# abrdn Asian Income Fund Limited

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

**Half Yearly Report 30 June 2022**

**asian-income.co.uk**

# Contents



"Your Manager has the advantage of having a long heritage in Asia and feet on the ground, filtering through the noise to find proven quality companies that are ideally placed to benefit from structural trends while generating healthy income for investors."

**Ian Cadby, Chairman**

# Performance Highlights

### Dividend yield[A]
As at 30 June 2022

**4.6%**

As at 31 December 2021 4.1%

### Earnings per Ordinary share – basic (revenue)
Six months ended 30 June 2022

**5.23p**

Six months ended 30 June 2021 4.32p

### Net asset value total return[AB]
Six months ended 30 June 2022

**–6.9%**

Year ended 31 December 2021 +11.0%

### Share price total return[AB]
Six months ended 30 June 2022

**–7.1%**

Year ended 31 December 2021 +5.2%

### MSCI AC Asia Pacific ex Japan High Dividend Yield Index total return (currency adjusted)[B]
Six months ended 30 June 2022

**+1.8%**

Year ended 31 December 2021 +8.1%

### MSCI AC Asia Pacific ex Japan Index total return (currency adjusted)[B]
Six months ended 30 June 2022

**–5.8%**

Year ended 31 December 2021 –1.8%

### Discount to net asset value per Ordinary share[A]
As at 30 June 2022

**–12.5%**

As at 31 December 2021 12.1%

### Ongoing charges[A]
As at 30 June 2022

**1.02%**

As at 31 December 2021 1.01%

### Net gearing[A]
As at 30 June 2022

**10.9%**

As at 31 December 2021 9.6%

[A] Alternative Performance Measure (see pages 27 to 29).
[B] Total return represents the capital return plus dividends reinvested.
[C] Percentage movements for the six months ended 30 June 2022 and year ended 31 December 2021.

# Financial Calendar

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

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

### Financial Calendar

| | |
|---|---|
| Payment dates of quarterly dividends | 22 August 2022<br>18 November 2022<br>17 February 2023<br>23 May 2023 |
| Financial year end | 31 December |
| Expected announcement of results for year ended 31 December 2022 | April 2023 |
| Annual General Meeting, London | 10 May 2023 |

“Reassuringly, the underlying quality of the portfolio remains robust and the vast majority of holdings have proven defensive and delivered on dividends, supporting your Company’s dividend yield of over 4.6% based on the 9.75p target dividend per share for 2022.”

# Chairman's Statement

**Ian Cadby**
Chairman
12 August 2022

## Background

The first half of 2022 was another unsettling period for stock markets, following an eventful Covid-dominated 2021. Investors confronted not only Europe's biggest conflict since World War II but also the prospect of a global recession as major central banks moved to fend off inflation amid a spike in commodity prices. Much of the action was centred in the West, but Asian markets were not spared the knock-on effects of these developments. Risks emanated from China too - pandemic outbreaks and resultant lockdowns in its major cities and business hubs weighed on domestic activity. There were also lingering concerns around the ailing Chinese property market, as well as regulatory risk in the new economy sectors. However, forceful government policy support propped up market sentiment towards the end of June 2022.

In this environment, your Company's net asset value (NAV) total return declined 6.9% over the six months to 30 June 2022, behind both the MSCI All Countries Asia Pacific ex Japan Index's fall of 5.8% and the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index's return of 1.8%. This was largely due to a rebound in the Chinese market in June where the Manager has maintained an underweight position. The share price declined 7.1% ending the period at 210p, representing a discount of 12.5% to the NAV per share; and providing an attractive, ahead of benchmark, prospective yield of 4.6%.

This short-term weakness is disappointing after last year's robust performance, but longer-term results remain encouraging. As indicated by the table below, your Company's NAV has outperformed relative to the comparative indices over the three- and five-year periods, reflecting your Manager's commitment to quality companies offering both capital and income growth.

| Performance (total return) to 30 June 2022 | Six months % return | 1 year % return | 3 year % return | 5 year % return |
|---|---|---|---|---|
| Share price (Ordinary)[A] | –7.1% | –4.8 | +10.4 | +23.6 |
| Net asset value[A] | –6.9% | –3.3 | +13.9 | +27.9 |
| MSCI AC Asia Pacific ex Japan Index (currency adjusted) | –5.8% | –12.5 | +12.5 | +17.5 |
| MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted) | +1.8% | +2.4 | +7.7 | +22.0 |

[A] Considered to be an Alternative Performance Measure (see page 29 for more details).

## Overview

During the review period, as inflation surged globally, and Russia invaded Ukraine, governments started to reduce the amount of money being pushed into the economy. Even before the invasion, price pressures had been building globally, fuelled by pent-up demand and Covid-related supply-chain woes, compounded by China's zero-tolerance approach to Covid. The war amplified supply shocks and drove commodity prices sharply higher, causing major central banks to tighten further. This, in turn, stoked fears of recession. Most notably, the US Federal Reserve jolted markets when it delivered a series of larger than average interest rate increases to slow down inflation.

Little wonder, then, that almost all major stock markets ended in the red. Asian markets, however, were more resilient than other global emerging markets and the developed markets of the US and Europe. One reason is that Asia is much less exposed to the war in Ukraine. In addition, inflation is still moderate in most of Asia compared to the rest of the world which, combined with a softening global backdrop, could translate to relatively lower interest rate increases. The region's healthy current account positions and fiscal discipline should also help it better withstand a downturn. Perhaps most importantly, the post-Covid reopening (Asia is a relative latecomer) should prompt market growth in the short to medium term. Economies in South-East Asia are already humming again thanks to a tourism comeback. The uptick in domestic demand should also underpin earnings growth – and the outlook for dividends.

With inflation rising and markets in tumult, dividend-paying stocks proved resilient as investors shunned growth stocks in favour of stability and income. Your Manager's focus remains on high-yielding quality businesses with cash-rich balance sheets and sustainable cash-generative abilities rather than high risk growth companies. Such attributes will determine the ability to sustain dividends, particularly in a rising interest rate environment where companies with too much debt or leverage could be forced to cut or suspend payouts. Your Manager also prefers businesses with sound environmental, social and governance (ESG) credentials, which complement a company's quality and durability – and can lead to better investment outcomes.

Reassuringly, the underlying quality of the portfolio remains robust and the vast majority of holdings have proven defensive and delivered on dividends, supporting your Company's dividend yield of over 4.6% based on the 9.75p target dividend per share for 2022.

## Performance Review

The portfolio's holdings, comprising a blend of companies with growth and income potential, faced stiff headwinds over the period. Even so, your Company was ahead of the MSCI All Countries Asia Pacific ex Japan Index by a commendable 3% for the first five months. Regrettably, gains were eroded in June, largely because of the rebound in China, where the portfolio is underweight. Performance lagged the MSCI All Countries Asia Pacific ex Japan High Dividend Yield index over the period on account of that Index's heavier allocation to Chinese banks, a sector which held up relatively well on hopes of a recovery in credit growth. The Company does not hold benchmark heavyweights in the state-owned banks, which tend to be more heavily regulated, preferring instead to focus on a sector we are more positive on, wealth management, via our holding in privately-owned China Merchants Bank.

