2.7%
2021	5.2%

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

-6.8%

2022	-6.8%
2021	-1.8%

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

+3.2%

2022	3.2%
2021	8.1%

Earnings per Ordinary share – basic (revenue)

10.23p

2022	10.23p
2021	8.95p

Discount to net asset value per Ordinary share[AC]

11.7%

2022	11.7%
2021	12.1%

Ongoing charges[AE]

1.01%

2022	1.01%
2021	1.01%

Net gearing[AC]

8.1%

2022	8.1%
2021	9.6%

[A] Alternative Performance Measure (see pages 106 and 107).
[B] Total return represents the capital return plus dividends reinvested.
[C] As at 31 December.
[D] Yield is calculated as the dividend per Ordinary share divided by the share price per Ordinary share expressed as a percentage.
[E] Calculated in accordance with the latest AIC guidance issued in October 2020 to increase the scope of reporting the look-through costs of holdings in investment companies.

-8.3%

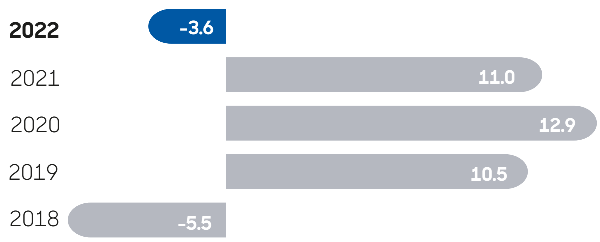
£413.4m
Net Assets

-7.9%

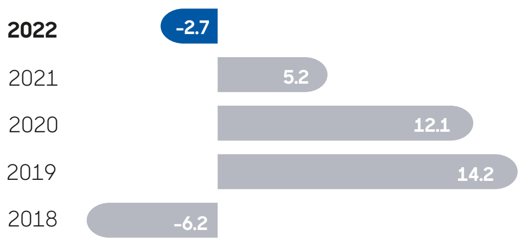
£365.1m
Market Capitalisation

4.7%
Dividend yield

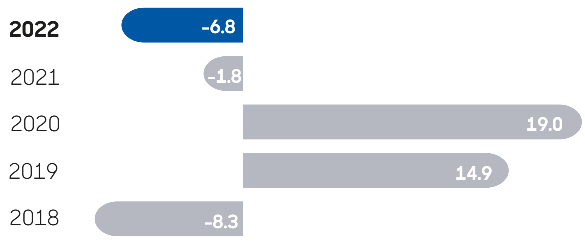
Net asset value total return[A]
To 31 December – percentage



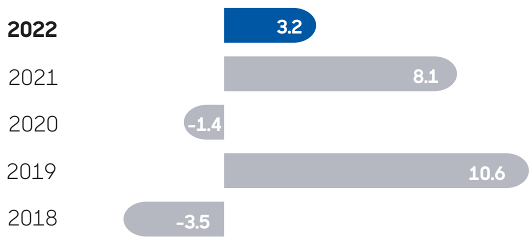
Ordinary share price total return[A]
To 31 December – percentage



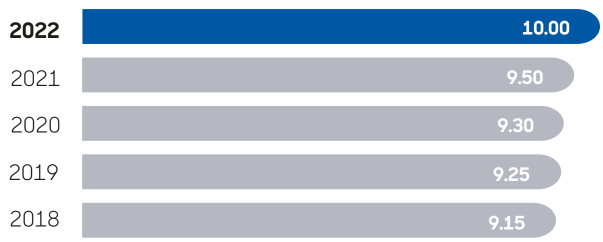
MSCI AC Asia Pacific Ex Japan Index total return (currency adjusted)
To 31 December – percentage



MSCI AC Asia Pacific ex Japan High Dividend Yield Index total return (currency adjusted)
To 31 December – percentage



Dividends per Ordinary share
To 31 December – pence



[A] Alternative Performance Measure (see pages 106 and 107).

Summary of Results

Financial Highlights

	31 December 2022	31 December 2021	% change
Net asset value total return[A]	–3.6%	+11.0%	
Share price (Ordinary) total return[A]	–2.7%	+5.2%	
MSCI AC Asia Pacific ex Japan Index total return (currency adjusted)	–6.8%	–1.8%	
MSCI AC Asia Pacific ex Japan High Dividend Yield Index total return (currency adjusted)	+3.2%	+8.1%	
Market capitalisation (£million)	£365.1	£396.3	–7.9
Discount to net asset value per Ordinary share[A]	11.7%	12.1%	
Ongoing charges ratio[A]	1.01%	1.01%	
Dividends and earnings			
Total return per Ordinary share[B]	(10.01)p	25.88p	n/a
Earnings per Ordinary share – basic (revenue)[B]	10.23p	8.95p	+14.3
Dividends per Ordinary share[C]	10.00p	9.50p	+5.3
Dividend cover per Ordinary share[A]	1.02	0.94	+8.6
Revenue reserves (£million)[D]	£7.3	£6.9	
Dividend yield[A]	4.7%	4.1%	

[A] Considered to be an Alternative Performance Measure as defined on pages 106 and 107.
[B] Measures the relevant earnings for the year divided by the weighted average number of Ordinary shares in issue (see note 10 on page 77).
[C] The figure for dividends reflects the years in which they were earned (see note 9 on page 76).
[D] The revenue reserves figure takes account of the fourth interim dividend amounting to £5,263,000 (2021 – fourth interim amounting to £4,712,000).

Capital Performance to 31 December 2022

	31 December 2022	31 December 2021	% change
Total assets (see definition on page 103) (£million)	£454.4	£497.5	–8.7
Total equity shareholders' funds (net assets) (£million)	£413.4	£450.8	–8.3
Net asset value per Ordinary share	243.44p	262.76p	–7.4
Ordinary share price	215.00p	231.00p	–6.9

Long Term Total Return Performance to 31 December 2022

	1 year % return	3 year % return	5 year % return	Since launch[B] % return
Net asset value[A]	–3.6	+20.8	+26.1	+376.1
Share price (Ordinary)[A]	–2.7	+14.8	+23.0	+325.4
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	–6.8	+9.0	+14.8	+302.2
MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted)	+3.2	+10.0	+17.4	+347.4

[A] Considered to be an Alternative Performance Measure (see pages 106 and 107 for more details).
[B] Launch date being 20 December 2005.

Strategic Report

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

Highlights

- Performance ahead of the MSCI AC Asia Pacific ex Japan Index (the "Index") in the year; NAV per share was down 3.6% on a total return basis compared to a fall of 6.8% in the Index.
- NAV total return out-performed the Index over one, three and five years.
- 5.3% increase in total dividends paid, from 9.5p to 10.0p, providing a dividend yield of 4.7%.
- Revenue earnings per share were 10.2p for the year, an increase of 14.3% compared to the previous year.

Background and Overview

The year under review was an unsettling period for investors in Asian markets. Optimism for a return to growth was tempered by global concerns over rising inflation, recession fears and the impact of the conflict in Ukraine.

Your company has not been immune to these factors. For the year ended 31 December 2022, on a total return basis, the net asset value ("NAV") per share was down 3.6%. However, as a result of the Investment Manager's thorough approach to stock selection, investing in companies with strong balance sheets, performance was still ahead of the Index, which fell by 6.8% over the year (currency adjusted, on a total return basis). Over the longer term, the Company's performance continues to look healthy, with NAV total returns of 20.8% over three years and 26.1% over five years, compared to 9.0% and 14.8% respectively from the Index.

In some respects, the global situation is similar to the environment I described in the Half Yearly Report last year. Russia's invasion of Ukraine - Europe's biggest conflict since World War II - has led to a sharp increase in commodity prices and heightened fears about the potential impact on corporate profit margins. Meanwhile, soaring inflation means that investors are increasingly dwelling on the possibility of a recession, as central banks look to mitigate the impact of inflation.

Having said that, inflation in Asia, while rising, is still not as acute as it is in the West (compare Singapore's 7.7%, among the highest in the region at the end of 2022, with the UK's rate of inflation of 10.5% in December). As a result, the region has not been subject to the same level of interest rate increases. Clearly, however, the risk now for Asia is whether this trend of rising prices will catch up, or whether the higher levels of GDP growth will compensate.

One key shift towards the end of the year was China's approach to containing the Covid-19 pandemic. In December, the country started the process of moving away from its strict zero-Covid approach, which had led to lengthy lockdowns. China's re-opening should lead to improved tourism and consumer spending due to pent-up demand on the mainland and further afield. Meanwhile, China's government has also taken action to improve regulation and ease the burden on its debt-laden real estate sector.

> **"Over the longer term, the Company's performance continues to look healthy, with NAV total returns of 20.8% over three years and 26.1% over five years, compared to 9.0% and 14.8% respectively from the Index."**

In terms of currency impact, despite the US Federal Reserve (the "Fed") taking aggressive action on interest rate increases to avoid inflation, Asian currencies largely did better than our base currency, Sterling, over the year – the weaker British pound resulting in part from the well documented political instability in the UK. Currency movements had a positive impact on the portfolio over the period, with the Singapore Dollar gaining the most and the Thai Baht also fairly strong.

Performance

As stated above, the NAV total return of -3.6% for the year was ahead of the Index, which fell by 6.8% on a total return basis, but was behind the MSCI AC Asia Pacific ex Japan High Dividend Yield Index (the "High Yield Index"), which produced a total return of 3.2%.

The share price total return for the 12 months was -2.7%, reflecting a narrowing of the discount at which the shares trade, from 12.1% to 11.7% at the year end. At the time of writing the Ordinary shares are trading at a discount of 12.3% to the prevailing NAV.

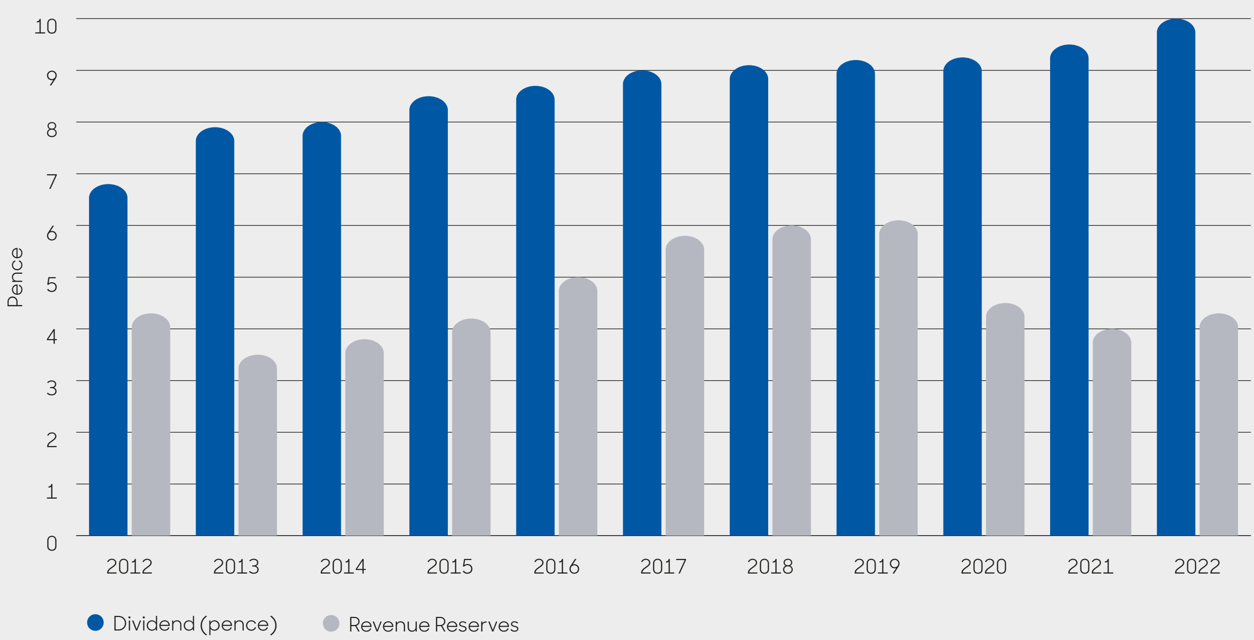
As I set out in the Half Yearly Report, the portfolio fared well in the first five months of the year, only for those gains to be eroded in June by a rebound in China, where the Company is underweight. However, the portfolio staged a good recovery over the second half of the year, with particularly strong performance in November and December.

One of the prevailing themes over the year was weakness in the technology sector, as investors considered how consumer demand would stand up to a global recession. However, the Company has benefited from being underweight to some of the expensive growth areas and Chinese internet companies which underperformed over the course of the year.

Conversely, relative to the High Yield Index, the Company's performance lagged over the period on account of the index's heavier allocation to Chinese banks, a sector which held up relatively well on hopes of a recovery in credit growth.

The end of the year saw stronger performance from two notable areas of the portfolio: Australian mining and commodity companies, which benefited from positive

10 years of annual dividend growth



10.0p
Dividend per share

sentiment in China and higher prices for commodities such as iron ore (which returned to more than US$100 per tonne in November); and Singapore banks, which have benefited from higher interest rates and the growing economy. Singapore's biggest banks have all reported record profits with growing net interest margins. As the Investment Manager looks to increase exposure to dividend-paying companies, this has included topping up the portfolio's weighting to financials, including Singapore banks.

Further information on performance and portfolio activity during the year is contained in the Investment Manager's Review on pages 11 to 17.

Revenue and Dividends

Revenue earnings per share were 10.2p for the year ended 31 December 2022, an increase of 14.3% compared to the previous year. The Company has continued to benefit from the Investment Manager's focus on high-yielding companies with strong fundamentals, where it believes there is room for significant increases in dividend receipts over the next couple of years, given low distribution ratios by companies and healthy free cash flow generation.

Four quarterly dividends were declared over 2022. The first three dividends were paid at a rate of 2.3p with a fourth interim dividend of 3.1p, representing a 5.3% increase in total dividends for the year, from 9.5p to 10.0p. This increase maintains the trend that has been established over each of the last 14 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 215p, the shares were yielding 4.7% at the year end. The Board is very aware of the importance of dividends to shareholders and is pleased to confirm that, in the absence of unforeseen circumstances, it is our intention to declare a total dividend of at least 10.5p per Ordinary share in respect of the year to 31 December 2023.

Over the forthcoming year, the Investment Manager will be researching further dividend-paying companies that could be added to the portfolio. As Asia's economies continue to re-open and recover from the shock of the pandemic, the Investment Manager expects to see strong earnings growth in Asia relative to Western markets, which should translate into increasing dividend receipts. The Board hopes that this will provide it with an opportunity to accelerate the rate of dividend growth in future years.

Although not required this year, the Company continues to have the ability to use some of its 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. 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.

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 bought back 1.7 million shares during the year to be held in treasury (2021: 4.3 million shares). Subsequent to the year end we have continued to buy back shares and a total of 499,669 further shares have been acquired.

These buybacks provide an enhancement 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.

Gearing

The Company has a £10 million fixed rate term loan and a £40 million revolving credit facility, both of which mature in March 2024. At the year end, £31 million of the revolving credit facility was drawn down, resulting in total borrowings of £41 million and gearing (net of cash) of 8.1% (2021: 9.6%).

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 Investment Manager's approach to ESG matters is contained on pages 37 to 40.

> "Based upon the Ordinary share price of 215p, the shares were yielding 4.7% at the year end."

> "With a long heritage in Asia, the Investment Manager has a strong record of finding those proven, quality companies that benefit from structural trends while generating healthy income and capital growth for investors. The Board remains confident this will be to the benefit of shareholders over the long term."

Annual General Meeting ("AGM") and Online Shareholder Presentation

AGM

The AGM will be held at 10:30 a.m. on 10 May 2023 at Wallacespace Spitalfields, 15-25 Artillery Lane, London E1 7HA. There will be a short presentation by videoconference from the Investment Manager followed by tea and coffee. We very much look forward to meeting and engaging with as many shareholders as possible at the meeting.

We encourage all shareholders to complete and return the Proxy Form enclosed with the Annual Report so as to ensure that your votes are represented at the meeting. If you hold your shares in the Company via a share plan or a platform and would like to attend and / or vote at the AGM, then you will need to make arrangements with the administrator of your share plan or platform. For this purpose, investors who hold their shares in the Company via one of the abrdn savings plans will find a Letter of Direction enclosed. Shareholders are encouraged to complete and return their Proxy Forms / Letters of Direction in accordance with the instructions.

The Notice of the Meeting is contained on pages 109 and 110.

Online Shareholder Presentation

In order to encourage as much interaction as possible with our shareholders, and especially for those who are unable to attend the AGM, we will also be hosting an Online Shareholder Presentation, which will be held at 10.00 a.m. on Wednesday 26 April 2023. At this event you will receive a presentation from the Investment Manager and have the opportunity to ask live questions of the Chairman and the Investment Manager. The online presentation is being held ahead of the AGM to allow shareholders who attend to submit their proxy votes for the AGM after the presentation.

Full details on how to register for the online event can be found at: **bit.ly/abrdn-asia-income**

Details are also contained on the Company's website.

Board Composition

Having been a Director since the launch of the Company in 2005, Hugh Young has decided to retire at this year's AGM. Over the years, the Company has benefited hugely from Hugh's vast investment experience and insight of the Asian region. On behalf of the Board I would like to thank Hugh for his significant contribution over this time.

Jersey Administrator

Since the end of the year, the Board has noted the announcement made by abrdn plc ("abrdn") of the proposed sale of its discretionary fund management business in Jersey, which currently provides a Jersey regulatory function to the Company.

The Board wishes to confirm that, notwithstanding this proposed sale, the investment management of the Company's portfolio will continue to be carried out by abrdn via its Singapore based Asian Equity team.

The Board will of course fulfil its own duty to review carefully any new Jersey regulatory arrangements that abrdn proposes to put in place, to ensure that such arrangements remain in the best interests of the Company's shareholders.

Outlook

While growth prospects in Asia may have moderated slightly (the Asian Development Bank has reduced its 2023 outlook for GDP expansion to 4.6%), economic growth is still forecast to be ahead of many other parts of the world. The question now is whether the region's growth prospects outweigh the potential for higher inflation creeping into Asian economies. Investors will also keenly watch the Fed's monetary policy, with many Asian currencies pegged to the US Dollar, and China's emergence from its zero-Covid policy, alongside other economies that continue to re-open, which is a positive sign for the region.

The Asia investment story remains as compelling as ever for investors. Long-term drivers of rising affluence, green energy and technology adoption provide opportunities for companies that have the ability to generate steady cash flow and pay stable dividends.

With a long heritage in Asia, the Investment Manager has a strong record of finding those proven, quality companies that benefit from structural trends while generating healthy income and capital growth for investors. The Board remains confident this will be to the benefit of shareholders over the long term.

Ian Cadby

Chairman
4 April 2023

Investment Manager's Review

01 How did abrdn Asian Income Fund do in 2022?

An overarching theme that shaped markets in 2022 was the global pivot towards monetary tightening, as central banks raced to contain an inflation surge which had been inflamed by the commodity crisis following Russia's invasion of Ukraine. Rising borrowing costs ignited recession fears and took the shine off growth stocks, where frothy valuations based on sentiment rather than fundamentals were particularly sensitive to interest rates. Instead, investors rotated towards value stocks, which looked relatively cheap and offered better shareholder returns.

With its income focus, the Company benefited from this change in sentiment. The Company's net asset value ("NAV") fell by 3.6% on a total return basis in sterling terms, outperforming the MSCI AC Asia Pacific ex Japan Index's loss of 6.8%. The Company's holdings in Singapore outpaced the broader markets, led by the banks which resumed dividend payments after the pandemic-related regulatory restrictions were removed. The portfolio also benefited from having less exposure to China, where dividend yields are lower than the regional average, as sentiment there was weighed down by regulatory uncertainty, a property slump and disruptive Covid-19 lockdowns. In comparison, the Company trailed the MSCI AC Asia Pacific ex Japan High Dividend Yield Index, which returned 3.2%. This index includes state-owned financial and power companies, which we have chosen not to hold as we find better managed peers with more sustainable outlooks elsewhere in the region.

Information technology was the weakest performing sector as valuations of technology companies corrected, having been consistent outperformers over the previous years. However, the Company's holdings in this sector are technology leaders with strong balance sheets. They have been resilient relative to their peers and continue to offer attractive medium-term total returns and growth prospects.

-3.6%
NAV total return

-2.7%
Share price total return

-6.8%
Index total return

4.7%
Dividend yield

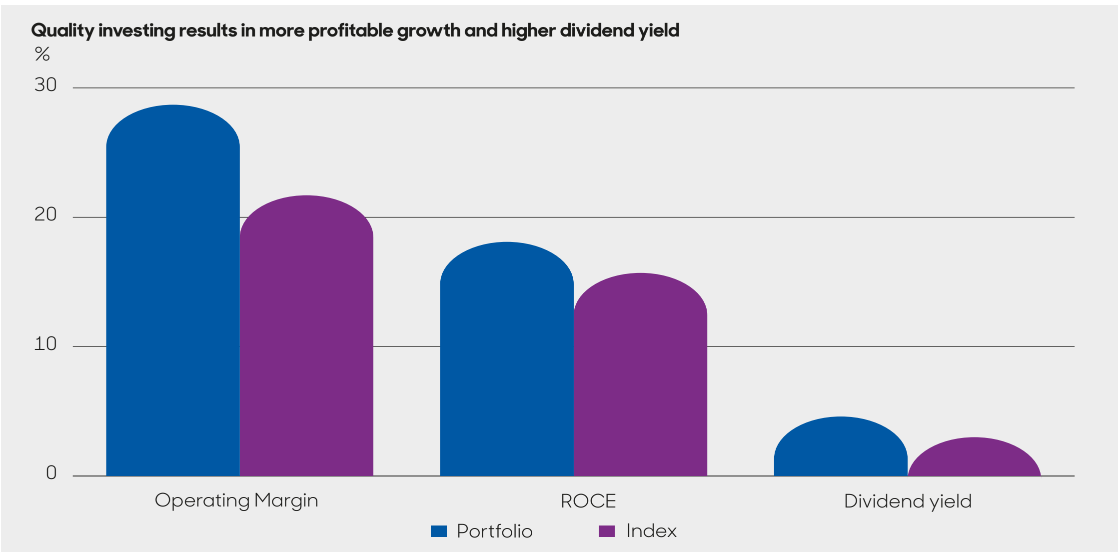
02 How were the Company's holdings able to remain resilient in the tough macro environment?

One of the ways we try to mitigate the impact of macro-economic events on the portfolio is by knowing the holdings inside out, through disciplined analysis, and investing only in quality companies that we believe will be winners in the long run. In our view, company fundamentals are the ultimate drivers of share prices. Specifically, the Company targets the *income* and *growth* potential of Asia's most compelling and sustainable firms. Our focus is therefore on finding high-quality, dividend-paying companies that offer capital appreciation alongside growing dividends.

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

We form our expectations of a company's growth potential and dividend-paying ability via rigorous, first-hand research, drawing on the knowledge of approximately 40 investment professionals on the ground in Asia. We meet companies before making any investments and continue monitoring them regularly after they are added to the portfolio. Among the key attributes we look for are proven management teams with good track records, healthy balance sheets and sustainable cash-generative operations that can support dividends. This is particularly important in the current higher interest rate environment, as heavily debt-laden businesses could face financial pressure which may result in withheld or reduced dividends.

We also prefer companies with robust business models and enduring competitive advantages. These qualities can improve their pricing power, allowing them to protect market share and profitability by passing on higher costs – an important consideration in today's inflationary environment. The output of this process is a portfolio of companies that exhibits stronger profitability, a better return on equity and a higher dividend yield compared to the Index, as can be seen in the chart below.



Debt/Equity for portfolio and Index excludes banks and insurance companies
All figures are based on historic figures
Index is MSCI AC Asia Pacific ex Japan Index
Source: abrdn, Factset, 31 December 2022.

Another way we enhance returns and mitigate portfolio risk is by integrating environmental, social and governance ("ESG") analysis into our investment process. In our opinion, informed and constructive engagement helps foster better corporate practices, and that in turn can protect and increase the value of the Company's investments. Moreover, active engagement is particularly pertinent in Asia, where an ESG culture has been slow to emerge relative to Europe and the US. Many companies in the region are beginning to understand the significance of ESG reporting and the potential impact on share prices from having a clear and transparent ESG policy.

ESG perception	ESG reality
ESG is a cost	ESG is alpha
Underdeveloped ESG research and disclosures	Proprietary ESG research is rewarded due to this inefficiency
ESG standards are lower in Asia	Engagement efforts are raising standards

That is why we regularly engage with the companies we invest in, to share and encourage better ESG practices, while ensuring we fully understand their future direction from a risk and an ESG perspective. Our regular dialogues with managements cover varied topics such as climate change risks, management turnover, data security and gender diversity. Examples of our engagement with **Auckland International Airport** and Singapore-based property trust **Capitaland India Trust** are included on pages 41 and 42 respectively. Notably, the Company's portfolio is rated A by MSCI for ESG, has maintained its above-benchmark ESG quality score and continues to enjoy a similar or better E, S and G score relative to the Index, as shown below.

ESG quality score

6.7

Index is 5.9

Environmental score	Social score	Governance score
5.6	5.0	5.8
Index is 5.4	Index is 5.0	Index is 5.1

Index is MSCI AC Asia Pacific ex Japan Index

03 What contributed to the Company's performance over the year?

The Company's investments in Singapore, the portfolio's biggest single country exposure, delivered strong gains. As bottom-up stock pickers, we select the best companies regardless of the country they are based in. We like Singapore for its diversity of well-governed businesses with a prudent attitude towards balance sheet gearing, many of which have expanded their earnings across the higher-growth economies in the region.

Among the Singapore holdings, well-capitalised lenders **DBS Group, Oversea-Chinese Banking Group** ("OCBC") and **United Overseas Bank** ("UOB") performed well as rising interest rates pushed up their net interest margins, which had been suppressed by several years of very-low rates. All three banks emerged from the pandemic with their asset qualities intact. In addition, they have reported a sharp increase in earnings and rewarded shareholders by resuming dividend payments once the local regulator removed pandemic-related dividend restrictions. **Keppel Infrastructure Trust** fared similarly well, deriving steady and predictable cash flows from diversified assets that supported stable distributions. The Company also benefited from special dividends from **Singapore Telecommunications**, a telecom operator with regional franchises that capture growth in Asia's emerging markets.

China was once again a swing factor for performance. Our active decision to avoid holding large, non-dividend paying Chinese internet companies was favourable as their share prices have come under intense pressure since late 2020 on the back of sweeping regulatory changes. In addition, stock selection in China was positive.

For example, property company **China Resources Land** ("CR Land") was boosted by market-friendly policy announcements as the authorities stepped up measures to support the housing market. The country's swift re-opening provided another welcome fillip for the sector. Shares of the high-quality property developer have risen over each of the past two years - no small feat considering the Chinese market's double-digit losses over those periods. It is not just that the company has a low cost of capital and a good execution track record. CR Land's portfolio of investment properties is an additional liquidity source that provides it with steady cash flow and helps keep its balance sheet modestly geared. This is in stark contrast to many of its heavily indebted domestic rivals.

Elsewhere, Australian commodity companies stood out. Mining giants **Rio Tinto** and **BHP Group** rallied on strong iron ore prices, which received a further boost towards the year-end on optimism over Chinese demand. In addition, BHP declared a record dividend following stellar full-year results. Rio Tinto reduced its special dividend as part of its regular shareholder returns management policy, but it remains a large dividend payer with a yield of around 9%. At the time of writing, both companies have reported strong production and higher iron ore shipments. We continue to like the diversified miners, which have solid assets and balance sheets, and provide a good proxy for growth in China and other emerging markets.

In neighbouring New Zealand, **Spark New Zealand** was another outstanding performer. The telecom operator's active portfolio management strategy has been instrumental in supporting its solid growing dividend profile.

04 What changes have you made to the portfolio?

We have been increasing the weighting to financials, which we believe are beneficiaries of rising interest rates and re-opening economies, and of an increase in dividend growth as domestic regulators lift distribution restrictions following the pandemic. Earlier in the year, we introduced Thailand-based **Kasikornbank**, a leader on the digitalisation, technology and ESG fronts. The lender's promising prospects are backed by its solid balance sheet, strong branch network and measured approach in digital transformation. We also added attractively valued **Dah Sing Financial**, which offers banking, insurance and other financial-related services mainly in Hong Kong, Macau and mainland China. The group's business fundamentals are improving, aided by the continued economic recovery in Hong Kong and China.

Conversely, we reduced the portfolio's technology exposure given the weak global demand environment as we suspect there will come a time when we can invest back into these quality companies at lower prices. That said, we did take advantage of bouts of market weakness to initiate some positions in quality technology companies with compelling valuations. As highlighted in the Half-Yearly Report, two such purchases were **MediaTek** and **Taiwan Union Technology** ("TUC"), which are both based in Taiwan. Fabless integrated-circuit design house MediaTek has committed to returning capital to shareholders via a special dividend over at least the next couple of years, on top of its regular dividend based on an 80%-85% distribution ratio. TUC is a leading maker of copper clad laminate, which is an integral part of the structural growth in capital expenditure in data centres, base stations and servers in the 5G infrastructure rollout and connectivity such as industrial automation, internet of things and autonomous cars. The company's first mover advantage and focus on product innovation have kept it ahead of the competition. In addition, we established a small position in Singapore-based **AEM Holding** in the second half of the year, given its dividend track record and business outlook. AEM has embedded itself in chipmaker Intel's global supply chain due to its patented test and handling technology. Its growth profile could become more diverse as Intel seeks to move into system-level testing equipment to bring more chip manufacturing in-house.

The purchases were funded with the sale of **China Mobile, CNOOC, SP Setia** and **Waypoint REIT**. Proceeds from the takeover of **AusNet Services** were also invested across holdings with high dividend yields.

05 What key areas are you monitoring closely this year?

Inflation and interest rate concerns remain front and centre for investors. Key central banks have retained their hawkish language, though moderating price increases have raised hopes of a slower pace of interest rate rises. At the same time, the world economy is still fragile, while geopolitical risks remain, with continued conflict between Russia and Ukraine.

Developments in China, meanwhile, continue to take centre stage. We believe the country's re-opening is broadly positive for Asia's prospects. A revival in domestic consumption and industrial conditions should benefit the region, as demand for exports, services and trade rebounds. The lifting of border constraints is likely to boost tourism revenues in South-East Asia, particularly as China accounted for the bulk of tourist arrivals pre-pandemic. In our view, China's recovery is sustainable, as domestic demand over the medium and longer term will be underpinned by broader economic improvement alongside excess household savings and disposable income accumulated during the pandemic years.

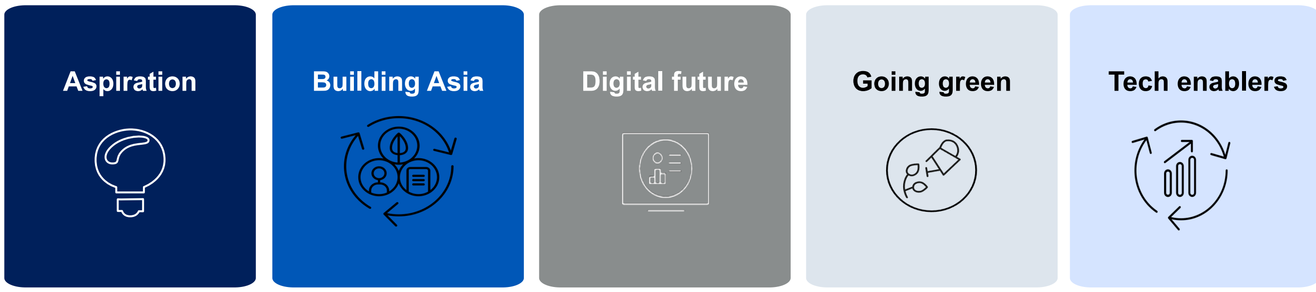
We are keeping a watchful eye on the shifting landscape and continuing our dialogue with the Company's underlying holdings, closely monitoring their operational performance and the impact of lower demand. As noted earlier, higher borrowing costs will impair the dividend-paying ability of debt-saddled firms, while those unable to pass on rising input costs could fall by the wayside. Encouragingly, the portfolio's quality holdings, with their robust balance sheets, are less reliant on debt financing and continue to display financial strength. Their durable competitive advantages have also been pivotal in preserving their margins and supporting their ability to pay out dividends, even in the face of elevated inflation.

Overall, Asia is starting the year in a relatively better position compared to other global regions. Manageable price pressures have allowed central banks to take a more deliberate approach to interest rate rises. Government finances and corporate balance sheets have, on average, remained solid. Asia is also growing faster than any other region in the world as it emerges from the effects of the pandemic. The gathering economic momentum should support earnings growth. We will remain alert and adapt alongside changing circumstances.

06 Where do the most attractive opportunities lie in Asia?

As illustrated below, quality income ideas are spread across multiple themes in Asia, where we can find companies offering good long-term total return opportunities across a variety of countries and sectors.

The accelerating transition to clean energy, for instance, is a game-changer. Among the quality holdings in the portfolio that offer dividends and growth in the green space are South Korea's **LG Chem** and Taiwan-based **Hon Hai Precision Industry**. The former is increasingly dominant in the electric vehicle ("EV") battery supply chain, while the latter is gaining a foothold in the EV market. Electric power transmission utility **Power Grid Corp of India**, too, is poised to play a decisive role in India's long-term decarbonisation efforts.



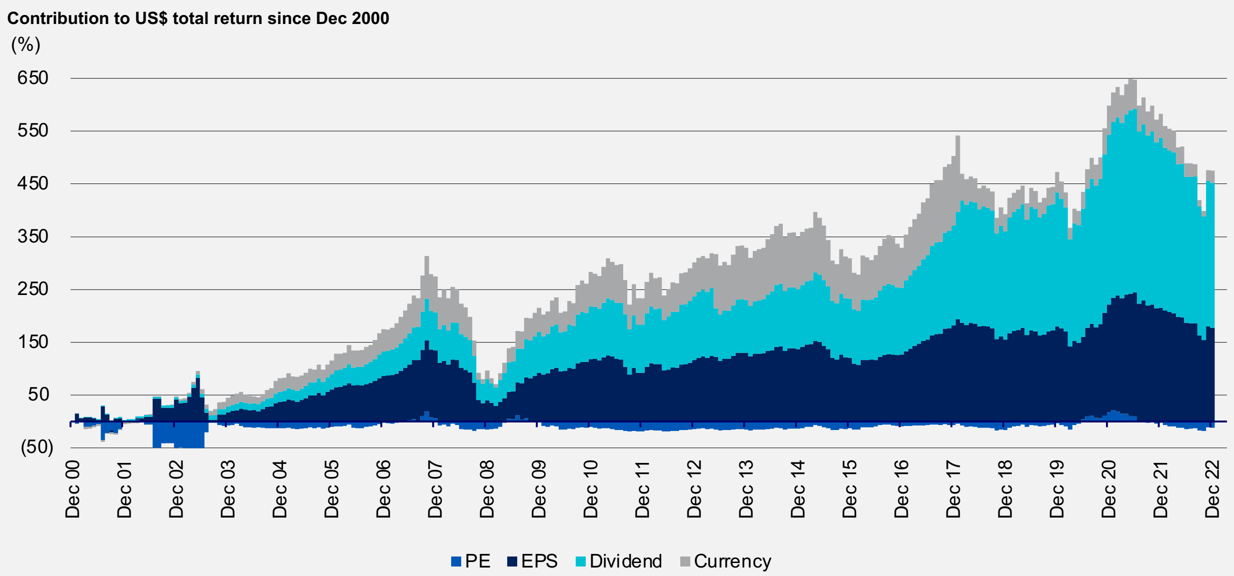
Elsewhere, technology enablers are fundamental for a digital future. The Company has exposure via its two largest positions in **Taiwan Semiconductor Manufacturing Company** and **Samsung Electronics**. Both are world-leading chip makers with sturdy balance sheets and good cash flow generation, and have considerable experience navigating the ups and downs of the industry cycle. The financial holdings, such as **Kasikornbank** and **DBS**, which are ramping up their digital capabilities, also offer exposure to the digital future theme. Furthermore, they are beneficiaries of Asia's rising affluence, which has created new opportunities for wealth solutions and services. Insurer **AIA Group** is a case in point.

Another of our preferred themes is the urbanisation and infrastructure expansion that is set to bolster property developers and material producers, such as the holdings in diversified miners **BHP Group** and **Rio Tinto** as well as property developer **CR Land**.

07 What is the outlook for dividends in the region?

We remain optimistic. Asia – long associated with growth – has often been considered a less obvious choice for investors in search of yield. In fact, dividend contribution in Asia has been on a steady upward path, helped by greater capital discipline and shareholder-friendly reforms. Dividends now comprise close to half of total returns to shareholders, as demonstrated in the chart below.