# Chairman's Statement

## Continued

Despite lingering concerns over repeated Covid-19 lockdowns, Chinese stocks climbed towards the period-end thanks to early signs that the country's economic malaise may be ending. A potentially less severe regulatory stance on sectors such as e-commerce and internet provided further impetus to the rally. Against this background, not holding Alibaba, JD.com and Baidu held back our relative performance. As our longstanding shareholders would know, your income-oriented Company has not invested in these internet stocks as they do not pay dividends. Also hampering performance relative to the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index was the lack of exposure to China Construction Bank, Bank of China and Industrial and Commercial Bank of China given the higher weight to these banks in that Index. While the state banks offer high yields, your Manager is mindful that the sector is heavily regulated which may weigh on overall returns.

The adverse effect of the underweight to China overshadowed solid returns from the Chinese companies that the portfolio does hold. **China Resources Land**, one of your Company's largest investments, was the top stock contributor over the period. Unlike its low-quality peers, the property developer has a strong balance sheet and is modestly geared, as it funds new developments with rental income from its investment properties. Another standout was the real estate developer **China Vanke.** Both companies outperformed on the back of China's credit easing, which included cuts to loan prime rates. Their shares received a further fillip from improving industry-wide sales data. Following the sale of **China Mobile** and **CNOOC**, the portfolio no longer has exposure to Chinese military-industrial complex companies, in compliance with US sanctions relating to such securities.

Elsewhere, the rotation from interest rate-sensitive growth stocks to their value-oriented counterparts had a profound impact on markets. Korea and Taiwan – both technology-heavy markets – suffered steep losses in such an investment climate. A more subdued demand outlook for the global semiconductor industry added to the downbeat mood.

Accordingly, your Company's overweight to Taiwan detracted from performance. Silicon wafer maker **GlobalWafers** was caught in the indiscriminate selling of technology-related stocks. E-commerce platform **Momo.com**, an outstanding performer over the past three years, was also punished unfairly. There were some bright spots. **Taiwan Mobile,** backed by its attractive dividend yield and sound financial shape, delivered sizeable gains. Electronics manufacturer **Hon Hai Precision Industry** impressed with its payment of a record-high cash dividend per share following robust net profits. The company's payout ratio now exceeds 50%, which translates to a yield of over 5%. Your Manager's active engagement with Hon Hai has also been fruitful. The company made positive strides in sharing more about its ESG practices with the broader investment community and unveiled a new ESG roadmap towards the period end.

The modest position in Korea, where dividend yields tend to be low, added value. However, gains were pared by negative stock selection. Among the notable casualties was technology giant **Samsung Electronics**, whose robust fundamentals were overlooked as sentiment weakened across the sector. Nevertheless the company's financials remain healthy, and management has been increasingly focused on shareholder-friendly policies.

Investments in Singapore, the portfolio's biggest exposure, produced handsome returns. The trio of well-capitalised lenders **Oversea-Chinese Banking Corp, United Overseas Bank** and **DBS Group** were buoyed by rising interest rates and an improving economy, which are expected to boost net interest margins. The former has restored its dividend to pre-pandemic levels, while the latter two have scope for an increase later in the year.

The Company's holdings in Australia proved equally helpful. Diversified miners **BHP Group** and **Rio Tinto** staged strong advances amid the inflationary commodity-price environment. Both companies announced record dividend payouts on the back of solid results. It is worth noting that they are the lowest-cost producers in the sector and have been disciplined in strengthening their financial health by divesting non-core assets.

Turning to portfolio activity, your Manager is of the opinion that turbulence has created mispricing opportunities for long-term investors which are best exploited by refocusing on stock fundamentals and quality. Accordingly, your Manager took advantage of more palatable valuations to introduce some long-researched, quality companies that have clear growth trajectories and are well placed to ride on structural growth trends.

Of the four new purchases, two were in Taiwan. **MediaTek**, the country's leading fabless integrated-circuit design house, has attractive growth prospects. Management has also committed to returning capital to shareholders via special dividends over at least the next three years. **Taiwan Union Technology** (TUC) is a major manufacturer of copper clad laminate, which is a key base material used to make printed circuit boards. The company has moved up the value chain and stayed ahead of competition thanks to its first mover advantage and product innovation. Management has a good track record of strategy execution and free-cash flow should improve as capex tapers off. TUC offers a decent dividend yield of 6%

Your Manager also initiated Hong Kong-based **Dah Sing Financial**, which provides banking, insurance and other financial-related services primarily in Hong Kong, Macau and mainland China. The group's outlook is brightening, driven by the economic recovery, the reopening of borders between Hong Kong and the mainland, and rising rates. Your Manager believes there is a good chance of the stock undergoing a re-rating if the macro environment recovers.

Another new addition was Thailand-based **Kasikornbank**, a leader on the digitalisation, technology, and ESG fronts, and a key beneficiary of the country's re-opening. The lender's growth potential is supported by its sound balance sheet, strong branch network and measured approach in digital transformation, which could lead to dividends being reinstated.

The purchases were funded with the sale of China Mobile and CNOOC mentioned earlier and the divestment of Waypoint REIT. Proceeds from the takeover of AusNet Services were also invested across holdings with high dividend yields.

## Dividends

As I reported at the time of the annual results in March 2022, the Board is very conscious of the continuing demand for yield in the current environment and the Company is targeting a total dividend of at least 9.75p per Ordinary share for the years ending 31 December 2022 and 2023. The Company has announced two quarterly dividends of 2.3p each (2021: 2.25p each) covering the six months to 30 June 2022 totalling 4.6p (2021 – 4.5p). The remaining two dividends for 2022 will be considered at each quarter end, at which point an announcement will be made by the Company. The Board remains mindful of the Company's objective of growing dividends over time and is keen to retain its 'AIC Next Generation Dividend Hero' status. Therefore, if appropriate, it will consider using the Company's healthy revenue reserves built up over the past decade where necessary. Any decision as to whether revenue reserves will be utilised (and by how much) will be taken at the time of the fourth interim dividend in January 2023.

As we have cautioned in previous years, significant movements in the value of Sterling may also impact the level of earnings from the portfolio as the Company earns dividends in local Asian currencies and pays out its dividend to shareholders in Sterling. However, the Board is proud to have maintained a progressive policy despite the various economic, political and currency fluctuation risks seen both in Asia and in the UK since your Company's inception.