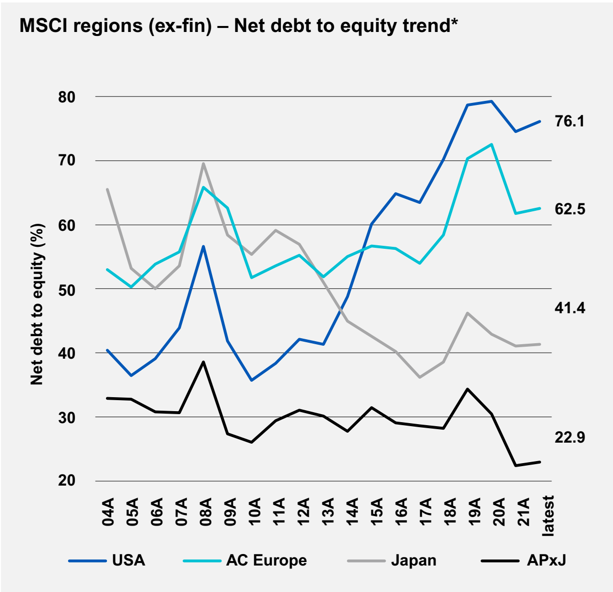
MSCI AC Asia Pacific ex-Japan Index – Deconstructing total return index



Source: CLSA, Factset, 31 December 2022

The source of these dividends is also broadening across countries and sectors. In addition to traditional high-yielding markets such as Australia, Singapore and Taiwan, we are starting to see dividend growth and better yields in emerging markets and countries not traditionally known for a dividend-paying business culture. India is a classic example, as companies have historically prioritised re-investing capital back into future growth. Increasingly, we are finding companies that can offer both earnings and dividend growth. **Power Grid Corp of India**, for example, offers a healthy yield of around 6%, while delivering earnings growth and investing in renewables generation. Opportunities are also spread across sectors ranging from banks and mining to technology and businesses exposed to the region's growing consumer market. That said, persistent near-term macroeconomic uncertainty and Asia's wide-ranging stock universe underline the value of fundamental analysis and stock picking.

Overall, Asian companies have stronger balance sheets relative to global peers, as is evident from the chart below. This puts them in a favourable position of being able to choose to invest in growth or improve returns to shareholders. We believe Asian companies are in a better position financially to raise dividends and our quality process enables us to filter this list down to companies that are more willing to increase total returns. Asian markets are also trading at lower price-earnings multiples relative to historical standards as well as world indices.



We are convinced that Asia continues to provide huge potential in both income and capital growth. We will remain discriminating in our selection of well-run and financially sound sustainable businesses with a long runway of growth.

Yoojeong Oh
Investment Director
abrdn Asia Limited
4 April 2023

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 migrated its tax residency to the UK from Jersey and elected to join the UK's investment trust regime. The Company continues to be registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991.

Investment Objective

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

Business Model

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

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

Investment Policy

Asset Allocation

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

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

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

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

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

Risk Diversification

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

In addition, the Company will not:

- invest, either directly or indirectly, or lend more than 20% of its total assets to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates), provided that this restriction does not apply to cash deposits awaiting investment;
- invest more than 20% of its total assets in other collective investment undertakings (open-ended or closed-ended);
- expose more than 20% of its total assets to the creditworthiness or solvency of any one counterparty (including the counterparty's subsidiaries or affiliates);
- invest in physical commodities;
- take legal or management control of any of its investee companies; or
- conduct any significant trading activity.

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

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

Gearing Policy

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

The percentage investment and gearing limits set out under this sub-heading "Investment Policy" are only applied at the time that the relevant investment is made or borrowing is incurred.

In the event of any breach of the Company's investment policy, shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to shareholders at their registered addresses.

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

Duration

The Company does not have a fixed life.

Comparative Indices

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

Promoting the Success of the Company

In accordance with corporate governance best practice, the Board is 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 "Online Shareholder Presentation" on page 21 provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account, among other things, 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 18. The activities of the Company are overseen by the Board of Directors of the Company. The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. At its regular meetings, the Board reviews the culture and manner in which the Manager operates 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. The 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 the Board engages with the Company's shareholders:

Annual General Meeting ("AGM") and Online Shareholder Presentation	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 10:30 a.m. on 10 May 2023 in London. Shareholders who are unable to attend are encouraged to lodge their votes by proxy on all the resolutions put forward. As explained in the Chairman's Statement, the Company will hold an online shareholder presentation in advance of the AGM this year including the opportunity for an interactive question and answer session.
Annual Report	The Company publishes 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	The Company issues announcements for all substantive news relating to it. These can be found on the Company's website and the London Stock Exchange's website.
Results Announcements	The Company releases 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 the portfolio and market performance.
Website	The Company's website contains a range of information and includes a full monthly portfolio listing of the Company's 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 23).

The Manager and Investment Manager

The key service providers for the Company are the Manager, abrdn Capital International Limited, and the Investment Manager, abrdn 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 97 and 98 and further information about the Investment Manager is given on page 96.

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. 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 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. The service providers look to the Company to provide them with a clear understanding of its 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 in detail at least annually. 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, 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 were taken during the year:

Portfolio

The Investment Manager's Review on pages 11 to 17 details the key investment decisions taken during the year and subsequently. The Investment Manager has continued to monitor the investment portfolio throughout the year under the supervision of the Board. A list of the key portfolio changes can be found on pages 14 and 15.

As disclosed on page 47, during the year, the Board confirmed that the continuing appointment of the Manager with the delegation arrangements to the Investment Manager, on the terms agreed, is in the interests of the shareholders as a whole.

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 £40 million revolving credit facility and a £10 million fixed rate loan both scheduled to mature in March 2024. The Board reviews the level of gearing at each Board meeting.

Share Buybacks

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

ESG

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 ("ESG") matters that subsist within the portfolio companies. During the year, the Board 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 continues 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.

Online Shareholder Presentation

To encourage and promote stronger interaction and engagement with the Company's shareholders, the Board will hold an interactive online shareholder presentation which will be held at 10.00 a.m. on Wednesday 26 April 2023. At the presentation, shareholders will receive updates from the Chairman and Investment Manager and there will be the opportunity for an interactive question and answer session. The online presentation is being held ahead of the AGM to allow shareholders to submit their proxy votes prior to the meeting.

Key Performance Indicators ("KPIs")

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

KPI	Description
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 25.
Performance	**Absolute Performance:** The Board monitors the Company's NAV total return performance in absolute terms. **Relative Performance:** The Board also measures performance against the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted) and performance relative to other investment companies within the Company's peer group over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies. **Share Price Performance:** The Board also monitors the price at which the Company's shares trade relative to the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted) on a total return basis over time. The Board measures performance over a time horizon of at least five years. The absolute, relative and share price performance is shown on page 26 and further commentary on the performance of the Company is contained in the Chairman's Statement and Investment Manager's Review.

KPI	Description
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 discount/premium relative to the NAV is shown on page 27.
Ongoing Charges Ratio	The Board monitors the Company's operating costs carefully. Ongoing charges for the year and previous year are disclosed on page 4.
Gearing	The Board ensures that gearing is kept within the Board's guidelines to the Manager.

Risk Management

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

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

The Board considers 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. In addition, 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.

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 the Manager's Promotional and Investor Relations teams and receives reports on the market from the Broker. In addition, 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 page 52.

Risk Management	Mitigating Action
Investment portfolio, investment management – investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and an inability to meet the Company's objectives or a regulatory breach.	The Board sets, and monitors, its investment restrictions and guidelines, and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process and application of the Board guidelines. The Investment Manager is represented at all Board meetings.
Financial obligations – the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's Ordinary shares.	The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting.
Financial – the financial risks associated with the portfolio could result in losses to the Company.	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated in conjunction with the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 18 to the financial statements.
Regulatory – failure to comply with relevant regulation (including Jersey Company Law and regulations, 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.	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.
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.	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. Further details of the internal controls which are in place are set out in the Directors' Report on pages 50 and 51.
Income and dividend risk – there is a risk that the portfolio could fail to generate sufficient income to meet the level of the annual dividend, thereby drawing upon, rather than replenishing, its revenue and/or capital reserves.	The Board monitors this risk through the review of income forecasts, provided by the Investment Manager, at each Board meeting.

Promoting the Company

The Board recognises the importance of communicating the long-term attractions of the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's Ordinary shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by 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.

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. At 31 December 2022, the Company did not have any employees and there were four male Directors and two female Directors on the Board. There are two Directors based in Singapore, two Directors based in Jersey and two Directors based in the UK.

Environmental, Social and Human Rights Issues

The Company has no employees as management of the assets is delegated to the Manager and sub-delegated to the Investment Manager. 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.

Under Listing Rule 15.4.29 (R), the Company, as a closed ended investment company, is exempt from complying with the Task Force on Climate Change-related financial disclosures.

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.

Viability Statement

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

- The principal risks detailed in the Strategic Report on pages 22 and 23;
- 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 the conflict in Ukraine;
- The liquidity of the Company's portfolio; and,
- The flexibility and certainty provided by the £40 million revolving credit facility and £10 million fixed term loan which do not expire until March 2024.

Accordingly, taking into account the Company's current position, the fact that its 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 the long-term impact of the war in Ukraine, significant stock market volatility, 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 ESG 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 the Chairman's Statement on page 10 whilst the Investment Manager's views on the outlook for the portfolio are included on pages 16 and 17.

Ian Cadby
Chairman
4 April 2023

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

Dividends and Ten Year Financial Record

Dividends

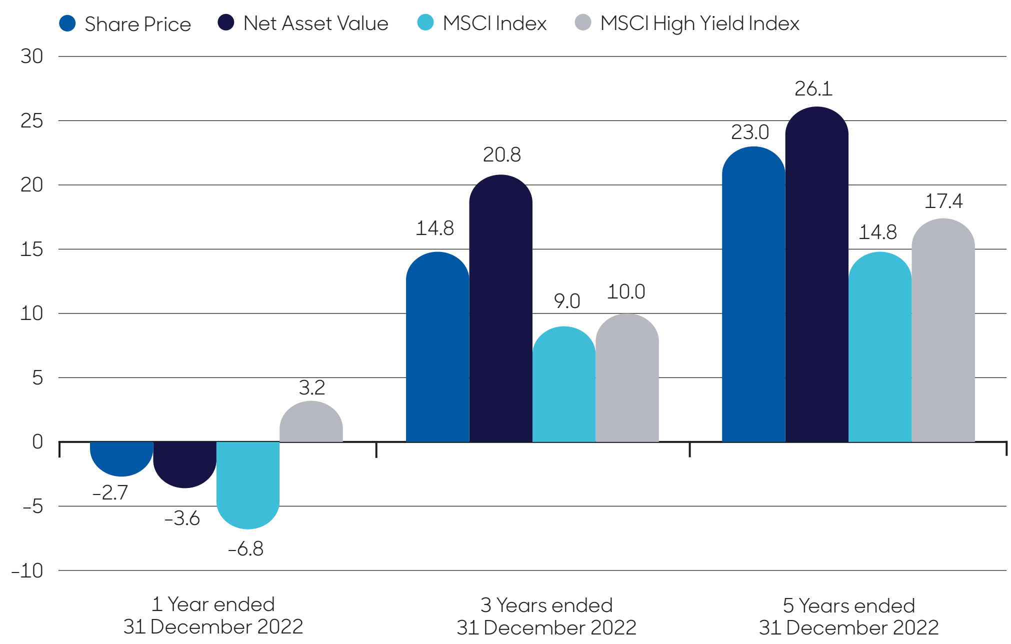
	Rate	Ex-dividend date	Record date	Payment date
First interim 2022	2.30p	21 April 2022	22 April 2022	23 May 2022
Second interim 2022	2.30p	28 July 2022	29 July 2022	22 August 2022
Third interim 2022	2.30p	27 October 2022	28 October 2022	18 November 2022
Fourth interim 2022	3.10p	19 January 2023	20 January 2023	17 February 2023
2022	**10.00p**			
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**			

Ten Year Financial Record

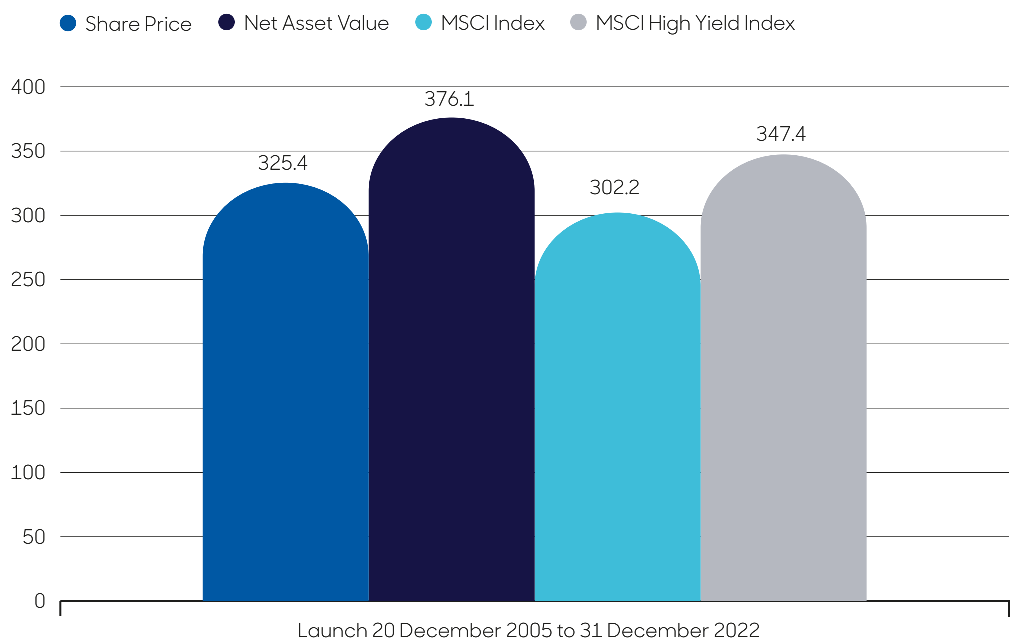
Year to 31 December	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total revenue (£'000)	18,736	19,333	21,216	20,947	21,758	21,056	20,996	16,942	20,198	21,841
Per Ordinary share (p)										
Revenue return	8.23	8.24	9.11	9.15	9.58	9.25	9.42	7.41	8.95	10.23
Total return	(6.69)	14.17	(18.86)	49.12	33.14	(13.17)	22.29	27.10	25.88	(10.01)
Dividends payable	7.90	8.00	8.50	8.75	9.00	9.15	9.25	9.30	9.50	10.00
Net asset value per Ordinary share (p)	191.56	197.84	170.58	211.82	235.63	213.96	227.15	245.40	262.76	243.44
Share price per Ordinary share (p)	195.00	199.88	159.00	194.25	218.00	195.75	214.00	228.50	231.00	215.00
Equity shareholders' funds (£'000)	371,117	384,868	329,432	396,028	431,869	382,199	403,403	431,476	450,790	413,447

Performance

Total Return (%)



Total Return (%)

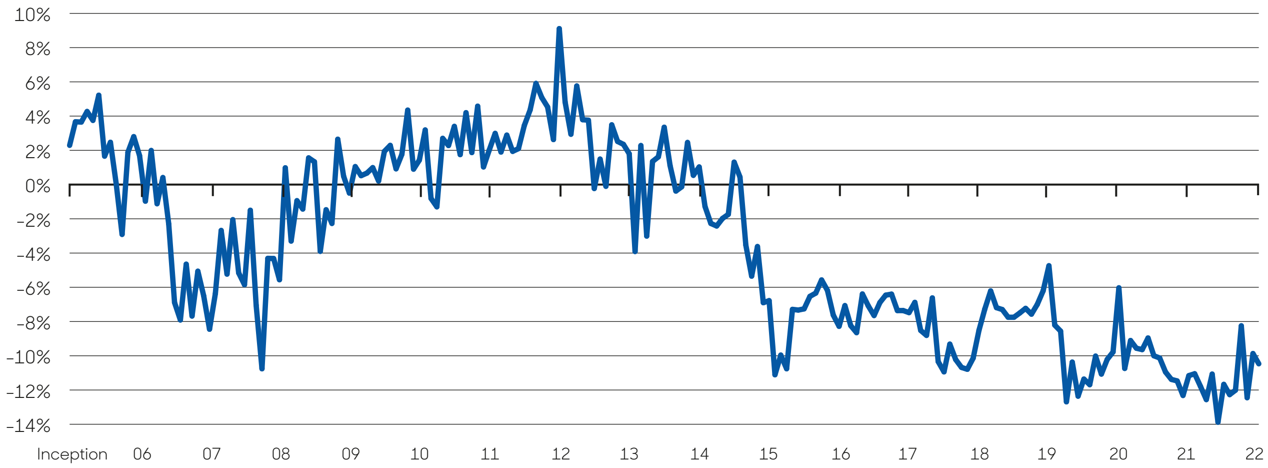


+376.1%
NAV Total Return since Launch

+325.4%
Share Price Total Return since launch

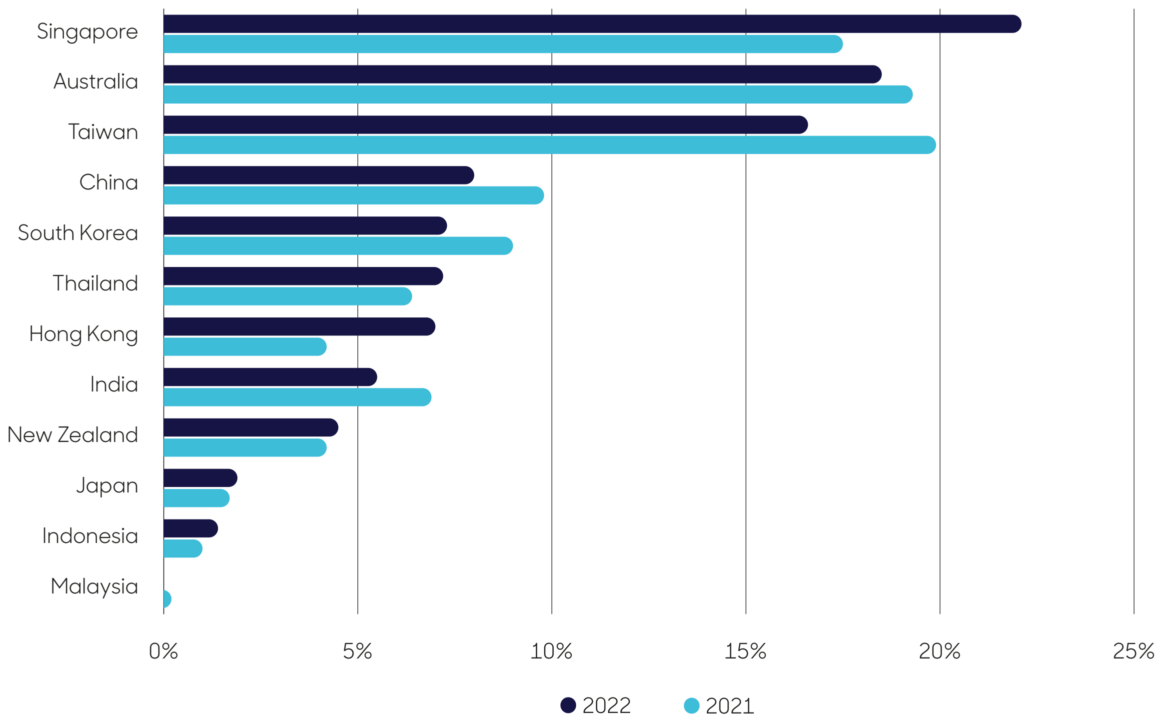
Share Price Premium/(Discount) to Diluted NAV

Launch 20 December 2005 to 31 December 2022

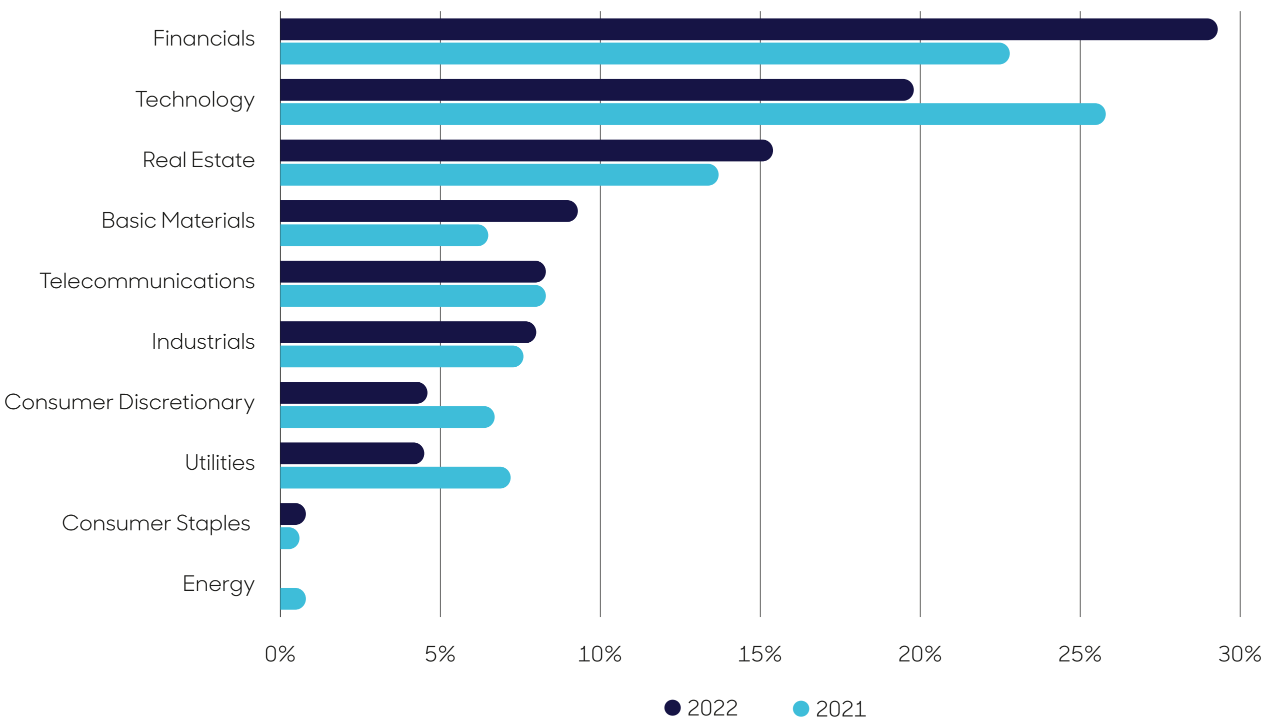


Geographic/Sector Analysis

Geographic breakdown of portfolio

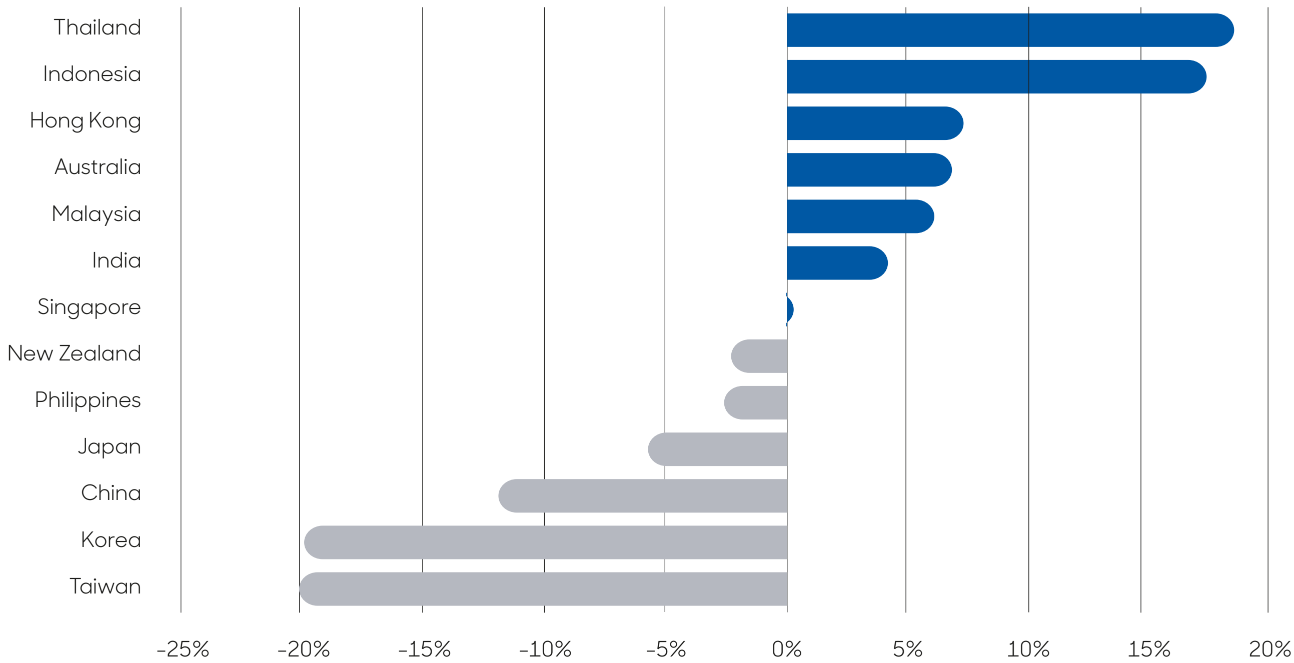


Sector breakdown of portfolio



Market Performance

MSCI Country Index Total Returns (in sterling terms) to 31 December 2022

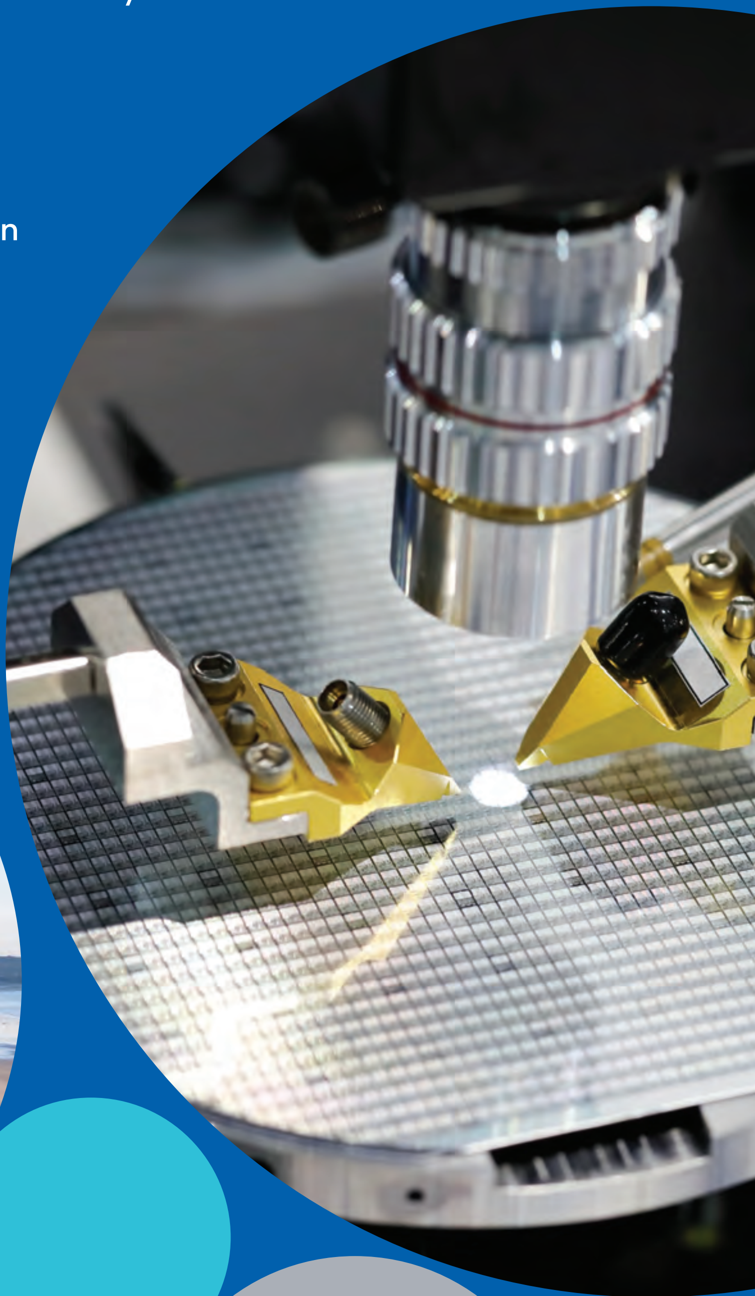


Source: RIMES

Portfolio

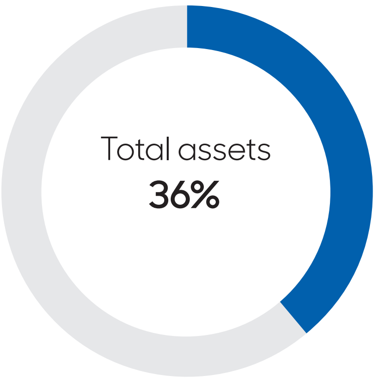
The Investment Manager believes that markets can be inefficient and that companies may not be priced correctly.

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.



Ten Largest Investments

Analysis of top ten investments



2022 valuation

£162.4m

5.8%

Taiwan Semiconductor Manufacturing Company ("TSMC")

The world's largest pure-play semiconductor manufacturer, TSMC provides 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.

4.7%

Samsung Electronics (Pref)

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

4.4%

DBS Group

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

4.1%

BHP Group

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

Ten Largest Investments continued

3.2%

Oversea-Chinese Banking Corporation

A well-managed Singapore bank with a strong capital base and an impressive cost-to-income ratio. In addition to its core banking activities it has sizeable wealth management and life assurance divisions.

3.2%

Venture Corporation

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.

2.6%

China Resources Land

The Chinese developer and mall-operator has industry-leading margins and competitive financing cost, supported by a land bank that is primarily in first and second-tier cities.

2.6%

United Overseas Bank

Singapore's second-largest bank has positioned itself as a commercial bank with a South East Asian franchise, with its core market in Singapore and a regional network that is more concentrated in Malaysia and Thailand.

2.5%

Rio Tinto

The Australian miner is a proxy for China and emerging markets' secular growth story. It is a highly cash generative, diversified business with good free cash flow and an attractive dividend yield. Management has been disciplined through the cycle, strengthening its balance sheet, cutting costs and preserving cash.

2.5%

LG Chem (Pref)

LG Chem is the world's largest EV battery producer by order backlog, boasting alliances and joint ventures with leading auto companies. It is well positioned for exposure to the expanding electric vehicle and energy storage systems markets in Europe and the US and is highly cash generative.

List of Investments

As at 31 December 2022

Company	Country	Valuation 2022 £'000	Total assets[A] %	Valuation 2021[B] £'000
Taiwan Semiconductor Manufacturing Company	Taiwan	26,538	5.8	39,135
Samsung Electronics (Pref)	South Korea	21,308	4.7	36,025
DBS Group	Singapore	19,925	4.4	16,951
BHP Group	Australia	18,860	4.1	14,155
Oversea-Chinese Banking Corporation	Singapore	14,722	3.2	16,699
Venture Corporation	Singapore	14,555	3.2	15,056
China Resources Land	China	11,804	2.6	9,629
United Overseas Bank	Singapore	11,688	2.6	8,165
Rio Tinto[C]	Australia	11,480	2.5	9,197
LG Chem (Pref)	South Korea	11,477	2.5	8,821
Top ten investments		**162,357**	35.6	
AIA Group	Hong Kong	10,789	2.4	7,638
Taiwan Mobile	Taiwan	10,126	2.2	10,561
Power Grid Corp of India	India	9,803	2.2	10,021
National Australia Bank	Australia	9,073	2.0	4,411
Spark New Zealand	New Zealand	8,705	1.9	7,886
Keppel Infrastructure Trust	Singapore	8,534	1.9	5,026
Hon Hai Precision Industry	Taiwan	8,441	1.9	8,670
Commonwealth Bank of Australia	Australia	8,356	1.8	8,923
Tisco Financial Group Foreign	Thailand	8,064	1.8	8,835
Charter Hall Long Wale REIT	Australia	8,035	1.7	8,598
Top twenty investments		**252,283**	55.4	
Singapore Telecommunications	Singapore	7,926	1.7	4,670
Region RE	Australia	7,874	1.7	7,991
Momo.com Inc	Taiwan	7,242	1.6	15,095
Infosys	India	6,715	1.5	12,594
Centuria Industries REIT	Australia	6,702	1.5	8,238
China Merchants Bank 'A'	China	6,692	1.5	7,868
Hang Lung Properties	Hong Kong	6,685	1.5	4,723
Auckland International Airport	New Zealand	6,492	1.4	7,085
Hong Kong Exchanges & Clearing	Hong Kong	6,461	1.4	5,606
Bank Rakyat	Indonesia	6,236	1.3	5,031
Top thirty investments		**321,308**	70.5	

List of Investments continued

As at 31 December 2022

Company	Country	Valuation 2022 £'000	Total assets[A] %	Valuation 2021[B] £'000
Capitaland Investment	Singapore	6,040	1.3	4,931
Singapore Technologies Engineering	Singapore	5,923	1.3	5,858
ASX	Australia	5,898	1.3	7,712
Hana Microelectronics (Foreign)	Thailand	5,776	1.3	9,139
China Vanke (H shares)	China	5,727	1.2	3,432
Siam Cement[D]	Thailand	5,696	1.2	5,920
SAIC Motor 'A'	China	5,599	1.2	7,745
Okinawa Cellular Telephone	Japan	5,308	1.2	4,741
Accton Technology	Taiwan	5,182	1.1	5,669
Capitaland India Trust	Singapore	5,006	1.1	4,835
Top forty investments		377,463	82.7	
Sunonwealth Electric Machine	Taiwan	4,967	1.1	5,090
NZX	New Zealand	4,871	1.1	6,093
Tata Consultancy Services	India	4,550	1.0	7,794
Kasikornbank Bank PCL (Foreign)	Thailand	4,529	1.0	–
Midea Group 'A'	China	4,187	0.9	5,765
Land & Houses Foreign	Thailand	4,166	0.9	3,410
Lotus's Retail Growth Freehold And Leasehold Property Fund (Foreign)	Thailand	4,142	0.9	4,571
GlobalWafers	Taiwan	4,024	0.9	9,834
Dah Sing Financial Holding	Hong Kong	3,755	0.9	–
ICICI Bank[E]	India	3,596	0.8	3,761
Top fifty investments		420,250	92.2	
KMC Kui Meng	Taiwan	3,514	0.8	4,879
Convenience Retail Asia	Hong Kong	3,425	0.8	2,779
Medibank Private	Australia	3,418	0.8	3,695
Amada Co	Japan	3,344	0.7	3,752
Macquarie Group	Australia	3,271	0.7	2,125
MediaTek	Taiwan	2,789	0.6	–
Digital Core REIT	Singapore	2,590	0.6	4,851
AEM Holding	Singapore	2,120	0.5	–
China Resources Gas	China	1,975	0.4	2,645
Taiwan Union Technology	Taiwan	1,627	0.3	–
Top sixty investments		448,323	98.4	
G3 Exploration[E]	China	–	–	–
Total value of investments		448,323	98.4	
Net current assets[F]		7.215	1.6	
Total assets[A]		455,538	100.0	

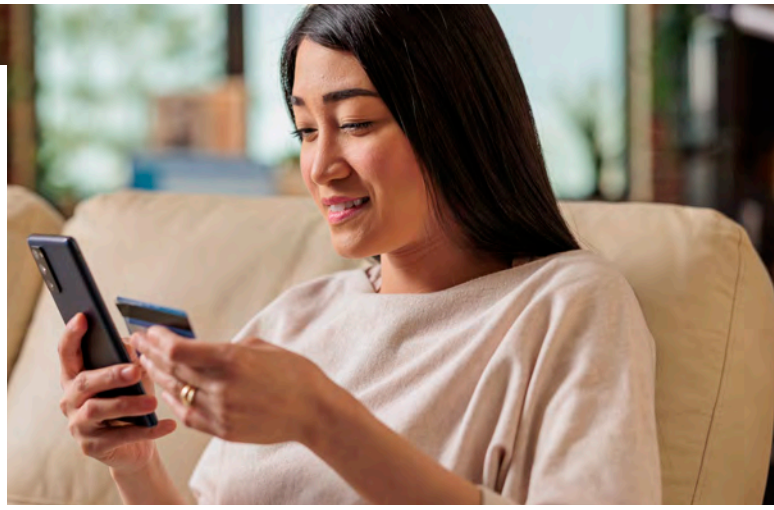
[A] Net assets excluding borrowings.
[B] Purchases and/or sales effected during the year may result in 2022 and 2021 values not being directly comparable.
[C] Incorporated in and listing held in United Kingdom.
[D] Holding includes investment in common (£3,808,000) and non-voting depositary receipt (£1,888,000) lines.
[E] Corporate bonds.
[F] Excludes bank loans of £40,967,000.

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.

Oversea-Chinese Banking Corporation ("OCBC")

In which year did we first invest?	Where is their head office?	Holding at year end:
2005	Singapore	3.2%



OCBC is one of Singapore's oldest established banks. Formed in 1932 from a merger between three local banks, OCBC and its subsidiaries today offer an array of financial services, ranging from commercial banking, treasury and asset management to stockbroking as well as insurance. The bank has over 470 branches in 19 countries and regions. Among its local peers, OCBC's geographic exposure is relatively more balanced – approximately 60% of its assets are in Singapore while the rest is evenly split between Southeast Asia and Greater China where it is increasing its focus. OCBC also stands out with a skew towards wealth management and insurance, making it well-positioned relative to peers for regional growth in wealth.

We view OCBC as a well-managed Singapore bank with a solid capital base and relatively better cost-to-income ratio. We like that the bank has a progressive dividend policy that looks to grow the absolute dividend per share over time. The dividend yield is fairly steady, between 4-5%, supported by a strong balance sheet, ample capital reserves, good asset quality and a decent loan loss coverage ratio. While management has been prudent in managing risks, OCBC has leaned on acquisitions in recent years to support its regional expansion with particular focus on scaling up the wealth management business.