## Gearing and Share Repurchases

£49.1m had been drawn down under the Company's £10 million term facility and its £40 million revolving credit facility with Bank of Nova Scotia, London Branch ("the Lender") at the period end representing net gearing of 10.9%. 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. At the time of writing the net gearing stood at 10.0%.

# Chairman's Statement

## Continued

Over the first half of the year, the Ordinary shares have continued to trade at a discount to the NAV and the Company has been selectively buying back shares with a view to minimising volatility in the Company's share price due to a widening discount. During the period under review, your Company bought 1,288,978 shares for treasury and subsequent to the period end a further 73,695 Ordinary shares have been purchased for treasury. At the time of writing the latest NAV per share is 246.0p and the share price is 216.0p representing a discount to NAV of 12.2%. Buying back shares is accretive to existing shareholders and helps the performance of the Company.

### Outlook

Volatility could remain the order of the day, as recession fears join inflation woes while central banks continue on their path of normalisation. China is still a source of some anxiety, particularly given Beijing's dynamic zero-Covid policy and increasing tensions with relation to the US. That said, your Manager is cautiously optimistic about China's outlook in the second half of 2022. Growth momentum could strengthen as supportive policies work their way through the economy. Benign inflation – in marked contrast to many advanced economies – also creates room for further monetary easing and stimulus. While caution is merited, there are elements of good news. The recovery in South-East Asia is gathering pace, which bodes well for earnings growth. By and large, Asia is seeing some return to normality. Your Manager is travelling again and meeting with companies, business leaders and policymakers. And it is heartening to report that though near-term macroeconomic uncertainties pose challenges, your Company's holdings – with their buffers of strong balance sheets, cash flow generation and pricing power – remain broadly resilient. They should have the wherewithal to ensure steady dividend payouts. Your Manager will closely monitor their operational performance over the next few quarters.

All told, Asia continues to provide rich pickings for investors, especially those who target income and capital growth. Not only does the region offer compelling dividend yields, Asia's long-term growth drivers, such as rising affluence, technology adoption and green energy, also remain persuasive. Your Manager has the advantage of having a long heritage in Asia and feet on the ground, filtering through the noise to find proven quality companies that are ideally placed to benefit from structural trends while generating healthy income for investors. Your Board remains confident that the portfolio's predisposition towards such companies will continue to reward shareholders over the long term.

**Ian Cadby**
Chairman
12 August 2022

# Interim Board Report – Disclosures

## Principal Risk Factors

The principal risks and uncertainties affecting the Company are set out in detail on pages 25 to 27 of the Annual Report and Financial Statements for the year ended 31 December 2021 and have not changed.

The risks outlined below are those risks that the Directors considered at the date of this Half Yearly Report to be material but are not the only risks relating to the Company or its shares. If any of the adverse events described below actually occur, the Company's financial condition, performance and prospects and the price of its shares could be materially adversely affected and shareholders may lose all or part of their investment. Additional risks which were not known to the Directors at the date of this Half Yearly Report, or that the Directors considered at the date of this Report to be immaterial, may also have an effect on the Company's financial condition, performance and prospects and the price of the shares.

If shareholders are in any doubt as to the consequences of their acquiring, holding or disposing of shares in the Company or whether an investment in the Company is suitable for them, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Securities and Markets Act 2000 (as amended by the Financial Services Act 2012) or, in the case of prospective investors outside the United Kingdom, another appropriately authorised independent financial adviser.

The risks can be summarised under the following headings:

- Investment strategy and objectives;
- Investment portfolio, investment management;
- Financial obligations;
- Financial;
- Regulatory;
- Operational; and
- Income and dividend risk.

The Board continues to monitor the impact on the Company of the Covid pandemic and the war in Ukraine. Both the pandemic and war in Ukraine are continuing to affect world markets by disrupting supply chains, impacting demand for products and services, increasing energy costs and potentially impacting cash flows. However, the Board notes the Investment Manager's robust and disciplined investment process which continues to focus on long-term company fundamentals including balance sheet strength and deliverability of sustainable earnings growth. Throughout the pandemic the Board and Manager have closely monitored the Company's key third party service providers and the Company has proven resilient despite the severe market conditions that have been seen at times. The Board, through the Manager, will continue to monitor all third-party service arrangements.

An explanation of other risks relating to the Company's investment activities, specifically market price, liquidity and credit risk, and a note of how these risks are managed, are contained in note 18 on pages 92 to 100 of the Annual Report for the year ended 31 December 2021.

## Going Concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Directors have undertaken a rigorous review and consider that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. This review included the additional risks relating to the Covid-19 pandemic and war in Ukraine and where appropriate, action taken by the Manager and Company's service providers in relation to those risks. The Company's assets consist of a diverse portfolio of listed equities which in most circumstances are realisable within a very short timescale. 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 Half Yearly Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

# Interim Board Report – Disclosures

## Continued

### Directors' Responsibility Statement

The Directors are responsible for preparing this Half Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of interim financial statements contained within the Half Yearly Financial Report which have been prepared in accordance with IAS 34 "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Half-Yearly Board Report includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the Half-Yearly Board Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

For and on behalf of the Board of abrdn Asian Income Fund Limited

**Ian Cadby**
Chairman
12 August 2022

# Ten Largest Investments

## As at 30 June 2022 [A]

**Taiwan Semiconductor Manufacturing Company**
**Holding: 6.4%**

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.

**Samsung Electronics (Pref)**
**Holding: 5.5%**

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

**BHP Group**
**Holding: 4.0%**

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.

**DBS Group**
**Holding: 3.6%**

The largest Singapore bank, it is also 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.

**Oversea-Chinese Banking Corporation**
**Holding: 3.3%**

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

**Venture Corporation**
**Holding: 3.2%**

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.

**China Resources Land**
**Holding: 2.6%**

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.

**Taiwan Mobile**
**Holding: 2.6%**

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

**United Overseas Bank**
**Holding: 2.4%**

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

**Power Grid**
**Holding: 2.4%**

The company plans and manages the national power grid network in India and is poised to play a key role in the growth of renewable energy delivery in future as part of the country's drive towards green energy.

[A] Holdings at 30 June 2022 based on Total Assets less current liabilities excluding bank loans.

# Investment Portfolio

## As at 30 June 2022

| Company | Country | Valuation £'000 | Total assets % |
|---|---|---|---|
| Taiwan Semiconductor Manufacturing Company | Taiwan | 29,457 | 6.4 |
| Samsung Electronics (Pref) | South Korea | 25,365 | 5.5 |
| BHP Group [A] | Australia | 17,745 | 4.0 |
| DBS Group | Singapore | 16,642 | 3.6 |
| Oversea-Chinese Banking Corporation | Singapore | 15,197 | 3.3 |
| Venture Corporation | Singapore | 14,782 | 3.2 |
| China Resources Land | China | 11,906 | 2.6 |
| Taiwan Mobile | Taiwan | 11,836 | 2.6 |
| United Overseas Bank | Singapore | 10,938 | 2.4 |
| Power Grid Corp of India | India | 10,877 | 2.4 |
| **Top ten investments** | | **164,745** | **36.0** |
| Infosys | India | 10,196 | 2.2 |
| Rio Tinto [A] | Australia | 9,735 | 2.1 |
| LG Chem (Pref) | South Korea | 9,575 | 2.1 |
| Hon Hai Precision Industry | Taiwan | 9,430 | 2.1 |
| AIA Group | Hong Kong | 9,153 | 2.0 |
| Keppel Infrastructure | Singapore | 8,523 | 1.9 |
| Spark New Zealand | New Zealand | 8,417 | 1.8 |
| National Australia Bank | Australia | 8,314 | 1.8 |
| Charter Hall Long Wale REIT | Australia | 7,779 | 1.7 |
| Shopping Centres Australasia | Australia | 7,689 | 1.7 |
| **Top twenty investments** | | **253,556** | **55.4** |
| Commonwealth Bank of Australia | Australia | 7,393 | 1.6 |
| Momo.com Inc | Taiwan | 7,380 | 1.6 |
| Hong Kong Exchanges & Clearing | Hong Kong | 7,291 | 1.6 |
| China Merchants Bank 'A' | China | 7,213 | 1.6 |
| ASX | Australia | 7,171 | 1.6 |
| SAIC Motor 'A' | China | 7,073 | 1.5 |
| China Vanke (H Shares) | China | 7,035 | 1.5 |
| Tisco Financial Group Foreign | Thailand | 6,977 | 1.5 |
| Tata Consultancy Services | India | 6,971 | 1.5 |
| Singapore Technologies Engineering | Singapore | 6,869 | 1.5 |
| **Top thirty investments** | | **324,929** | **70.9** |

## As at 30 June 2022

| Company | Country | Valuation £'000 | Total assets % |
|---|---|---|---|
| Auckland International Airport | New Zealand | 6,771 | 1.5 |
| Singapore Telecommunications | Singapore | 6,550 | 1.4 |
| Hang Lung Properties | Hong Kong | 6,422 | 1.4 |
| Centuria Industries REIT | Australia | 6,082 | 1.3 |
| Siam Cement [B] | Thailand | 6,044 | 1.3 |
| Capitaland Investment | Singapore | 5,968 | 1.3 |
| Bank Rakyat | Indonesia | 5,434 | 1.2 |
| Accton Technology | Taiwan | 5,385 | 1.2 |
| Midea Group 'A' | China | 4,989 | 1.1 |
| Ascendas India Trust | Singapore | 4,947 | 1.1 |
| **Top forty investments** | | **383,521** | **83.7** |
| Okinawa Cellular Telephone | Japan | 4,719 | 1.0 |
| NZX | New Zealand | 4,647 | 1.0 |
| Dah Sing Financial Holdings | Hong Kong | 4,573 | 1.0 |
| Hana Microelectronics (Foreign) | Thailand | 4,435 | 1.0 |
| GlobalWafers | Taiwan | 4,366 | 1.0 |
| Lotus Retail Growth Freehold And Leasehold Property Fund | Thailand | 4,338 | 0.9 |
| KMC Kui Meng | Taiwan | 4,240 | 0.9 |
| Kasikornbank | Thailand | 4,185 | 0.9 |
| Sunonwealth Electric Machine | Taiwan | 3,966 | 0.9 |
| Medibank Private | Australia | 3,782 | 0.8 |
| **Top fifty investments** | | **426,772** | **93.1** |
| ICICI Bank [D] | India | 3,772 | 0.8 |
| Convenience Retail Asia | Hong Kong | 3,712 | 0.8 |
| Digital Core REIT | Singapore | 3,591 | 0.8 |
| Land & Houses Foreign | Thailand | 3,409 | 0.7 |
| Macquarie Group | Australia | 3,242 | 0.7 |
| Amada Co | Japan | 3,105 | 0.7 |
| Media Tek | Taiwan | 2,975 | 0.6 |
| China Resources Gas | China | 2,432 | 0.5 |
| Taiwan Union Technology | Taiwan | 1,811 | 0.4 |
| SP Setia (Pref) | Malaysia | 508 | 0.1 |
| **Top sixty investments** | | **455,329** | **99.2** |
| G3 Exploration [D] | China | – | – |
| **Total value of investments** | | **455,329** | **99.2** |
| Net current assets [D] | | 2,510 | 0.5 |
| **Total assets** | | **457,839** | **99.7** |

[A] Incorporated in and listing held in United Kingdom.
[B] Holding includes investment in common (£4,041,000) and non-voting depositary receipt (£2,003,000) lines.
[C] Corporate bonds.
[D] Excludes bank loans of £49,131,000.

# Investment Case Studies


## China Resources Land

| | |
|---|---|
| **In which year did we first invest?** | 2018 |
| **Where is their head office?** | Shenzhen, China |
| **What is their website** | www.en.crland.com.hk |
| **Holding at period end:** | 2.6% |

CR Land is the largest property developer in China that we see as a key beneficiary of consolidation in the mainland real estate sector over the long term. CR Land has a diversified portfolio and industry-leading margins, underpinned by a strong brand identity and competitive financing cost. Its large-scale landbank is also primarily in first and second-tier Chinese cities, which positions it well to capitalise on a turnaround in sentiment.

The group also enjoys stable recurring income streams from its portfolio of high-quality shopping malls, which provides some level of stability and visibility in its earnings. Its portfolio of investment properties provides a further liquidity source, in addition to a strong project pipeline. Its financials are also solid with a strong balance sheet.

All this is reflected in its premium valuation, and its resilience amid an industry downturn that was orchestrated by the government to reduce sector leverage. Recently, the Covid flare-ups in China have affected industry sales and worsened liquidity conditions for highly geared developers. A well-capitalised, blue-chip developer like CR Land will benefit from market consolidation over the long run. Additionally, continued urbanisation and rising affluence of a growing middle class in China will underpin housing demand in high-tier cities and domestic consumption, which are also positive tailwinds for the property group.

CR Land is also a good example of how we identify and close perception gaps in ESG quality in China. We rate it highly internally based on our research and due diligence. However, scores from rating agencies like MSCI were low, reflecting an under-appreciation by the market. It also meant that the company was not explaining its ESG story well to investors.

We felt that engagement with CR Land to enhance performance and disclosure would help on this front. We worked with CR Land collaboratively, identifying areas for improvement and providing benchmarking examples in Asia. This patient and constructive approach has worked well in China. Our engagement has been running for several years now, and CR Land's response has been positive. Our calls have grown to include many from its end. The group has a strong focus on improving ESG performance and disclosure, and we understand that these issues are discussed at a senior level.

In its latest upgrade from BB to BBB in August 2021, MSCI flagged CR Land's commitment to green buildings and improved efforts in occupational safety management. These were two areas we had focused on as part of our engagement, and so it was particularly pleasing to us that the company's efforts had been recognised.