Looking ahead, OCBC's management and board expects Asia to drive global growth where Greater China and ASEAN would play complementary roles, in terms of opportunities around increasing trade and investment flows across the regions. The bank's growth priorities remain focused on capturing regional trade, investment and wealth flows as well as tapping into the green opportunities around the transition to a sustainable low-carbon world. In the near term, we think Singapore's banking sector is in a favourable interest-rate cycle which will help OCBC and its peers expand their net interest margins meaningfully, which is also likely to be the biggest earnings driver in the short term.

From an ESG perspective, OCBC has made sustainability a core part of the business by embedding best practices in its day-to-day operations. For example, it stopped funding coal-fired plants in 2019 and is exceedingly careful about greenwashing, working with professionals to do its checks and due diligence. Within Singapore, the company is focused on helping small and medium-sized enterprises meet its ESG criteria by sanctioning loans to facilitate the purchase of better equipment to reduce wastage. OCBC also has the largest electric vehicle ("EV") charging hub in the central business district in Singapore and it offers three-month rate waivers for EV car loans.

Tisco Financial Group

In which year did we first invest?	Where is their head office?	Holding at year end:
2019	**Bangkok, Thailand**	**1.8%**

Tisco Financial Group lays claim to being the first investment bank in Thailand. First set up in 1969 and listed in 1983, its name Tisco was derived from the original company name on its founding, Thai Investment and Securities Company Limited. A pioneer on several fronts, Tisco is also the first to offer car leasing services to retail customers, and the first finance company to upgrade its status to a commercial bank in 2004. Today, it has three core businesses in retail banking, corporate banking, and wealth & asset management services, with a leading niche in auto cash and auto financing that accounts for the bulk of its retail book.

We regard Tisco as a well-run company that has the highest return on equity ("ROE") among its domestic peers. We also like that Tisco has been able to offer a sustainable high dividend yield of 8-9% under a capital management policy to maximise ROE. This is supported by ample capital reserves and a strong balance sheet. In addition, the management team has been competent and prudent. It opted to reduce the loan portfolio and adopt a more cautious lending stance to manage risk amid volatile economic conditions over the past few years. This has resulted in Tisco's relatively stable non-performing loan ratio and good asset quality with a high loan-loss coverage ratio that is the highest in the sector.

Looking ahead, the latest indications from Tisco's management are that of an increasing confidence in the domestic economic recovery, which will support loan demand, albeit there is some pressure on net interest margins ("NIMs") from rising policy rates, and a steering back of the company's focus towards growth from risk mitigation previously. Among its key plans are the penetration into high-yield segments such as vehicle title loans, that would help cushion the rising rate pressure on NIMs, the potential entry into the used car market, and the building of relationships with electric vehicle ("EV") businesses so that it is well positioned for EV growth opportunities in future.

On the ESG front, the group is making efforts to lower its environmental impact by minimising greenhouse gas ("GHG") emissions in its operations. This includes reducing the use of paper and electricity, refraining from using foam packaging, restricting the use of single-use plastic bags, and encouraging plastic bag recycling. There is also an element of financial inclusion because its Somwang microfinancing business improves access to financing for communities and small businesses. Meanwhile, the company has a responsible lending policy that includes a blacklist/prohibited list while encouraging responsible investment in companies that consider the social and environmental impact of their businesses. The responsible lending policy covers four key areas of corporate leadership for responsible lending, participation of stakeholders, internal mechanisms for implementation and transparency.

How the Investment Manager Approaches ESG

Environmental, Social and Governance ("ESG") Engagement

The Investment Manager has been actively integrating ESG into its investment decision-making process for 30 years and believes that ESG factors are financially material and can meaningfully affect a company's performance.

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. In particular, the Manager believes that:

- **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.

By putting ESG factors at the heart of its investment process, the Investment Manager aims to generate better performance outcomes for the Company's shareholders. Currently:

- The Company's portfolio is ESG **A rated by MSCI**. This is equivalent to the Index rating of A (source: MSCI).
- The portfolio's carbon intensity is **56.2% lower than its Index** (source: Trucost).

A	56.2%	46	75%	100%
A-rated by MSCI ESG	Lower carbon intensity than the Index	Number of companies engaged with in 2022	Percentage of portfolio companies engaged with in 2022	of researched companies include integration of ESG company analysis

What is ESG, and why do we do it?

As stated above, ESG considerations have been an integral part of the Investment Manager's decision-making process for 30 years.

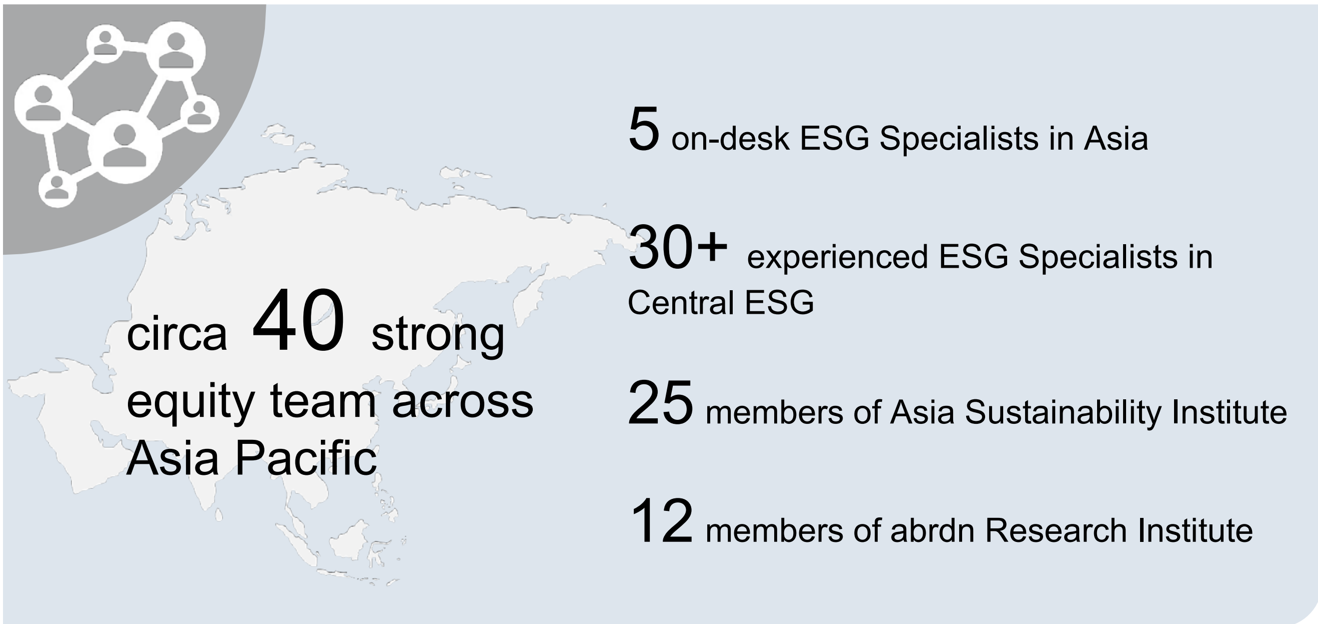
Environmental factors relate to how a company conducts itself with regard to environmental conservation and sustainability. Types of environmental risks and opportunities include a company's energy consumption, waste disposal, land development and carbon footprint, among others.

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

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. Deep and on the ground ESG resources and expertise enable the Investment Manager to glean insights from company visits and obtain an ESG information advantage. These research visits are particularly important, since ESG disclosure by Asian companies can be poor, particularly so in markets such as China. These interactions give the Investment Manager an opportunity to source additional information and potentially to:

- **Identify and exploit an information gap**. If a company does not disclose ESG information, the market is unable to form a robust view of its quality and, as a result, its shares may be priced inefficiently. Using the Investment Manager's research capabilities, including on-site face to face visits, it is able to develop an informed view of every company and to exploit any pricing inefficiencies that may exist.
- **Close the information gap.** If the Investment Manager invests in a company that is misunderstood - and potentially mispriced as a result - by the market, it works constructively with that company's management to encourage improved and enhanced disclosure, allowing the market to better understand, and hence better price, the company's securities.



The Investment Manager is an active investor, 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 some elements of the diversity of a board, the carbon footprint of a company, and the level of employee turnover. The Investment Manager is pleased, for example, that the companies in the portfolio are more diverse, more independent, and have a lower director tenure than the Index.

20%	63.4%	5.9 years
Average percentage of women on portfolio company boards (versus Index average 15.7%)	Average percentage of independent directors on portfolio company boards (versus Index average 45.5%)	Average tenure of directors on portfolio company boards (versus Index average 6.2 years)

However, while some elements of board composition and diversity can be measured, 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 an active manager, quantitative and qualitative assessments are blended by the Investment Manager to better understand the ESG performance of a company.

The Investment Manager's analysts consider ESG 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 semi-conductor manufacturing business. Following extensive due diligence and research, and having considered the regional universe and peer group in which a company operates, the Investment Manager's research analysts assign an ESG score for each company, ranging from 1 to 5. This proprietary ESG score is applied to every company within the Investment Manager's investment universe. This score is complemented by qualitative insights into a company's ESG quality, and is applied across every company covered globally.

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. The task force on climate-related financial disclosures (referred to as TCFD) is now becoming a global standard for reporting climate risks and opportunities. As a listed investment company, the Company is not subject to the Listing Rule requirement to comply with TCFD reporting and, whilst the Manager (being Channel Islands based) is not within scope of the new reporting standards either, the Board is a keen supporter of the ambitions of TCFD, as it believes it will improve disclosure of climate-related risks. This in turn will help the Investment Manager and other stakeholders better assess the risks which will support sound investment decisions. 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.

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.

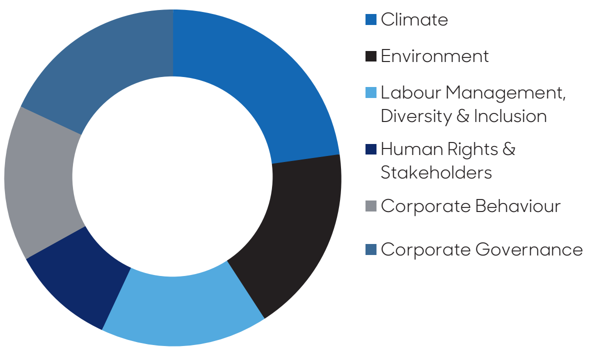
As part of the investment process, the Investment Manager undertakes a significant number of company meetings each year on behalf of the Company. The team is supported by on-desk ESG analysts, and a well-resourced specialist ESG Investment team. These meetings provide an opportunity to discuss various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

This engagement is not limited to a company's management. 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.

How the Investment Manager Approaches ESG continued

Engagement Activity

The Investment Manager regularly engages with companies it invests in. The following chart shows the engagements that have included ESG topics. Over the year to 31 December 2022 it met with 46 portfolio companies on ESG topics and had 81 engagements with them. This does not include positions the Company has moved out of or is considering. These are the themes that the Investment Manager has engaged on:



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.

Our Voting Activity

Voting Summary	Total
How many meetings were you eligible to vote at?	71
How many meetings did you vote at?	68
How many resolutions were you eligible to vote on?	618
What % of resolutions did you vote on for which you were eligible?	96.8%
Of the resolutions on which you voted, what % did you vote with management?	95.2%
Of the resolutions on which you voted, what % did you vote against management?	4.5%
Of the resolutions on which you voted, what % did you abstain from voting?	0.3%
In what % of meetings, for which you did vote, did you vote at least once against management?	22.1%

ESG Case Studies

Auckland International Airport ("AIA")

In which year did we first invest?	Where is their head office?	Holding at year end:
2019	**Auckland, New Zealand**	**1.4%**

Airports face climate-related risks associated with extreme weather events and rising sea levels, with a large number of modern airports located on the coast, at or near sea level. Extreme weather events, including storms and cyclones, can lead to temporary but material inundation, leading to restrictions on aircraft and passenger movements, potentially resulting in a material financial impact on the airport.

But airports play a dual role in the fight against climate change. As well as potentially being at risk of the effects of climate change, they are also a central component of the aviation industry, with aviation estimated to account for around 2.5% of global CO2 emissions.

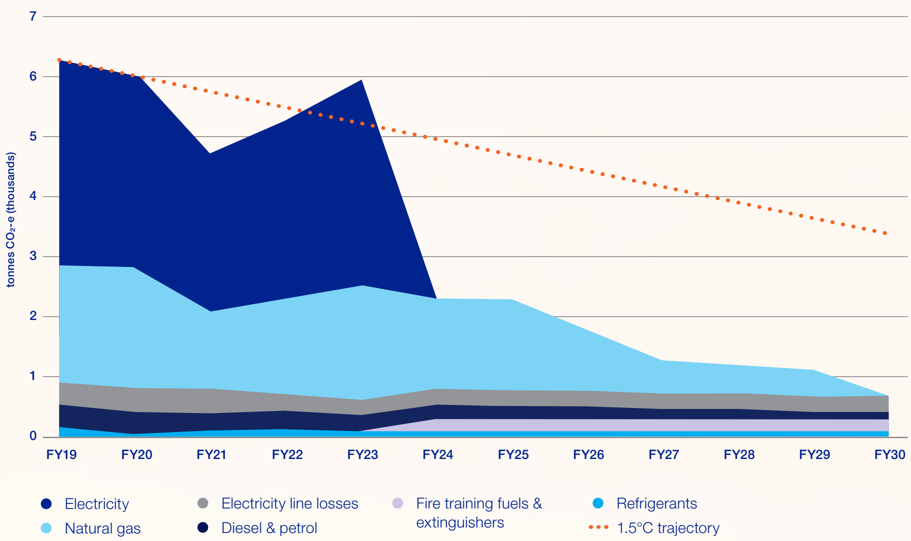
It was in this context that we engaged with AIA. The engagement was to better understand the way AIA is approaching physical climate risk, the work it is doing on scenario modelling, and the efforts to mitigate the risks of climate change.

The conversation with AIA was encouraging. We were pleased to hear that the company is undertaking Representative Concentration Pathway ("RCP") scenario modelling, and upgrading infrastructure to combat the physical impact of climate change, with a focus on severe weather.

In terms of climate-change mitigation, which is important given the carbon footprint of air travel, AIA is already optimising taxiways and arrival paths, and is starting to deploy Ground Power Units ("GPU"s) to reduce gate emissions. These GPUs allow aircraft at gates to connect directly to New Zealand's electricity grid, rather than burning jet fuel to power an auxiliary power unit ("APU") while at the gate.

This was an encouraging conversation. However, given the materiality of the issue, and the risks we have identified, this engagement remains ongoing.

Auckland Airport's planned scope 1 and 2 decarbonisation pathway to Net Zero aligns with 1.5°C trajectory



Source: Auckland International Airport Climate Change Disclosure Report 2022

Capitaland India Trust

In which year did we first invest?	Where is their head office?	Holding at year end:
2019	**Singapore**	**1.1%**

Capitaland India Trust (previously Ascendas India Trust) develops and operates environmentally friendly buildings in India. Operating as a property trust, it acquires, owns and develops income-producing real estates like technology business parks, logistics spaces and industrial facilities.

The construction and operation of buildings are estimated to be responsible for more than a third of global emissions and make up 36% of total energy demand (2020 figures). Those figures are expected to grow now that nearly all countries have removed Covid restrictions and the global economy is slowly moving back on track.

Buildings in India, specifically, account for 35% of total energy consumption in the country and this figure is trending higher. There is a growing need to address efficiency and energy intensity of buildings as countries strive to meet their 2030 green targets.

It was in this context that we engaged with the company. We were pleased to see that, across its portfolio, 87% of buildings are certified as green and the company is on track to hit its 2030 target of 100% certification. We will continue to engage with the company to encourage it to achieve the goal as early as possible, to set carbon emission targets and make a commitment towards net-zero.

We were pleased to see MSCI upgrade Capitaland India Trust from a "B" to a "BB" rating in December 2021 following improvements to its green investment programmes. However, board-related issues dragged the overall score lower. We will continue to engage with the company on increasing the proportion of non-executive board members and providing better disclosure of details and evidence of nomination and pay committees.

Over the long term, the outlook for the industry remains positive as demand for technology parks and warehouses will continue to be strong in India. Quality business park buildings with solid property management will stay popular as companies are willing to reduce attrition by providing employees with a good working environment. Further, Capitaland India Trust has a solid balance sheet, a capable management team with proven track record as well as a dividend yield of more than 6%.

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.

Board of Directors

Ian Cadby
Independent
Non-Executive Chairman

Ian Cadby is a Jersey resident board executive and investment manager with over 34 years' experience within the asset management and wealth management industry, including six years in Asia where he ran multi asset investment portfolios. Ian is the former Group CEO of Ermitage Ltd with extensive experience in derivatives trading, board strategy, corporate governance and risk management. He is a Chartered Fellow of the Chartered Institute for Securities & Investment. He is also a director of CQS New City High Yield Fund Limited.

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

Krystyna Nowak
Senior Independent
Non-Executive Director

Krystyna Nowak is a Senior Managing Director of Teneo's People Advisory team, a former partner of 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. She is also a director of Record PLC.

Appointed a Director on 7 May 2015

Mark Florance
Independent Non-Executive Director and Audit Committee Chairman

Mark Florance 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 South East Asia and Co-head of Asia. Mark is 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.

Appointed a Director on 10 May 2017

Robert Kirkby
Independent
Non-Executive Director

Robert Kirkby 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 Chairman of Trustees of the Durrell Wildlife Conservation Trust, and Chairman of the audit committees of Digital Jersey Limited and Stonehage Fleming Family & Partners Limited.

Appointed a Director on 1 November 2021

Nicky McCabe
Independent
Non-Executive Director

Nicky McCabe 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 CT UK Capital and Income Investment Trust PLC, Artemis Investment Management Limited and Vitality Life Insurance.

Appointed a Director on 16 May 2018

Hugh Young
Non-Executive Director

Hugh Young is a resident of Singapore and is Chairman, Asia Pacific Region, at abrdn. Hugh is also a director of abrdn New Dawn Investment Trust plc, abrdn Asia-Pacific Income Investment Company Limited and The India Fund Inc.

Appointed a Director on 11 November 2005

Directors' Report

Introduction

The Directors present their Report and the audited financial statements for the year ended 31 December 2022.

Results and Dividends

The financial statements for the year ended 31 December 2022 are contained on pages 64 to 92. The Company's dividend policy is to pay interim dividends on a quarterly basis and for the year to 31 December 2022 dividends were paid on 23 May, 22 August and 18 November 2022 and 17 February 2023. As at 31 December 2022 the Company's revenue reserves (adjusted for the payment of the fourth interim dividend) amounted to £7.3 million (approximately 4.3p 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 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 15 to the financial statements. At 31 December 2022, there were 169,832,401 fully paid Ordinary shares of no par value (2021 – 171,558,896) Ordinary shares in issue. At the year end there were 25,100,988 Ordinary shares held in treasury (2021 – 23,374,493).