## Power Grid Corporation of India

| | |
|---|---|
| **In which year did we first invest?** | 2020 |
| **Where is their head office?** | New Delhi |
| **What is their website** | www.powergrid.in |
| **Holding at period end:** | 2.4 % |

India has made significant progress in recent years towards electrification, with hundreds of millions of people having access to electricity connections. Economic expansion, urbanisation and industrialisation are expected to increase India's energy demands in the next two decades at three times the world average.

One of the Company's holdings forms the backbone of India's electricity infrastructure. Established in 1989 by the government, Power Grid Corporation of India is the largest electric power transmission utility in the country. It manages the national grid network as well as several regional ones, and transmits about 50% of the electricity used domestically. The return on its core transmission business is regulated with a review every five years, allowing Power Grid to pass through costs and be relatively insulated from commodity-price volatility. Aside from providing the portfolio with access to India's long-term renewables capacity, the company offers a relatively healthy dividend payout and attractive yield, and has been active in capital recycling through the launch of an innovative Infrastructure Investment Trust (or InvIT) in India.

We invested in the company because it stands to benefit from infrastructure spending and the massive push towards renewables and associated infrastructure. Whilst India has pledged net-zero emissions by 2070, 70% of electricity generation today is coal-powered and less than 4% comes from solar, suggesting the country could see substantial investment in both renewable generating capacity and the infrastructure necessary to transmit that electricity to meet that target. Power Grid is already enabling this energy transition, with more than 60% of its annual capital expenditure focused on connecting and transmitting renewable energy through the development of "green corridors" – transmission lines dedicated to moving clean energy from its source to the grid for further distribution to load centres – that will connect urban areas to India's renewable energy generation capacity.

As of December 2021, India's installed renewable energy capacity stood at more than 151.4 GW of power, having increased 286% over the past seven years. With a commitment to achieving 500 gigawatts (GW) of non-fossil fuel energy capacity by 2030, at least 30% of India's electricity could be powered by solar by 2040, with the country already possessing the fifth-largest solar installed capacity in the world.

Despite being a public utility, Power Grid's execution has been impressive, and the management team comes across well. On the ESG front, Power Grid has a "BBB" rating from MSCI, and we continue to engage with the company on a number of issues. It was encouraging to see the company appoint a number of new independent directors, for example, to improve board mix.

During our recent meetings with Power Grid's chairman, he reaffirmed the commitment to asset recycling and dividend payouts. He added that the company is improving disclosure, and engaging MSCI to improve its score.

# Condensed Statement of Comprehensive Income

| | Six months ended 30 June 2022 (unaudited) | | | Six months ended 30 June 2021 (unaudited) | | | Year ended 31 December 2021 (audited) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| **Investment income** | | | | | | | | | |
| Dividend income | **10,849** | **–** | **10,849** | 9,682 | – | 9,682 | 19,869 | – | 19,869 |
| Interest income on investments held at fair value through profit or loss | **159** | **–** | **159** | 146 | – | 146 | 294 | – | 294 |
| Stock lending income | **–** | **–** | **–** | – | – | – | 2 | – | 2 |
| Traded option premiums | **47** | **–** | **47** | 21 | – | 21 | 33 | – | 33 |
| **Total revenue** | **11,055** | **–** | **11,055** | 9,849 | – | 9,849 | 20,198 | – | 20,198 |
| (Losses)/gains on investments held at fair value through profit or loss | **–** | **(36,224)** | **(36,224)** | – | 23,794 | 23,794 | – | 33,354 | 33,354 |
| Net currency (losses)/gains | **–** | **(2,313)** | **(2,313)** | – | 205 | 205 | – | (266) | (266) |
| | **11,055** | **(38,537)** | **(27,482)** | 9,849 | 23,999 | 33,848 | 20,198 | 33,088 | 53,286 |
| **Expenses** | | | | | | | | | |
| Investment management fee (note 10) | **(668)** | **(1,003)** | **(1,671)** | (691) | (1,037) | (1,728) | (1,411) | (2,116) | (3,527) |
| Other operating expenses (note 5) | **(496)** | **–** | **(496)** | (415) | – | (415) | (862) | – | (862) |
| **Total operating expenses** | **(1,164)** | **(1,003)** | **(2,167)** | (1,106) | (1,037) | (2,143) | (2,273) | (2,116) | (4,389) |
| **Profit/(loss) before finance costs and tax** | **9,891** | **(39,540)** | **(29,649)** | 8,743 | 22,962 | 31,705 | 17,925 | 30,972 | 48,897 |
| **Finance costs** | **(169)** | **(254)** | **(423)** | (125) | (188) | (313) | (238) | (357) | (595) |
| Profit/(loss) before tax | **9,722** | **(39,794)** | **(30,072)** | 8,618 | 22,774 | 31,392 | 17,687 | 30,615 | 48,302 |
| Tax expense (note 11) | **(784)** | **319** | **(465)** | (1,020) | (495) | (1,515) | (2,024) | (967) | (2,991) |
| **Profit/(loss) for the period** | **8,938** | **(39,475)** | **(30,537)** | 7,598 | 22,279 | 29,877 | 15,663 | 29,648 | 45,311 |
| **Earnings per Ordinary share (pence) (note 3)** | **5.23** | **(23.10)** | **(17.87)** | 4.32 | 12.68 | 17.00 | 8.95 | 16.93 | 25.88 |

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

The total columns of this statement represent the Condensed 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.

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 accompanying notes are an integral part of the financial statements.

# Condensed Balance Sheet

| | Notes | As at 30 June 2022 (unaudited) £'000 | As at 30 June 2021 (unaudited) £'000 | As at 31 December 2021 (audited) £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investments held at fair value through profit or loss | | **455,329** | 482,334 | 497,370 |
| **Current assets** | | | | |
| Cash and cash equivalents | | **4,434** | 5,634 | 3,268 |
| Other receivables | | **2,194** | 2,363 | 1,438 |
| | | **6,628** | 7,997 | 4,706 |
| **Creditors: amounts falling due within one year** | | | | |
| Bank loans | 8 | **(39,158)** | (25,417) | (36,788) |
| Other payables | | **(2,821)** | (1,081) | (2,917) |
| | | **(41,979)** | (26,498) | (39,705) |
| **Net current liabilities** | | **(35,351)** | (18,501) | (34,999) |
| **Total assets less current liabilities** | | **419,978** | 463,833 | 462,371 |
| **Creditors: amounts falling due after more than one year** | | | | |
| Deferred tax liability on Indian capital gains | | **(1,297)** | (1,144) | (1,616) |
| Bank loan | 8 | **(9,973)** | (10,044) | (9,965) |
| | | **(11,270)** | (11,188) | (11,581) |
| Net assets | | **408,708** | 452,645 | 450,790 |
| **Stated capital and reserves** | | | | |
| Stated capital | 9 | **194,933** | 194,933 | 194,933 |
| Capital redemption reserve | | **1,560** | 1,560 | 1,560 |
| Capital reserve | | **200,343** | 244,760 | 242,727 |
| Revenue reserve | | **11,872** | 11,392 | 11,570 |
| **Equity shareholders' funds** | | **408,708** | 452,645 | 450,790 |
| **Net asset value per Ordinary share (pence)** | 4 | **240.04** | 257.62 | 262.76 |