During the year 1,726,495 Ordinary shares were purchased in the market for treasury (2021 - 4,265,587) and no Ordinary shares were issued or sold from treasury.

Subsequent to the year end 499,669 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 March 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$8.85 million and £15.8 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

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

The investment management of the Company is delegated from aCIL to abrdn 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 tiered basis:

i. Average Value up to £350 million – 0.8% per annum; and

ii. Average Value in excess of £350 million – 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 is 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 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 2022:

Shareholder	No of Shares Held	% held
1607 Capital Partners	18,520,986	10.9
Rathbones	15,679,419	9.2
Hargreaves Lansdown [A]	13,035,528	7.7
Interactive Investor [A]	12,001,513	7.1
City of London Inv. Management	8,981,655	5.3
abrdn Retail Plans [A]	8,492,715	5.0
Allspring Global Investors	7,129,953	4.2
RBC Brewin Dolphin	6,773,357	4.0
Charles Stanley	6,293,472	3.7
AJ Bell [A]	5,247,986	3.1

[A] Non-beneficial interests

There have been no changes notified in respect of these holdings in the period from 31 December 2022 to 4 April 2023.

Directors

The Board currently consists of six non-executive Directors, Robert Kirkby, Mark Florance, Ian Cadby, Nicky McCabe, Krystyna Nowak and Hugh Young who each held office throughout the year.

Governance

The names and biographies of each of the six current Directors are disclosed on pages 44 and 45 indicating their range of experience. As explained in more detail in the Chairman's Statement, Mr Young, who was appointed to the Board as a non-independent Director at the launch of the Company in 2005, will retire at the Annual General Meeting ("AGM") and will not seek re-election. In accordance with the AIC's Code of Corporate Governance, which recommends that all Directors should be subject to annual re-election by shareholders, all the other members of the Board will retire at the 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 49.

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 re-elections 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, including the Chairman, to serve for up to a maximum of nine years on the Board.

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.

Full details of the Company's compliance with the AIC Code of Corporate Governance can be found on its website.

Directors attended the following scheduled Board and Committee meetings during the year ended 31 December 2022 (with their eligibility to attend the relevant meeting in brackets):

	Board	Audit	MEC	Nom
Total Meetings	**4**	**2**	**1**	**1**
I Cadby [A]	4 (4)	2 (2)	1 (1)	1 (1)
M Florance	4 (4)	2 (2)	1 (1)	1 (1)
R Kirkby	4 (4)	2 (2)	1 (1)	1 (1)
N McCabe	4 (4)	2 (2)	1 (1)	1 (1)
K Nowak	4 (4)	2 (2)	1 (1)	1 (1)
H Young [B]	3 (4)	n/a	n/a	- (1)

[A] Mr Cadby is not a member of the Audit Committee but attended both meetings by invitation.

[B] Mr Young is not a member of the Audit or Management Engagement Committees.

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

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include 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 included on pages 53 and 54 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 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. As stated on page 47, the Board believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Nomination and Remuneration Committee

All appointments to the Board of Directors are considered by the Nomination and Remuneration Committee which comprises the entire Board and is chaired by the Chairman of the Company. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, appraisals and training, and determines the Directors' remuneration policy and level of remuneration, including for the Chairman. The Committee also considers the need to appoint an external remuneration consultant. 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 55 to 57.

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, through the work of the Nomination and Remuneration Committee, the Board engaged an independent external firm, Fletcher Jones Limited, to facilitate a review of the Board, its Committees and the performance of individual Directors, including the Chairman. The process resulted in the production of a report to the Board by Fletcher Jones Limited summarising the findings of the review. The results of the report were discussed by the Board following its completion, with appropriate action points made. The Board continues to look at incremental improvements to its processes and succession planning, including in relation to the diversity of the Board. Following the evaluation process, the Board believes that it continues to operate in an efficient and effective manner with each Director making a significant contribution to the Board.

In relation to the contributions by individual Directors, 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 as Chairman on 1 January 2022. He 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 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 Kirkby was appointed to the Board in November 2021 and has brought significant business experience and knowledge of Jersey regulations to the Board.

Mr Kirkby is a former advisory partner at KPMG Channel Islands Limited ("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.

Accordingly, the Board has no hesitation in recommending to shareholders the re-election of each of the above Directors at the forthcoming AGM.

As explained in more detail in the Chairman's Statement, Mr Young, who was appointed to the Board as a non-independent Director at the launch of the Company in 2005, will retire at the AGM and will not seek re-election.

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 and Remuneration Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

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 24) 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.

In assessing the Company's ability to continue as a going concern, the Board has also taken into account progress made in relation to appointing a new administrator in Jersey (see Chairman's Statement on page 10).

The Directors have reviewed forecasts detailing revenue and liabilities, have set limits for borrowing and reviewed compliance with banking covenants, including the headroom available. Having taken these factors into account, 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 on 11 May 2022 and a resolution to re-appoint 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 on 10 May 2023.

Principal Risks and Internal Control

The Principal Risks and Uncertainties facing the Company are detailed on pages 22 and 23. 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 Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and 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 Audit 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 Group's Investment Vector ISAE3402 for the year to 30 September 2022, 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 meetings, the Audit Committee carries out an assessment of internal controls by considering documentation from the 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 the Custodian, BNP Paribas Securities Services, London Branch, and receives control reports covering its activities.

Representatives from the Manager's internal audit department report six monthly to the Audit Committee of the Company and have direct access to the Directors at any time.

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

The UK Stewardship Code and Proxy Voting

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

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

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 Manager's freephone information service and the Company's website.

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 Manager, either formally at the Company's Annual General Meeting or informally following the meeting. As explained in the Chairman's Statement, the Company will hold an online shareholder presentation in advance of the Annual General Meeting this year, which will include an interactive question and answer session.

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.

Annual General Meeting

The AGM will be held at 10:30 a.m. on 10 May 2023 at Wallacespace Spitalfields, 15-25 Artillery Lane, London E1 7HA.

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 practice, the Board therefore puts the Company's dividend policy to shareholders for approval at each Annual General Meeting.

The Company's dividend policy is 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 of Association to make distributions from capital. Resolution 4 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 year end the Company has purchased for treasury 499,669 Ordinary shares and at the time of writing the Ordinary shares are trading at a discount of 12.3% 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 25,382,976 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 2024 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, the 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 2024.

Recommendation

The Board considers Resolutions 11 and 12 to be in the best interests of the Company and its members as a whole. Accordingly, the 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 92,149 Ordinary shares (0.05%).

Ian Cadby
Chairman
4 April 2023

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

Audit Committee's Report

The Audit Committee presents its report for the year ended 31 December 2022.

Committee Composition

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors: Mr Florance (Chairman), Mr Kirkby, Ms McCabe and Ms 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. The Directors' biographies on pages 44 and 45 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 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 its 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 Channel Islands Limited (2021: £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 Audit 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 2022, 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 70 to 92. 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 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 page 59. The Company uses the services of an independent custodian (BNP Paribas Securities Services, London Branch) to hold the assets of the Company. The investment portfolio is reconciled regularly by the 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 69. 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 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 2022 have been audited by KPMG Channel Islands Limited at a cost of £52,000 (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 2023 and authorises Directors to determine its remuneration for the year ending 31 December 2023.

Mark Florance
Audit Committee Chairman
4 April 2023

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
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.

The Director's Remuneration Policy and level of Directors' remuneration are determined by the Nomination and Remuneration Committee, which is chaired the Chairman of the Company and comprises all of the Directors.

The Directors' Remuneration 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.

No shareholder views were sought in setting the Remuneration Policy (approved by shareholders at the 2020 AGM) although any comments received from shareholders are considered.

Remuneration Policy

Subject to the fee limit set within the Company' Articles of Association (see below), the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment 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 election at the first AGM after their appointment, and annual re-election thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £31,000).
- No incentive or introductory fees will be paid to encourage a Directorship.
- Directors are entitled to be reimbursed for out-of- pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

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

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

There have been no changes to the Remuneration Policy during the period of this Report nor are there any proposals for change in the foreseeable future.

Approval of Remuneration Policy

The Remuneration Policy was last approved by shareholders at the AGM on 22 July 2020 and will be proposed for approval at the AGM to be held on 10 May 2023. The Remuneration Policy is reviewed by the Board on an annual basis and it is the Board's intention that this Remuneration Policy, once approved, will remain in force for the three year period ending on 31 December 2025.

Implementation Report

Limit on Directors' Fees

The Directors are non-executive and their fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors to £200,000 per annum (Article 78). The level of cap may be increased by shareholder resolution from time to time.

Review of Directors' Fees

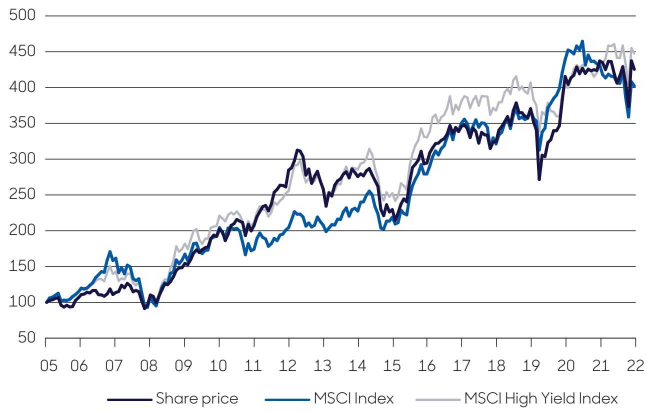
The Nomination and Remuneration Committee carried out an annual review of the level of Directors' fees during the year which included a review of the fees payable to peer group and other similar investment companies. The Committee concluded that the level of fees would be increased from 1 January 2023 to £45,000 for the Chairman, £36,500 for the Audit Committee Chairman and £31,000 for other Directors. An additional fee of £1,000 is paid to the Senior Independent Director.

The fees were last raised with effect from 1 January 2022. There are no further fees to disclose as the Company has no employees, Chief Executive or executive Directors.

Directors' Remuneration Report continued

Company 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 11 May 2022, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2021.

The following proxy votes were received on the resolutions:

Resolution	For* %	Against %	Withheld %
(2) Receive and Adopt Directors' Remuneration Report	74.0m (99.7%)	194,703 (0.3%)	90,893
(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 2022 will be proposed at the AGM on 10 May 2023.

Spend on Pay

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

Fees Payable

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

Director	2022 £	2021 £
I Cadby (Chairman from 1 January 2022 and highest paid Director)	42,000	28,000
C Clarke (Chairman until 31 December 2021)	–	40,500
K Nowak [A]	30,000	29,000
M Florance	34,000	33,000
R Kirkby [B]	29,000	4,666
N McCabe	29,000	28,000
H Young [C]	n/a	n/a
Total	**164,000**	**163,166**

[A] Ms Nowak is Senior Independent Director and receives an extra £1,000 per annum for this role.
[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 (2021 - nil) were payable to third parties in respect of making available the services of Directors.

Annual Percentage Change in Directors' Remuneration

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

Director	Year ended 31 December 2022 %	Year ended 31 December 2021 %	Year ended 31 December 2020 %
I Cadby [A]	50.0	3.7	0
K Nowak	3.4	3.6	0
M Florance	3.0	4.7	0
R Kirkby [B]	n/a	n/a	n/a
N McCabe	3.6	3.7	0
H Young [C]	n/a	n/a	n/a

[A] Mr Cadby was appointed Chairman on 1 January 2022 and his rate of fee increased on that date.
[B] Mr Kirby 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.

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 2022 and 1 January 2022 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 2022 Ordinary shares	1 January 2022 Ordinary shares
I Cadby	12,000	7,000
M Florance	12,794	12,789
R Kirkby	16,937	16,937
N McCabe	5,121	5,121
K Nowak	17,797	17,797
H Young	27,500	27,500

The Directors' holdings were unchanged at 4 April 2023, being the nearest practicable date prior to the signing of this Annual Report.

Annual Statement

The Board confirms that the Report on Remuneration Policy and the above Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2022:

- 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 4 April 2023 and signed on its behalf by:

Ian Cadby
Chairman
4 April 2023

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

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 Company, together with a description of the principal risks and uncertainties that it faces.

The Directors 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
4 April 2023

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
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 2022, 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 2022, 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 judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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 2021):

	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 £448,323,000 (2021 : £497,370,000) Refer Note 2(e) of the accounting policy and note 11 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. **Risk:** Should the reported value of the Company's investments diverge from fair value, the Company's reported net asset value, gains/(losses) on investments held at fair value through profit or loss, and total return would be misstated.	*Our audit procedures included:* **Internal controls:** *We evaluated the design and implementation of the controls over the valuation of the 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 2022. 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. **Assessing disclosures:** We assessed the Company's disclosures in relation to valuation of investments, specifically the accounting policies described in note 2(e), the judgements and estimates made by management, and fair value disclosures in notes 11 and 18 for compliance with IFRS.

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

Materiality for the financial statements as a whole was set at £4,560,000, determined with reference to a benchmark of total assets of £456,826,000, of which it represents approximately 1.0% (2021: 1.0%).

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% (2021: 75%) of materiality for the financial statements as a whole, which equates to £3,420,000. 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 £218,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

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

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

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

Our conclusions based on this work:

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

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 24) 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;

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

- the Directors' explanation in the Viability Statement (page 24) 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 24 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 58, 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
4 April 2023

Financial Statements

The NAV total return of -3.6% for the year ended 31 December 2022 was ahead of the MSCI AC Asia Pacific ex Japan Index, which fell by 6.8% on a total return basis. The dividend yield at the year end was 4.7%.

Statement of Comprehensive Income

	Notes	Year ended 31 December 2022			Year ended 31 December 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	4						
Dividend income		21,423	–	21,423	19,869	–	19,869
Interest income		371	–	371	294	–	294
Stock lending income		–	–	–	2	–	2
Traded option premiums		47	–	47	33	–	33
Total revenue	3	21,841	–	21,841	20,198	–	20,198
(Losses)/gains on investments held at fair value through profit or loss	11	–	(29,033)	(29,033)	–	33,354	33,354
Net currency (losses)/gains		–	(3,204)	(3,204)	–	(266)	(266)
		21,841	(32,237)	(10,396)	20,198	33,088	53,286
Expenses							
Investment management fee	5	(1,308)	(1,962)	(3,270)	(1,411)	(2,116)	(3,527)
Other operating expenses	6	(939)	–	(939)	(862)	–	(862)
Profit/(loss) before finance costs and tax		19,594	(34,199)	(14,605)	17,925	30,972	48,897
Finance costs	7	(470)	(704)	(1,174)	(238)	(357)	(595)
Profit/(loss) before tax		19,124	(34,903)	(15,779)	17,687	30,615	48,302
Tax expense	2(d), 8	(1,695)	408	(1,287)	(2,024)	(967)	(2,991)
Profit/(loss) for the year		17,429	(34,495)	(17,066)	15,663	29,648	45,311
Earnings per Ordinary share (pence)	10	10.23	(20.24)	(10.01)	8.95	16.93	25.88

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

All of the profit/(loss) 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 2022 £'000	As at 31 December 2021 £'000
Non-current assets			
Investments held at fair value through profit or loss	11	**448,323**	497,370
Current assets			
Cash and cash equivalents		**7,328**	3,268
Other receivables	12	**1,175**	1,438
		8,503	4,706
Creditors: amounts falling due within one year			
Bank loans	13(a)	**(30,986)**	(36,788)
Other payables	13(b)	**(1,288)**	(2,917)
		(32,274)	(39,705)
Net current liabilities		**(23,771)**	(34,999)
Total assets less current liabilities		**424,552**	462,371
Creditors: amounts falling due after more than one year			
Bank loans	13(a)	**(9,981)**	(9,965)
Deferred tax liability on Indian capital gains	13(c)	**(1,124)**	(1,616)
		(11,105)	(11,581)
Net assets		**413,447**	450,790
Stated capital and reserves			
Stated capital	15	**194,933**	194,933
Capital redemption reserve		**1,560**	1,560
Capital reserve	16	**204,414**	242,727
Revenue reserve		**12,540**	11,570
Equity shareholders' funds		**413,447**	450,790
Net asset value per Ordinary share (pence)	17	**243.44**	262.76

The financial statements on pages 64 to 92 were approved by the Board of Directors and authorised for issue on 4 April 2023 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 2022

	Notes	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance		194,933	1,560	242,727	11,570	–	450,790
Buyback of Ordinary shares for treasury	15	–	–	(3,818)	–	–	(3,818)
Loss for the year		–	–	–	–	(17,066)	(17,066)
Transferred from retained earnings to capital reserve[A]		–	–	(34,495)	–	34,495	–
Transferred from retained earnings to revenue reserve		–	–	–	17,429	(17,429)	–
Dividends paid	9	–	–	–	(16,459)	–	(16,459)
Balance at 31 December 2022		194,933	1,560	204,414	12,540	–	413,447

For the year ended 31 December 2021

	Notes	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	15	–	–	(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	9	–	–	–	(16,325)	–	(16,325)
Balance at 31 December 2021		194,933	1,560	242,727	11,570	–	450,790

[A] Represents the capital profit/(loss) 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 (2021 – £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 2022 £'000	Year ended 31 December 2021 £'000
Cash flows from operating activities			
Dividend income received		21,140	18,432
Interest income received		354	298
Derivative income received		47	33
Investment management fee paid		(5,169)	(3,148)
Other cash expenses		(801)	(860)
Net cash generated from operating activities before interest paid and tax		15,571	14,755
Interest paid		(1,041)	(557)
Overseas taxation paid		(1,712)	(2,009)
Net cash inflows from operating activities		12,818	12,189
Cash flows from investing activities			
Purchases of investments		(55,017)	(98,164)
Sales of investments		75,625	98,324
Indian capital gains tax on sales		(83)	-
Net cash inflow from investing activities		20,525	160
Cash flows from financing activities			
Purchase of own shares for treasury	15	(3,818)	(9,672)
Dividends paid	9	(16,459)	(16,325)
Loan arrangement expense paid		–	(49)
Drawdown of loans		–	25,800
Repayment of loans		(8,948)	(14,900)
Net cash outflow from financing activities		(29,225)	(15,146)
Net increase/(decrease) cash and cash equivalents		4,118	(2,797)
Cash and cash equivalents at the start of the year		3,268	6,177
Effect of foreign exchange on cash and cash equivalents		(58)	(112)
Cash and cash equivalents at the end of the year	2(f)	7,328	3,268

Non-cash transactions during the year comprised stock dividends of £616,000 (2021 - £1,373,000) (Note 4).

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

Notes to the Financial Statements

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 July 2022 to the extent they are consistent with IFRS.

The Company had net current liabilities at the year end. The Directors have undertaken a robust review of the Company's viability (refer to statement on page 24) 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.

Since the end of the year, the Board has noted the announcement made by abrdn plc ("abrdn") of the proposed sale of its discretionary fund management business in Jersey, which currently provides a Jersey regulatory function to the Company. The Board wishes to confirm that, notwithstanding this proposed sale, the investment management of the Company's portfolio will continue to be carried out by abrdn via its Singapore based Asian Equity team. The Board will fulfil its own duty to review carefully any new Jersey regulatory arrangements that abrdn proposes to put in place, to ensure that such arrangements remain in the best interests of the Company's shareholders. In assessing the Company's ability to continue as a going concern, the Board has taken into account progress made in relation to appointing a new administrator in Jersey.

The Directors have reviewed forecasts detailing revenue and liabilities, have set limits for borrowing and reviewed compliance with banking covenants, including the headroom available. Having taken these factors into account, 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.

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. Examples of where special dividends are allocated to capital include events such as the disposal of capital assets and capital restructuring.

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 2022.

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.
There were no new and amended accounting standards and interpretations applied to the financial statements of the Company during the year.

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 2023:

Standards	
IAS 1 Amendments	Classification of Liabilities as Current or Non-Current (effective from 1 January 2023)
IAS 1 Amendments	Disclosure of Accounting Policies (effective from 1 January 2023)
IAS 1 Amendments	Non-current Liabilities with Covenants (effective from 1 January 2023)
IAS 8 Amendments	Definition of Accounting Estimates (effective from 1 January 2023)
IAS 12 Amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)

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 11;
- 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. With effect from 1 January 2022 the Company migrated tax residency to the UK from Jersey and elected to join the UK's investment trust regime.

The tax expense for year ended 31 December 2022 represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Balance Sheet date. Profits arising in the Company for the year ended 31 December 2021 were subject to Jersey income tax at the rate of 0%.

2. Accounting policies continued

Deferred tax is recognised in respect of all temporary differences at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Balance Sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise, using tax rates that are expected to apply at the date the deferred tax position is unwound. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

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

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

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

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "(Losses)/gains 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, therefore they have not 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 to Shareholders are recognised in the financial statements in the period in which they are declared and 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) Bank loans. The Company has adopted the classification and measurement provisions of IFRS 9 'Financial Instruments'. Bank loans are measured at amortised cost using the effective interest rate method.

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

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

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

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

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

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

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

3. Segmental information

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

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Asia Pacific region	**20,571**	17,431
United Kingdom	**1,270**	2,767
	21,841	20,198

4. Investment income

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Income from investments		
Overseas dividend income	**19,600**	15,729
UK dividend income	**1,207**	2,767
Stock dividend income	**616**	1,373
	21,423	19,869
Other income		
Bond interest	**308**	294
Deposit interest	**63**	–
Stock lending income	**–**	2
Traded option premiums	**47**	33
	418	329
Total revenue	**21,841**	20,198

During the year, the Company was entitled to premiums totalling £47,000 (2021 – £33,000) in exchange for entering into option contracts. At the year end there were no (2021 – nil) open positions. Losses realised on the exercise of derivative transactions are disclosed in note 11.

5. Investment management fee

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,308	1,962	3,270	1,411	2,116	3,527

The Company has an agreement with abrdn Capital International Limited ("aCIL") for the provision of management services. With the exception of stocklending activities, the investment management services have been sub-delegated to abrdn Asia Limited ("abrdn Asia"). Any stocklending activity has been sub-delegated to abrdn Investments Limited.

The investment management fee is payable quarterly in arrears and with effect from 1 January 2022 is based on an annual fee of 0.8% of the average net assets of the previous six months up to £350 million and 0.6% per annum thereafter. Prior to this, the annual management fee was charged at 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 £786,000 (2021 - £2,685,000). The investment management fees are charged 40% to revenue and 60% to capital in line with the Board's expected long term returns.

6. Other operating expenses

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Directors' fees	164	166
Promotional activities[A]	206	206
Auditor's remuneration:		
– statutory audit	52	40
– disbursements	1	–
Custody fees	143	178
Other	373	272
	939	862

[A] Promotional activities in relation to the Company's participation in the abrdn Investment Trust savings plans are provided by abrdn Investments Limited. The total fees paid are based on an annual rate of £206,000 (2021 - £206,000). An amount of £103,000 (2021 - £52,000) was payable to abrdn Investments Limited at the year end.

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

7. Finance costs

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	464	694	1,158	232	349	581
Amortisation of loan arrangement expenses	6	10	16	6	8	14
	470	704	1,174	238	357	595

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

8. Taxation

a) Analysis of tax charge in the year

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Indian capital gains tax on sales	–	34	34	–	45	45
Overseas withholding tax	1,695	50	1,745	2,024	–	2,024
Total current tax charge for the year (note b)	1,695	84	1,779	2,024	45	2,069
Movement of deferred tax liability on Indian capital gains	–	(492)	(492)	–	922	922
Total deferred tax charge for the year (note c)	–	(492)	(492)	–	922	922
Total tax charge for the year	1,695	(408)	1,287	2,024	967	2,991

b) The UK corporation tax rate is 19% (2021 – effective rate of 0% from Jersey residency). The tax charge for the year differs from the corporation tax rate.

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net profit/(loss) before taxation	19,124	(34,903)	(15,779)	17,687	30,615	48,302
Corporation tax @ 19% (2021 – 0%)	3,633	(6,631)	(2,998)	–	–	–
Effects of:						
UK dividends	(229)	–	(229)	–	–	–
Non-taxable overseas dividends	(3,315)	–	(3,315)	–	–	–
Currency gains/losses	–	609	609	–	–	–
Realised/unrealised gains/losses on investments	–	5,516	5,516	–	–	–
Expenses not deductible for tax purposes	10	–	10	–	–	–
Excess management expenses	(71)	507	436	–	–	–
Tax effect of expensed double taxation relief	(28)	–	(28)	–	–	–
Irrecoverable overseas withholding tax	1,695	49	1,744	2,024	–	2,024
Indian capital gains tax	–	34	34	–	45	45
Movement of deferred tax liability on Indian capital gains	–	(492)	(492)	–	922	922
Total current tax charge for the year (note a)	1,695	(408)	1,287	2,024	967	2,991

c) Factors that may affect future tax charges

At the period end, after offset against income taxable on receipt, there is a potential deferred tax asset of £573,000 (2021 – £nil) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

9. Dividends on Ordinary shares

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend 2021 – 2.75p per Ordinary share (2020 – 2.55p)	**4,712**	4,484
First interim dividend 2022 – 2.30p per Ordinary share (2021 – 2.25p)	**3,924**	3,954
Second interim dividend 2022 – 2.30p per Ordinary share (2021 – 2.25p)	**3,915**	3,951
Third interim dividend 2022 – 2.30p per Ordinary share (2021 – 2.25p)	**3,908**	3,936
	16,459	16,325

Following the change of tax residency, the Company is required to comply with the UK investment trust retention test to satisfy s.1158 of the Corporation Tax Act 2010. The total dividends payable in respect of the financial year which form the basis of s.1158 of the Corporation Tax Act 2010 are set out below.

The table below sets out the total dividends declared in respect of the financial year. The comparative data is also presented albeit there was no requirement to satisfy this test in the previous year when the Company was Jersey tax resident. The revenue available for distribution by way of dividend for the year is £17,429,000 (2021 – £15,663,000).

	2022 £'000	2021 £'000
First interim dividend 2022 – 2.30p per Ordinary share (2021 – 2.25p)	**3,924**	3,954
Second interim dividend 2022 – 2.30p per Ordinary share (2021 – 2.25p)	**3,915**	3,951
Third interim dividend 2022 – 2.30p per Ordinary share (2021 – 2.25p)	**3,908**	3,936
Fourth interim dividend 2022 – 3.10p per Ordinary share (2021 – 2.75p)	**5,263**	4,712
	17,010	16,553

The fourth interim dividend for 2022, amounting to £5,263,000 (2021 – fourth interim dividend of £4,712,000), is not recognised as a liability in these financial statements as it was announced and paid after 31 December 2022.

10. Earnings per share

Ordinary shares. The earnings per Ordinary share is based on the loss after taxation of £17,066,000 (2021 – profit of £45,311,000) and on 170,411,839 (2021 – 175,057,061) 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 2022			Year ended 31 December 2021		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Net profit/(loss) (£'000)	**17,429**	**(34,495)**	**(17,066)**	15,663	29,648	45,311
Weighted average number of Ordinary shares in issue[A]			**170,411,839**			175,057,061
Return per Ordinary share (pence)	**10.23**	**(20.24)**	**(10.01)**	8.95	16.93	25.88

[A] Calculated excluding Ordinary shares held in treasury.

11. Investments held at fair value through profit or loss

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Opening book cost	**346,679**	313,692
Opening investment holding gains	**150,691**	149,131
Opening fair value	**497,370**	462,823
Analysis of transactions made during the year		
Purchases at cost	**55,611**	99,517
Sales proceeds received	**(75,625)**	(98,324)
(Losses)/gains on investments[A]	**(29,033)**	33,354
Closing fair value	**448,323**	497,370
	£'000	£'000
Closing book cost	**346,553**	346,679
Closing investment gains	**101,770**	150,691
Closing fair value	**448,323**	497,370

[A] Includes losses realised on the exercise of traded options of £nil (2021 – £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 £47,000 (2021 – £33,000) per note 4.

11. Investments held at fair value through profit or loss continued

The Company received £75,625,000 (2021 – £98,324,000) from investments sold in the year. The book cost of these investments when they were purchased was £55,736,000 (2021 – £66,530,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The portfolio valuation	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Listed on recognised stock exchanges:		
Equities – overseas	444,727	493,609
Bonds – overseas	3,596	3,761
Total	448,323	497,370

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 2022 £'000	Year ended 31 December 2021 £'000
Purchases	50	108
Sales	88	181
	138	289

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.

12. Debtors: amounts falling due within one year

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Prepayments and accrued income	1,175	1,438

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

13. Creditors: amounts falling due within one year

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

	2022			2021		
	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	6.311	73,500,000	7,829	1.374	73,500,000	6,960
United States Dollar	5.175	8,850,000	7,357	1.435	19,000,000	14,028
Sterling	4.190	15,800,000	15,800	1.310	15,800,000	15,800
Total			30,986			36,788
Unsecured bank loans repayable between one and five years:						
Sterling	1.530	10,000,000	9,981	1.530	10,000,000	9,965
Total			9,981			9,965

At the date of signing this report, loans of HKD 73,500,000, US$8,850,000 and £15,800,000 were drawn down at variable interest rates of 6.311%, 5.175% and 4.190% respectively under a £40 million multi currency revolving loan facility agreement with Bank of Nova Scotia, London Branch (the "Bank"). The Company also has a three year loan of £10,000,000 with the Bank at a fixed interest rate of 1.53%. Both facilities mature on 2 March 2024. 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 2022 adjusted NAV coverage was 10.1 to 1.0 based on borrowings of £40,967,000 and net assets were £413,447,000. The Company has complied with all financial covenants throughout the year.

During December 2022, the Company highlighted to the Bank that it had notified the Jersey Financial Services Commission (Jersey regulator) of remediation work to be undertaken in relation to maintaining up to date records of shareholders' identity documents as required under the Jersey laws and regulations. The remediation work related to less than 1% of long standing shareholders. The Bank considered this event as a technical loan covenant breach. Subsequent to the year end, the Bank has provided the Company with a waiver of its relevant covenant in this regard and it is therefore no longer considered to be in breach.

(b) Other payables	2022 £'000	2021 £'000
Investment management fees	786	2,685
Other amounts due	502	232
	1,288	2,917

Amounts falling due in more than one year:

	2022 £'000	2021 £'000
(c) Deferred tax liability on Indian capital gains	1,124	1,616

14. Analysis of changes in financing during the year

	2022 £'000	2021 £'000
Opening balance at 1 January	**46,753**	35,734
Net (decrease)/increase in loan drawdown	**(8,948)**	10,851
Amortisation of loan arrangement expenses	**16**	14
Foreign exchange movements	**3,146**	154
Closing balance at 31 December	**40,967**	46,753

15. 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 2021	171,558,896	23,374,493	194,933,389	194,933
Shares purchased for treasury	(1,726,495)	1,726,495	–	–
At 31 December 2022	**169,832,401**	**25,100,988**	**194,933,389**	**194,933**

During the year 1,726,495 (2021 – 4,265,587) Ordinary shares were bought back by the Company for holding in treasury at a total cost of £3,818,000 (2021 – £9,672,000). At the year end 25,100,988 (2021 – 23,374,493) Ordinary shares were held in treasury, which represents 12.88% (2021 – 11.99%) of the Company's total issued share capital at 31 December 2022.

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 499,669 Ordinary shares have been bought back for holding in treasury at a cost of £1,108,000.

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.

16. Capital reserve

	2022 £'000	2021 £'000
At 1 January	**242,727**	222,751
Net currency losses[A]	**(3,204)**	(266)
Movement in unrealised fair value	**(48,921)**	1,560
Profit on realisation of investments	**19,888**	31,794
Costs charged to capital	**(2,258)**	(3,440)
Buyback of Ordinary shares for treasury	**(3,818)**	(9,672)
At 31 December	**204,414**	242,727

[A] Losses arising during the year have principally arisen from a revaluation of the foreign currency bank loans offset by a revaluation of foreign currency cash held.

17. 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 2022 p	Net asset values attributable 2022 £'000	Net asset value per share 2021 p	Net asset values attributable 2021 £'000
Ordinary shares	**243.44**	**413,447**	262.76	450,790

The net asset value per Ordinary share is based on 169,832,401 (2021 - 171,558,896) Ordinary shares, being the number of Ordinary shares in issue at the year end excluding Ordinary shares held in treasury.

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 £47,000 (2021 – £33,000). Positions closed during the year realised a loss of £nil (2021 – £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 £47,000 (2021 – £20,000). The Company had no open positions in derivative contracts at 31 December 2022.

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 (2021 – two) holdings in fixed rate overseas corporate bonds, with G3 Exploration valued at £nil (2021 – £nil) and ICICI Bank at £3,596,000 (2021 – £3,761,000). 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.

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 13. Interest is due on the Bank of Nova Scotia, London fixed term loan quarterly with the next interest payment being due on 2 March 2023. 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 21 February 2023 for HKD loan and 20 January 2023 for GBP and USD loans.

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 Company does not employ any hedging against floating rate 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 2022	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Indian Overseas Corporate Bond	1.60	9.15	–	3,596
Cash at bank – Sterling	–	–	7,277	–
Cash at bank – Australia Dollar	–	–	(203)	–
Cash at bank – Hong Kong Dollar	–	–	1	–
Cash at bank – Indian Rupee	–	–	(33)	–
Cash at bank – Taiwan Dollar	–	–	41	–
Cash at bank – Thailand Baht	–	–	245	–
			7,328	3,596

18. Financial instruments continued

At 31 December 2022	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	0.14	6.31	–	(7,829)
Bank loan – US Dollar	0.05	5.18	–	(7,357)
Bank loan – Sterling	0.05	4.19	–	(15,800)
Bank loan – Sterling	1.17	1.53	–	(9,981)
			–	(40,967)

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)

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 (2021 - not material). This consideration is based on the Company's exposure to interest rates on its floating rate cash balances, fixed interest securities and bank loans.

Foreign currency risk. A significant proportion of the Company's investment portfolio is invested in overseas securities and the Balance Sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis. A significant proportion of the Company's borrowings, as detailed in note 13, is in foreign currency as at 31 December 2022.

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 2022			31 December 2021		
	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	86,685	(203)	86,482	87,514	–	87,514
Chinese Renminbi	16,478	–	16,478	21,378	–	21,378
Hong Kong Dollar	50,622	(7,828)	42,794	48,169	(6,960)	41,209
Indian Rupee	21,100	3,563	24,663	30,409	3,761	34,170
Indonesian Rupiah	6,236	–	6,236	5,031	–	5,031
Japanese Yen	8,652	–	8,652	8,493	–	8,493
Korean Won	32,785	–	32,785	44,846	–	44,846
Malaysian Ringgit	–	–	–	474	–	474
New Zealand Dollar	4,871	–	4,871	6,093	–	6,093
Singapore Dollar	96,438	–	96,438	82,191	–	82,191
Taiwanese Dollar	74,450	41	74,491	98,933	41	98,974
Thailand Baht	32,372	245	32,617	31,875	–	31,875
US Dollar	2,590	(7,357)	(4,767)	4,851	(14,028)	(9,177)
Total	433,279	(11,539)	421,740	470,257	(17,186)	453,071

18. Financial instruments continued

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.

	2022 £'000	2021 £'000
Australian Dollar	8,648	8,751
Chinese Renminbi	1,648	2,138
Hong Kong Dollar	4,279	4,121
Indian Rupee	2,466	3,417
Indonesian Rupiah	624	503
Japanese Yen	865	849
Korean Won	3,279	4,485
Malaysian Ringgit	–	47
New Zealand Dollar	487	609
Singapore Dollar	9,644	8,219
Taiwanese Dollar	7,449	9,897
Thailand Baht	3,262	3,188
US Dollar	(477)	(918)
Total	42,174	45,306

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 97 and 98, 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 28, which shows that the majority of the investments' value is in the Asia Pacific region. It should be recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Equity price risk sensitivity. The following table illustrates the sensitivity of the profit after taxation for the year and the equity to an increase or decrease of 10% (2021 - 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.

	2022		2021	
	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)	44,473	(44,473)	–	–
Total profit after taxation – increase /(decrease)	44,473	(44,473)	49,361	(49,361)
Equity				
	44,473	(44,473)	49,361	(49,361)

(ii) Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which stood at £43,379,000 (2021 - £51,286,000).

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 £7,328,000 and £448,323,000 (2021 - £3,268,000 and £497,370,000) 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:

At 31 December 2022	Within 1 year £'000	Between 1-5 years £'000	Total £'000
Fixed rate			
Bank loans	30,986	10,000	40,986
Interest on bank loans	281	26	307
	31,267	10,026	41,293
Floating rate			
Cash	7,328	–	7,328

18. Financial instruments continued

At 31 December 2021	Within 1 year £'000	Between 1-5 years £'000	Total £'000
Fixed rate	36,788	10,000	46,788
Bank loans	237	191	428
Interest on bank loans	37,025	10,191	47,216
	35,827	–	
Floating rate			
Cash	3,268	–	3,268

Details of the Company's borrowing arrangements are disclosed in note 13 on page 79.

(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 2022, the total of short-term other receivables was £1,175,000 (2021 - £1,438,000). 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, 2021 or 2022.
- an Indian overseas corporate bond issued by ICICI Bank with a fair value of £3,596,000 (2021 - £3,761,000).