The financial statements on pages 16 to 26 were approved by the Board of Directors and authorised for issue on 12 August 2022 and were signed on its behalf by:

**Ian Cadby**
Chairman

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

# Condensed Statement of Changes in Equity

## Six months ended 30 June 2022 (unaudited)

| | Stated capital £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|
| Opening balance | **194,933** | **1,560** | **242,727** | **11,570** | **450,790** |
| Buyback of Ordinary shares for treasury | **–** | **–** | **(2,909)** | **–** | **(2,909)** |
| (Loss)/profit for the period | **–** | **–** | **(39,475)** | **8,938** | **(30,537)** |
| Dividends paid (note 6) | **–** | **–** | **–** | **(8,636)** | **(8,636)** |
| **Balance at 30 June 2022** | **194,933** | **1,560** | **200,343** | **11,872** | **408,708** |

## Six months ended 30 June 2021 (unaudited)

| | Stated capital £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|
| Opening balance | 194,933 | 1,560 | 222,751 | 12,232 | 431,476 |
| Buyback of Ordinary shares for treasury | – | – | (270) | – | (270) |
| Profit for the period | – | – | 22,279 | 7,598 | 29,877 |
| Dividends paid (note 6) | – | – | – | (8,438) | (8,438) |
| **Balance at 30 June 2021** | 194,933 | 1,560 | 244,760 | 11,392 | 452,645 |

## Year ended 31 December 2021 (audited)

| | Stated capital £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|
| Opening balance | 194,933 | 1,560 | 222,751 | 12,232 | 431,476 |
| Buyback of Ordinary shares for treasury | – | – | (9,672) | – | (9,672) |
| Profit for the year | – | – | 29,648 | 15,663 | 45,311 |
| Dividends paid (note 6) | – | – | – | (16,325) | (16,325) |
| **Balance at 31 December 2021** | 194,933 | 1,560 | 242,727 | 11,570 | 450,790 |

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 (30 June 2021 – £260,822,000; 31 December 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.

# Condensed Statement of Cash Flows

| | Six months ended 30 June 2022 (unaudited) £'000 | Six months ended 30 June 2021 (unaudited) £'000 | Year ended 31 December 2021 (audited) £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Dividend income received | **9,919** | 7,507 | 18,432 |
| Interest income received | **153** | 153 | 298 |
| Derivative income received | **47** | 21 | 33 |
| Investment management fee paid | **(1,784)** | (3,148) | (3,148) |
| Other cash expenses | **(479)** | (431) | (860) |
| **Cash generated from operations** | **7,856** | 4,102 | 14,755 |
| Interest paid | **(435)** | (347) | (557) |
| Overseas taxation paid | **(804)** | (1,011) | (2,009) |
| **Net cash inflows from operating activities** | **6,617** | 2,744 | 12,189 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchases of investments | **(47,167)** | (48,423) | (98,164) |
| Sales of investments | **53,206** | 53,913 | 98,324 |
| Capital gains tax on sales | **-** | (45) | – |
| **Net cash inflow from investing activities** | **6,039** | 5,445 | 160 |
| | | | |
| **Cash flows from financing activities** | | | |
| Purchase of own shares for treasury | **(2,909)** | (270) | (9,672) |
| Dividends paid | **(8,636)** | (8,438) | (16,325) |
| Loan arrangement expense paid | **-** | – | (49) |
| Drawdown of loans | **-** | – | 25,800 |
| Repayment of loans | **-** | – | (14,900) |
| **Net cash outflow from financing activities** | **(11,545)** | (8,708) | (15,146) |
| **Net increase/(decrease) in cash and cash equivalents** | **1,111** | (519) | (2,797) |
| Cash and cash equivalents at the start of the period | **3,268** | 6,177 | 6,177 |
| Foreign exchange | **55** | (24) | (112) |
| **Cash and cash equivalents at the end of the period** | **4,434** | 5,634 | 3,268 |

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

### 1. Accounting policies – basis of preparation

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). The condensed Half Yearly Report has been prepared in accordance with International Accounting Standards (IAS) 34 – 'Interim Financial Reporting' and should be read in conjunction with the Annual Report for the year ended 31 December 2021.

The financial statements have been prepared on a going concern basis. In accordance with the Financial Reporting Council's guidance on 'Going Concern and Liquidity Risk' the Directors have undertaken a review of the Company's assets and liabilities. The Company's assets primarily consist of a diverse portfolio of listed equity shares which, in most circumstances, are realisable within a very short timescale.

The condensed interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

During the period the following standards, amendments to standards and new interpretations became effective. The adoption of these standards and amendments did not have a material impact on the financial statements:

| | | |
|---|---|---|
| IAS 41, IFRS 1, 9, and 16 Amendments | Annual Improvements 2018-2020 | 1 January 2022 |
| IFRS 3 Amendments | Conceptual Framework | 1 January 2022 |
| IAS 1 Amendments | Classification of Liabilities as Current or Non-Current | 1 January 2023 |
| IAS 1 Amendments | Disclosure of Accounting Policies | 1 January 2023 |
| IAS 8 Amendments | Definition of Accounting Estimates | 1 January 2023 |
| IAS 12 Amendments | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| IFRS 4 Amendments | Deferral of effective date of IFRS 9 | 1 January 2023 |

### 2. Segmental information

For management purposes, the Company is organised into one main operating segment, which invests in equity securities and debt instruments. 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.