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

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

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

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

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

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

	2022		2021	
	Balance Sheet £'000	**Maximum exposure £'000**	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments held at fair value through profit or loss	**448,323**	**3,596**	497,370	3,761
Current assets				
Cash at bank	**7,328**	**7,328**	3,268	3,268
Other receivables	**1,175**	**1,175**	1,438	1,438
	456,826	**12,099**	502,076	8,467

(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 71 financial liabilities are classified under IFRS 9. The Company has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Company. The loans are carried at amortised cost, using the effective interest rate method in the financial statements.

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

Notes to the Financial Statements continued

19. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The policy is that debt should not exceed 25% of net assets.

The Company's capital at 31 December comprises:

	2022 £'000	2021 £'000
Debt		
Borrowings under the multi-currency loan facility	**30,986**	36,788
Borrowing under the three year Sterling loan facility	**9,981**	9,965
	40,967	46,753

	2022 £'000	2021 £'000
Equity		
Equity share capital	**194,933**	194,933
Retained earnings and other reserves	**218,514**	255,857
	413,447	450,790
Debt as a % of net assets[A]	**9.91**	10.37

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

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

- the planned level of gearing, which takes account of the Investment Manager's views on the market;
- the need to buy back equity shares for cancellation or for holding in treasury, which takes account of the difference between the net asset value per Ordinary share and the Ordinary share price (i.e. the level of share price discount);
- the need for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

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

20. Related party transactions and transactions with the Manager

Fees payable during the period to the Directors are disclosed in note 6 on page 73 and within the Directors' Remuneration Report (unaudited) on pages 55 to 57, 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, abrdn Asia Limited, which is a wholly-owned subsidiary of abrdn plc. The Manager, abrdn Capital International Limited ("aCIL") is also a subsidiary of abrdn 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, was, prior to his retirement, also Chairman of Thomas Dessain which was paid £11,000 during the year ended 31 December 2021 for services provided in relation to 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 2022	**Note**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss					
Quoted equities	a)	**444,727**	**–**	**–**	**444,727**
Quoted bonds	b)	**–**	**3,596**	**–**	**3,596**
Net fair value		**444,727**	**3,596**	**–**	**448,323**

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

22. Fair value hierarchy continued

(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 2022 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 2022 has been estimated at £40,919,000 (carrying value per Balance Sheet – £40,967,000) which was calculated using a discounted cash flow valuation technique. At 31 December 2021 the fair value was £46,878,000 (carrying value per Balance Sheet – £46,753,000). Under the fair value hierarchy in accordance with IFRS 13, these borrowings can be classified as Level 2 due to the use of a discount rate as an observable input in the calculation of fair value.

23. Subsequent events

There have been no subsequent events to report on from the date of the year end until the date this Report was approved.

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 Company's involvement in and exposures related to securities lending for the accounting period are detailed below:

Absolute value of assets engaged in SFTs	**£'000**	**% of lendable assets**	**% of assets under management**
31 December 2022			
Securities lending	–	–	–
31 December 2021			
Securities lending	362	0.07	0.08

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 Securities Services, London Branch.

2022	**£'000**	2021	£'000
N/A		Activision Blizzard	42
		United Airlines	42
		Constellation A	42
		APA Corp	42
		Illimina	41
		UnitedHealth Group	41
		Relx	21
		Amadeus IT Group	21
		GN Store Nord	21
		Daimler	21
			334

	2022		2021	
Collateral held per custodian	**Market value of collateral held £'000**	**Proportion held in segregated accounts %**	Market value of collateral held £'000	Proportion held in segregated accounts %
BNP Paribas Securities Services, London Branch	–	**n/a**	460	100

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

Securities Financing Transactions Disclosure (Unaudited) continued

Top ten collateral issuers and collateral received continued

	Market value of collateral received	
Collateral analysed by currency	**2022 £'000**	2021 £'000
Pound Sterling	–	21
Canadian Dollar	–	1
Swiss Franc	–	21
Danish Krone	–	62
Euro	–	104
US Dollar	–	251
Total collateral received	–	460

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 2022			
	–		
Total market value of securities lending	–		–
31 December 2021			
BNP Paribas Securities Services, London Branch	362	France	Tri-party
Total market value of securities lending	362		–

[A] All counterparties are shown

Maturity Tenor of SFTs (remaining period to maturity)

31 December 2022

Securities lending

The lending and collateral transactions are on an open basis and can be recalled on demand. As at 31 December 2022 and 31 December 2021 there were no securities on loan.

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

	2022		2021	
Return and cost per type of SFT	**£'000**	**%**	£'000	%
Securities lending				
Gross return	–	–	2	115
Direct operational costs (securities lending agent costs)[B]	–	–	–	(15)
Indirect operational costs (Investment Adviser operational costs)	–	–	–	–
Total costs	–	–	–	(15)
Net return	–	–	2	100

[B] The unrounded direct operational costs and fees incurred for securities lending for the 12 months to 31 December 2022 is £385 (2021 – £Nil)

Corporate Information

The Company's Investment Manager is abrdn Asia Limited, a subsidiary of abrdn plc, whose group companies as at 31 December 2022 had £500 billion of assets under management and administration.

Information about the Investment Manager

abrdn Asia Limited

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

Worldwide, the abrdn Group manages and administers a combined £500 billion (as at 31 December 2022) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds, and 22 UK-listed closed end investment companies.

The abrdn Group has its headquarters in Edinburgh with offices in London, Aberdeen, Singapore, Hong Hong, Shanghai, Bangkok and Philadelphia.

The Investment Team Senior Managers

Hugh Young
Chairman
Asia Pacific Region

BA in Politics from Exeter University. Started investment career in 1980. Based in Singapore, he is Chairman of the abrdn Asia business.

Flavia Cheong
Head of Equities
Asia Pacific Region

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 abrdn Asia in August 1996.

Yoojeong Oh
Investment Director
Asian Equities

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

Christina Woon
Investment Director
Asian Equities

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

The Investment Manager's Investment Process

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

Fundamental research delivers insights that can be used to exploit market inefficiencies. In the Investment Manager's view, company fundamentals ultimately drive share prices but are often valued inefficiently in the shorter term. The Investment Manager believes that fundamental research is the key to delivering insights that allows it to exploit these inefficiencies and identify the best investment opportunities for client portfolios.

ESG assessment and corporate engagement enhance returns. The Investment Manager places constructive engagement and environmental, social and governance ("ESG") considerations at the heart of company research, ensuring it is a responsible steward of its clients' assets. The Investment Manager believes that this approach can mitigate risks and enhance returns for its clients, as companies with robust ESG practices tend to enjoy long-term financial benefits.

Disciplined, active investment can deliver superior outcomes for clients. The Investment Manager aims to build high conviction portfolios where its stock-specific insights drive performance, giving its clients access to its best investment ideas.

Our research drives performance

Idea Generation
Universe c. 990 stocks

Broad Universe
- Wide & dynamic opportunity set
- Quantitative tools refine overage
- Oustanding corporate access
- Deep sector expertise

Research
Extensive coverage c. 300 stocks

Deep analysis
- Common investment language
- Fully embedded ESG
- Clear non-concensus insights
- Continuous review of outputs

Peer Review
Buy Recommendation c.200 stocks

Rigorous Team Debate
- Informed peer review of insights
- Collaborations on sectors & themes
- Cross asset class insights

Portfolio construction
40 – 70 stocks

Focussed on Client Outcomes
- Pods drive clear accountability
- Bottom up, best idea led
- Quant and risk analytics
- Effective diverstification

Environmental, Social Governance considerations embedded throughout the process

Comprehensive independent oversight of investment process and client mandate parameters

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

- **Investment insight and risk** – the Investment Manager articulates its investment thesis, explaining how it views a stock differently from the market consensus and how it 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 37 to 40.

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 it 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 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 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 the share price, performance information and a monthly fact sheet is available from the Company's website (**asian- income.co.uk**). Investors can receive updates via email by registering on the home page of the website. Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for investment company information.

Twitter: @abrdnTrusts

LinkedIn: abrdn 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".

abrdn Capital International Limited ("aCIL"), as the Company's non-EEA alternative investment fund manager, has notified the UK Financial Conduct Authority ("FCA") 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 FCA's 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. The periodic disclosures required to be made by the Manager under the AIFMD are set out on page 105.

Investor Warning

The Board has been made aware by abrdn that some investors have received telephone calls from people purporting to work for abrdn, 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 abrdn and any third party making such offers has no link with the abrdn Group. abrdn never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact abrdn's investor services centre using the details provided below.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £1,000 for the 2023/2024 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 FCA's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream pooled investments because the Company 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 abrdn Investment Plan for Children, abrdn Share Plan and abrdn Investment Trust ISA.

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 Trust ISA

An investment of up to £20,000 can be made in the tax year 2023/2024.

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

Shareholder Enquiries

Registered Shareholders

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc registered shareholders holding their shares in the Company directly should contact the Registrar, Link Market Services (Jersey) Limited, PO Box 532, St Helier Jersey JE4 5UW (e-mail **shareholderenquiries@linkgroup.co.uk**) 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 Registrar 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 Investment Trust 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 Share Dealing; 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 99 to 101 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 abrdn Investments 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.

abrdn Group
The abrdn plc group of companies.

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

AIFMD
The UK version of the Alternative Investment Fund Managers Directive and all implementing and delegating legislation thereunder, as it forms part of UK law following the UK's departure from the EU. The AIFMD was originally European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITS (Undertakings for Collective Investments in Transferable Securities) fund and which is managed/marketed in the EU (and now, separately, the UK). The Company has been designated as an AIF.

aCIL or Manager
abrdn Capital International Limited – the Company's Manager.

Asset Cover
The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

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

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

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

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

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

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

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

Index
MSCI AC Asia Pacific ex Japan Index (currency adjusted).

Key Information Document or KID
The UK version of the Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation (as it forms part of UK law following the UK's departure from the EU) requires the Manager, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available 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.

Net Asset Value or NAV
The value of total assets less liabilities. Liabilities for this purpose include 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.

Total Assets

Total Assets less current liabilities (before deducting prior charges as defined above) and long-term liabilities relating to deferred tax.

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 107.

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.

Share Capital History

Issued Share Capital at 31 December 2022

169,832,401 Ordinary shares of no par value

25,100,988 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

Year to 31 December 2022

1,726,495 Ordinary shares of no par value purchased in the market at a discount to the prevailing NAV for treasury

AIFMD Disclosures (Unaudited)

The Manager, abrdn Capital International Limited ("aCIL"), 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 April 2022.

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 111) and the remuneration disclosures in respect of the Manager's reporting period for the year ended 31 December 2022 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 abrdn 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.

		2022	2021
NAV per Ordinary share (p)	a	**243.44**	262.76
Share price (p)	b	**215.00**	231.00
Discount	(b-a)/a	**-11.7%**	-12.1%

Dividend cover

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

		2022	2021
Revenue return per share	a	**10.23p**	8.95p
Dividends per share	b	**10.00p**	9.50p
Dividend cover	a/b	**1.02**	0.94

Dividend yield

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

		2022	2021
Annual dividend per Ordinary share (p)	a	**10.00p**	9.50p
Share price (p)	b	**215.00p**	231.00p
Dividend yield	(b-a)/a	**4.7%**	4.1%

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents dividend 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.

		2022	2021
Borrowings (£'000)	a	**40,967**	46,753
Cash (£'000)	b	**7,328**	3,268
Amounts due to brokers (£'000)	c	**–**	–
Amounts due from brokers (£'000)	d	**–**	–
Shareholders' funds (£'000)	e	**413,447**	450,790
Net gearing	(a-b+c-d)/e	**8.1%**	9.6%

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.

	2022	2021
Investment management fees (£'000)	**3,270**	3,527
Administrative expenses (£'000)	**939**	862
Less: non-recurring charges[A] (£'000)	**(42)**	(76)
Ongoing charges (£'000)	**4,167**	4,313
Average net assets (£'000)	**421,170**	446,994
Ongoing charges ratio (excluding look-through costs)	**0.99%**	0.96%
Look-through costs[B]	**0.02%**	0.05%
Ongoing charges ratio (including look-through costs)	**1.01%**	1.01%

[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.

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 2022		NAV	Share Price
Opening at 1 January 2022	a	**262.76p**	**231.00p**
Closing at 31 December 2022	b	**243.44p**	**215.00p**
Price movements	c=(b/a)-1	**-7.4%**	**-6.9%**
Dividend reinvestment[A]	d	**3.8%**	**4.2%**
Total return	c+d	**-3.6%**	**-2.7%**

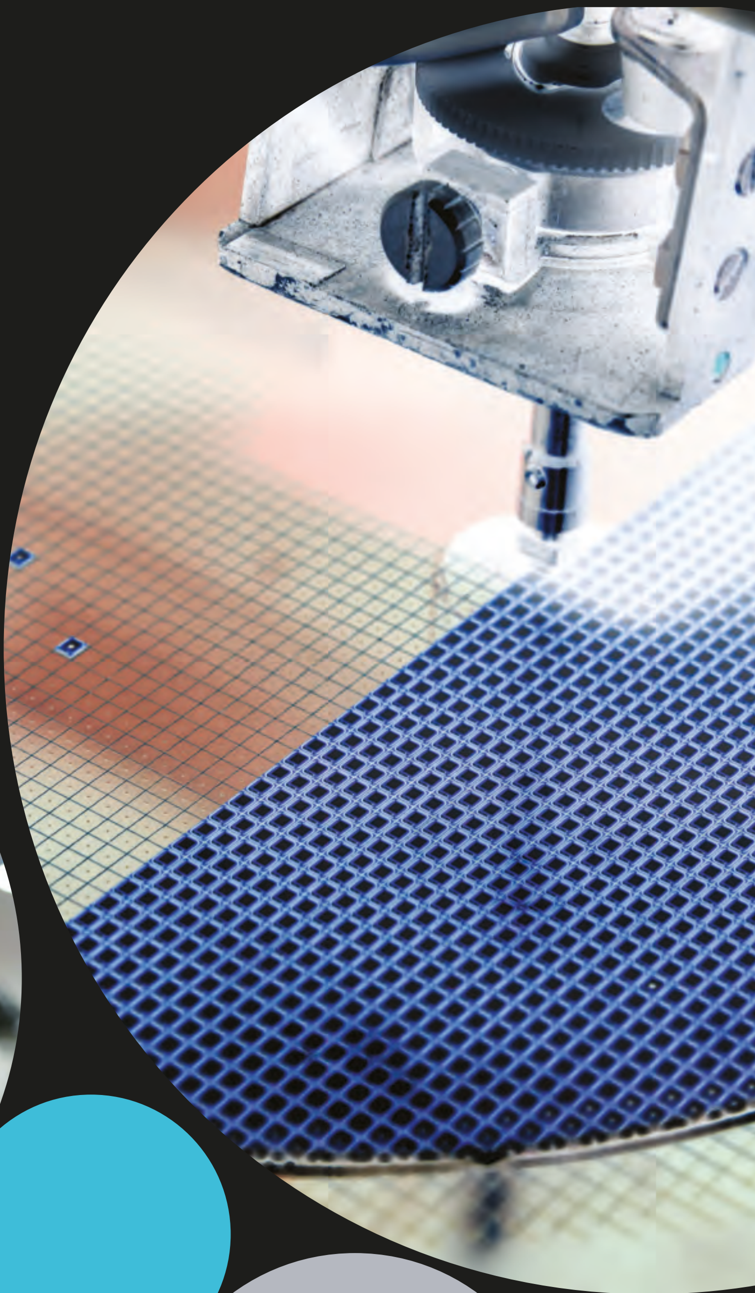
Year ended 31 December 2021		NAV	Share Price
Opening at 1 January 2021	a	245.40p	228.50p
Closing at 31 December 2021	b	262.76p	231.00p
Price movements	c=(b/a)-1	7.1%	1.1%
Dividend reinvestment[A]	d	3.9%	4.1%
Total return	c+d	+11.0%	+5.2%

[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 held at 10.30 a.m. on 10 May 2023 at Wallacespace Spitalfields, 15-25 Artillery Lane, London E1 7HA

The Company will also be hosting an online shareholder presentation, which will be held at 10.00 a.m. on Wednesday 26 April 2023. Full details on how to register for the online event can be found at: bit.ly/abrdn-asia-income



Notice of Annual General Meeting

Notice is hereby given that the seventeenth Annual General Meeting of abrdn Asian Income Fund Limited will be held at Wallacespace Spitalfields, 15-25 Artillery Lane, London E1 7HA at 10.30 a.m. on 10 May 2023 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 2022, together with the Auditor's report thereon.

2. To receive and approve the Directors' Remuneration Report for the year ended 31 December 2022 (other than the Directors' Remuneration Policy).

3. To approve the Directors' Remuneration Policy.

4. To approve the Company's dividend policy to continue to pay four interim dividends per year.

5. To re-elect Ms K Nowak as a Director.

6. To re-elect Ms N McCabe as a Director.

7. To re-elect Mr I Cadby as a Director.

8. To re-elect Mr M Florance as a Director.

9. To re-elect Mr R Kirkby as a Director.

10. To re-appoint KPMG Channel Islands Limited as independent Auditor and to authorise the Audit Committee to agree its 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 Daily Official List of the London Stock Exchange 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 2024 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 16,933,273 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 2024 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
4 April 2023

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

Notice of Annual General Meeting continued

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/her. A proxy need not be a member of the Company. A form of proxy is enclosed.

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 Registrar, 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.

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 personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

5. In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 10.30 a.m. on 5 May 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications Host) from which the issuer's agent is able to retrieve the message.

6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal systems timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or CREST sponsored member or has appointed a voting service provider(s), to procure that his or her 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 Registrar no later than 10.30 a.m. on 5 May 2023.

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 or she has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct 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 Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

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

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

11. As at 4 April 2023 (being the last business day prior to the publication of this notice) the Company's issued Ordinary share capital comprised 169,332,732 Ordinary shares of no par value and 25,600,657 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 4 April 2023 was 169,332,732.

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.

Corporate Information

Directors
Ian Cadby (Chairman)
Krystyna Nowak (Senior Independent Director)
Mark Florance (Audit Committee Chairman)
Robert Kirkby
Nicky McCabe
Hugh Young

Manager, Secretary & Registered Office
abrdn Capital International Limited
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St Helier
Jersey JE2 3QB

Tel: 01534 758 847

CEF.CoSec@abrdn.com

Registered in Jersey with Number 91671

Investment Manager
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21 Church Street
#01-01 Capital Square Two
Singapore 049480

Registrar
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 (0) 371 664 0300)

shareholderenquiries@linkgroup.co.uk
signalshares.com

Website
asian-income.co.uk

Bankers
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6th Floor
201 Bishopsgate
London EC2M 3NS

Solicitors
Dickson Minto
16 Charlotte Square
Edinburgh EH2 4DF

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

Corporate Broker
Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

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

Custodian
BNP Paribas Securities Services, London Branch

United States Internal Revenue Service FATCA Registration Number (GIIN)
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