## 3. Earnings per Ordinary share

| | Six months ended 30 June 2022 (unaudited) p | Six months ended 30 June 2021 (unaudited) p | Year ended 31 December 2021 (audited) p |
|---|---|---|---|
| Revenue return | **5.23** | 4.32 | 8.95 |
| Capital return | **(23.10)** | 12.68 | 16.93 |
| **Total return** | **(17.88)** | 17.00 | 25.88 |

The figures above are based on the following:

| | Six months ended 30 June 2022 (unaudited) £'000 | Six months ended 30 June 2021 (unaudited) £'000 | Year ended 31 December 2021 (audited) £'000 |
|---|---|---|---|
| Revenue return | **8,938** | 7,598 | 15,663 |
| Capital return | **(39,475)** | 22,279 | 29,648 |
| **Total return** | **(30,537)** | 29,877 | 45,311 |
| | | | |
| **Weighted average number of Ordinary shares in issue** | **170,797,870** | 177,136,644 | 175,057,061 |

## 4. Net asset value per share

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

| | As at 30 June 2022 (unaudited) | As at 30 June 2021 (unaudited) | As at 31 December 2021 (audited) |
|---|---|---|---|
| Attributable net assets (£'000) | **408,708** | 452,645 | 450,790 |
| Number of Ordinary shares in issue (excluding shares in issue held in treasury) | **170,269,918** | 175,704,329 | 171,558,896 |
| Net asset value per Ordinary share (p) | **240.04** | 257.62 | 262.76 |

# Notes to the Financial Statements

## Continued

## 5. Other operating expenses (revenue)

| | Six months ended 30 June 2022 (unaudited) £'000 | Six months ended 30 June 2021 (unaudited) £'000 | Year ended 31 December 2021 (audited) £'000 |
|---|---|---|---|
| Directors' fees | **82** | 79 | 166 |
| Promotional activities | **103** | 103 | 206 |
| Auditor's remuneration: | | | |
| – statutory audit | **19** | 20 | 40 |
| Custodian charges | **82** | 88 | 178 |
| Other | **210** | 125 | 272 |
| | **496** | 415 | 862 |

## 6. Dividends on equity shares

| | Six months ended 30 June 2022 (unaudited) £'000 | Six months ended 30 June 2021 (unaudited) £'000 | Year ended 31 December 2021 (audited) £'000 |
|---|---|---|---|
| Amounts recognised as distributions to equity holders in the period: | | | |
| Second interim dividend 2021 – 2.25p per Ordinary share | **–** | – | 3,951 |
| Third interim dividend 2021 – 2.25p per Ordinary share | **–** | – | 3,936 |
| Fourth interim dividend for 2021 – 2.75p per Ordinary share (2020 – 2.55p) | **4,712** | 4,484 | 4,484 |
| First interim dividend for 2022 – 2.30p per Ordinary share (2021 – 2.25p) | **3,924** | 3,954 | 3,954 |
| | **8,636** | 8,438 | 16,325 |

A second interim dividend of 2.30p for the year to 31 December 2022 will be paid on 22 August 2022 to shareholders on the register on 29 July 2022. The ex-dividend date was 28 July 2022.

## 7. Transaction costs

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

| | Six months ended 30 June 2022 (unaudited) £'000 | Six months ended 30 June 2021 (unaudited) £'000 | Year ended 31 December 2021 (audited) £'000 |
|---|---|---|---|
| Purchases | **43** | 65 | 108 |
| Sales | **51** | 108 | 181 |
| | **94** | 173 | 289 |

## 8. Bank loans

On 2 March 2021, the Company entered into a new unsecured £40 million multi-currency revolving loan facility agreement with Bank of Nova Scotia, London Branch, which runs until 2 March 2024. Under the terms of the facility agreement, the Company also has the option to increase the level of the commitment from £40 million to £60 million at any time. This facility agreement replaced the existing £40 million multi currency revolving loan facility agreement with Scotiabank Europe PLC. At the period end approximately GBP 15.8 million, USD 19 million and HKD 73.5 million, equivalent to £39.2 million was drawn down from the £40 million facility. The interest rates attributed to the GBP, USD and HKD loans at the period end were 2.422%, 2.764% and 1.906% respectively.

On 2 March 2021, the Company also entered into a new unsecured fixed three year £10 million credit facility with Bank of Nova Scotia, London Branch at an all-in interest rate of 1.53%. The loan is shown on the balance sheet net of expenses which are being amortised over the life of the liability.

At the period end, bank loans totalled £49,131,000 (30 June 2021 - £35,461,000; 31 December 2021 - £46,753,000).

# Notes to the Financial Statements

## Continued

### 9. Stated capital

| | 30 June 2022 | | 30 June 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | Number | £'000 | Number | £'000 | Number | £'000 |
| **Ordinary shares of no par value** | | | | | | |
| **Authorised** | **Unlimited** | **Unlimited** | Unlimited | Unlimited | Unlimited | Unlimited |
| **Issued and fully paid** | **194,933,389** | **194,933** | 194,933,389 | 194,933 | 194,933,389 | 194,933 |

During the period 1,288,978 Ordinary shares were bought back by the Company for holding in treasury at a cost of £2,909,000 (30 June 2021 - 120,154 shares were bought back at a cost of £270,000; 31 December 2021 - 4,265,587 shares were bought back for holding in treasury at a cost of £9,672,000). As at 30 June 2022 24,663,471 (30 June 2021 - 19,229,060; 31 December 2021 - 23,374,493) Ordinary shares were held in treasury.

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.

### 10. Related party disclosures and transactions with the Manager

**Transactions with the Manager**. The Company has an agreement with abrdn Capital International Limited ("ACIL") for the provision of management services. With the exception of stocklending activities, this agreement has been sub-delegated to abrdn Asia Limited ("abrdn Asia"). Any stocklending activity has been sub-delegated to Aberdeen Asset Managers Limited. Mr Young, who is a Director of the Company, is employed by abrdn Asia as Chairman of its Asian operations. ACIL and abrdn Asia are both wholly owned subsidiaries of abrdn plc.

The investment management fee is payable quarterly in arrears and is based on an annual fee of 0.8% on the average net assets of the previous six months up to £350 million and 0.6% per annum thereafter. During the period, £1,671,000 (30 June 2021 – £1,728,000; 31 December 2021 – £3,527,000) of management fees were paid and payable, with a balance of £2,572,000 (30 June 2021 – £886,000; 31 December 2021 – £2,685,000) being payable to abrdn Asia at the period end. The investment management fee is charged 40% to revenue and 60% to capital in line with the Board's expected long term returns.

The promotional activities fee is based on a current annual amount of £206,000 payable quarterly in arrears. During the period £103,000 (30 June 2021 – £103,000; 31 December 2021 – £206,000) of fees were payable, with a balance of £52,000 (30 June 2021 – £52,000; 31 December 2021 – £52,000) being payable to ACIL at the period end.

### 11. Tax expense

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

## 12. 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 Condensed Balance Sheet are grouped into the fair value hierarchy as follows:

| **At 30 June 2022 (unaudited)** | **Note** | **Level 1 £'000** | **Level 2 £'000** | **Level 3 £'000** | **Total £'000** |
|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | | |
| Quoted equities | a) | **451,557** | **–** | **–** | **451,557** |
| Quoted bonds | b) | **–** | **3,772** | **–** | **3,772** |
| **Total assets** | | **451,557** | **3,772** | **–** | **455,329** |

| **At 30 June 2021 (unaudited)** | **Note** | **Level 1 £'000** | **Level 2 £'000** | **Level 3 £'000** | **Total £'000** |
|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | | |
| Quoted equities | a) | 478,589 | – | – | 478,589 |
| Quoted bonds | b) | – | 3,745 | – | 3,745 |
| **Total assets** | | 478,589 | 3,745 | – | 482,334 |

| **At 31 December 2021 (audited)** | **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 |
| **Total assets** | | 493,609 | 3,761 | – | 497,370 |

**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 which are not considered to trade in active markets have been classified as Level 2.

**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 Condensed Balance Sheet.

**Fair values of financial liabilities.** The fair value of borrowings as at 30 June 2022 has been estimated at £49,087,000 (carrying value per Condensed Balance Sheet – £49,131,000) which was calculated using a discounted cash flow valuation technique. At 30 June 2021 and 31 December 2021 the fair value was estimated at £35,567,000 and £46,878,000 (carrying value per Condensed Balance Sheet – £35,461,000 and £46,753,000) respectively. Under the fair value hierarchy in accordance with IFRS 13, these borrowings are classified as Level 2.

### 13. Events after the reporting period

A further 73,695 Ordinary shares have been bought back by the Company for holding in treasury, subsequent to the reporting period end, at a cost of £158,000. Following the share buybacks there were 170,196,233 Ordinary shares in issue excluding those held in treasury.

### 14. Half Yearly Financial Report

The financial information for the six months ended 30 June 2022 and 30 June 2021 has not been audited.

### 15. Approval

This Half Yearly Financial Report was approved by the Board on 12 August 2022.

# 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.

| | | 30 June 2022 | 31 December 2021 |
|---|---|---|---|
| NAV per Ordinary share (p) | a | **240.03p** | 262.76p |
| Share price (p) | b | **210.00p** | 231.00p |
| Discount | (b-a)/a | **-12.5%** | -12.1% |

## Dividend yield

The yield for 30 June 2022 is calculated based on the prospective annual dividend for 2022 per Ordinary share in accordance with the Board's stated target divided by the share price, expressed as a percentage. The yield for 31 December 2021 is calculated based on the annual dividend for 2021 per Ordinary share divided by the share price, expressed as a percentage.

| | | 30 June 2022 | 31 December 2021 |
|---|---|---|---|
| Annual dividend per Ordinary share (p) | a | **9.75p** | 9.50p |
| Share price (p) | b | **210.00p** | 231.00p |
| Dividend yield | (b-a)/a | **4.6%** | 4.1% |

# Alternative Performance Measures

## Continued

### 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 period end as well as cash and cash equivalents.

| | | 30 June 2022 | 31 December 2021 |
|---|---|---|---|
| Borrowings (£'000) | a | **49,131** | 46,753 |
| Cash (£'000) | b | **4,434** | 3,268 |
| Amounts due to brokers (£'000) | c | **–** | – |
| Amounts due from brokers (£'000) | d | **–** | – |
| Shareholders' funds (£'000) | e | **408,708** | 450,790 |
| **Net gearing** | (a-b+c-d)/e | **10.9%** | 9.6% |

### Ongoing charges ratio

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average published daily net asset values with debt at fair value throughout the year. The ratio for 30 June 2022 is based on forecast ongoing charges for the year ending 31 December 2022.

| | 30 June 2022 | 31 December 2021 |
|---|---|---|
| Investment management fees (£'000) | **3,233** | 3,527 |
| Administrative expenses (£'000) | **924** | 862 |
| Less: non-recurring charges[A] (£'000) | **(42)** | (76) |
| **Ongoing charges (£'000)** | **4,152** | 4,313 |
| **Average net assets (£'000)** | **421,141** | 446,994 |
| **Ongoing charges ratio (excluding look-through costs)** | **0.99%** | 0.96% |
| **Look-through costs[A]** | **0.03%** | 0.05% |
| **Ongoing charges ratio (including look-through costs)** | **1.02%** | 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.

| **Six months ended 30 June 2022** | | **NAV** | **Share Price** |
|---|---|---|---|
| Opening at 1 January 2022 | a | **262.76p** | **231.00p** |
| Closing at 30 June 2022 | b | **240.03p** | **210.00p** |
| Price movements | c=(b/a)-1 | **-8.7%** | **-9.1%** |
| Dividend reinvestment[A] | d | **1.8%** | **2.0%** |
| **Total return** | c+d | **-6.9%** | **-7.1%** |

| **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.

# Investor Information

## Keeping You Informed

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

**Twitter:**

**@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 in accordance with the requirements of the UK National Private Placement Regime of its intention to market the Company (as a non-EEA AIF under the Directive) in the UK.

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

## Pre-Investment Disclosure Document

Under the European Alternative Investment Fund Management Directive (AIFMD), in order to market the Company's shares within the UK, the Company and the Manager (categorized as a non-EU alternative investment fund manager) are required to make available certain disclosures to investors. These are published in a pre-investment disclosure document (PIDD) which can be found on the website asian-income.co.uk. The periodic disclosures required to be made by the Manager under AIFMD are set out on page 117 of the Annual Report for the year ended 31 December 2021.

## Investor Warning

The Board has been made aware by abrdn that some investors have received telephone calls from people purporting to work for the 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 £2,000 for the 2022/2023 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

## Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of Asian companies by investment in an investment company and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that its securities can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authorities' ("FCA") rules in relation to non-mainstream pooled investments (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.

## Shareholder Enquiries

### Registered Shareholders

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

### General Enquiries

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

### abrdn Savings Plan Enquiries

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

## 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 Trusts 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.

# Investor Information

## Continued

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

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

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

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

### 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 on the 'Literature Library' section of the Company's website **asian-income.co.uk.**

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

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

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

### Independent Financial Advisers
To find an adviser who recommends on investment companies, visit **unbiased.co.uk.**

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

Tel**: 0800 111 6768** or

**https://register.fca.org.uk/**

Email: **register@fca.org.uk**

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

# Contact Addresses

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

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

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

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

## Registered in Jersey with number 91671

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

Tel: 01534 847 000

e-mail: **enquiries@linkgroup.co.uk**
share portal: **signalshares.com**

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

Tel: 0371 664 0300
(lines are open 8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)

## Website
**asian-income.co.uk**

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

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

## Solicitors
Dickson Minto
16 Charlotte Square
Edinburgh EH2 4DF

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

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

## Custodian
BNP Paribas Security Services, London Branch

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

## Legal Entity Identifier (LEI)
549300U76MLZF5F8MN87

## Investment Objective

The investment objective of abrdn Asian Income Fund Limited (the "Company") is 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.

## The Company

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's Ordinary shares of No Par Value are listed on the premium segment of the London Stock Exchange.

With effect from 1 January 2022 the Company has applied to HM Revenue & Customs to become an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 January 2022.

## Comparative Indices

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

## Portfolio Management

The investment management of the Company has been delegated by abrdn Capital International Limited (the "Manager") to abrdn Asia Limited ("abrdn Asia" or the "Investment Manager"). Both companies are wholly owned subsidiaries of abrdn plc.