Aberdeen Asian Income Fund Limited

Targeting rising income and growth from high-quality Asian companies, selected first-hand by our local teams

Half Yearly Report
30 June 2020

Targeting rising income and growth from high-quality Asian companies, selected first-hand by our local teams

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 40 analysts based on the ground across Asia meeting companies and uncovering often mispriced opportunities.

Investment Objective

The investment objective of 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

Aberdeen Asian Income Fund Limited (the "Company") is a Jersey-incorporated, closed-end investment company and its Ordinary shares of No Par Value ("Ordinary Shares") are listed on the London Stock Exchange. The Company is regulated by the Jersey Financial Services Commission ("JFSC") and is a member of the Association of Investment Companies.

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 Aberdeen Standard Capital International Limited (the "Manager") to Aberdeen Standard Investments (Asia) Limited ("ASI Asia" or the "Investment Manager"). Both companies are wholly owned subsidiaries of Standard Life Aberdeen plc, which was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017. Aberdeen Standard Investments is a brand of the investment businesses of the merged entity.

Visit our Website

To find out more about Aberdeen Asian Income Fund Limited, please visit: **asian-income.co.uk**.

"The Board is mindful of the Company's objective of growing dividends over time and is keen to retain its 'AIC Dividend Hero' status therefore, if appropriate, it will consider using the Company's healthy revenue reserves built up over the past decade where necessary."

Charles Clarke, Chairman

"Our focus remains on investing in good quality, market leading companies that are tapped into Asia's structural growth."

Yoojeong Oh,
Aberdeen Standard Investments (Asia) Limited

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Net asset value total return[AB]

Six months ended 30 June 2020

–6.5%

Year ended 31 December 2019 +10.5%

Share price total return[AB]

Six months ended 30 June 2020

–12.8%

Year ended 31 December 2019 +14.2%

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

Six months ended 30 June 2020

–7.0%

Year ended 31 December 2019 +10.6%

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

Six months ended 30 June 2020

+0.8%

Year ended 31 December 2019 +14.9%

Dividend yield[A]

As at 30 June 2020

5.1%

As at 31 December 2019 4.3%

Earnings per Ordinary share – basic (revenue)

Six months ended 30 June 2020

3.97p

Six months ended 30 June 2019 4.73p

Discount to net asset value per Ordinary share[A]

As at 30 June 2020

–12.3%

As at 31 December 2019 –5.8%

Total assets[C]

As at 30 June 2020

£405.3m

As at 31 December 2019 £439.4m

Ongoing charges[A]

As at 30 June 2020

1.07%

As at 31 December 2019 1.08%

Net gearing[A]

As at 30 June 2020

8.8%

As at 31 December 2019 8.1.%

[A] Alternative Performance Measure (see pages 26 and 27).
[B] Total return represents the capital return plus dividends reinvested.
[C] Percentage movements for the six months ended 30 June 2020 and year ended 31 December 2019.

"Over the six months ended 30 June 2020, the Company's net asset value (NAV) fell by 6.5% in sterling terms, compared to the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index's 7.0% decline over the same period and the MSCI All Countries Asia Pacific ex Japan Index, which increased by 0.8%"

Charles Clarke,
Chairman

Financial Calendar

Payment dates of quarterly dividends	**21 August 2020** **18 November 2020** **17 February 2021** **21 May 2021**
Financial year end	**31 December**
Expected announcement of results for year ended 31 December 2020	**April 2021**
Annual General Meeting (St Helier, Jersey)	**12 May 2021**

Interim Board Report - Chairman's Statement

"The first six months of 2020 was one of the most challenging ever for markets worldwide, Asia included, as the onset of Covid-19 not only disrupted economic activity, but also life as we know it."

Charles Clarke, Chairman

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Background

Over the six months ended 30 June 2020, the Company's net asset value (NAV) fell by 6.5% in sterling terms, compared to the MSCI All Countries Asia Pacific ex Japan High Dividend Yield Index's 7.0% decline over the same period and the MSCI All Countries Asia Pacific ex Japan Index, which increased by 0.8%. It is notable that the MSCI All Countries Asia Pacific ex Japan Index rise was largely driven by lower yielding growth stocks, and this is indicated in the relative resilience in your Company's NAV against the high yield index. Your Company's share price at the period end was 184p which represented a discount of 12.3% to the NAV per share. During the period, two dividend payments totalling 4.5p per share were distributed to shareholders. This represented an annualised dividend yield of 5.0%.

The first six months of 2020 was one of the most challenging ever for markets worldwide, Asia included, as the onset of Covid-19 not only disrupted economic activity, but also life as we know it. Investor anxiety over lockdown measures and the impact of Covid-19 on economies saw financial markets plunge to a trough in March. As assets fell to attractive levels, risk appetite returned somewhat. Sentiment was also boosted by strong support from both governments and central banks to help businesses and individuals and alleviate the liquidity squeeze. Towards the period end, strict social distancing forced infection rates down, allowing governments to ease some of their lockdowns. The nascent recovery in economic activity revived investor sentiment. Although markets rebounded from their March lows, they remained below their January highs, reflecting understandable caution given the ongoing uncertainty.

Overview

The review period started on a positive note in January, as the US and China reached a phase-one trade deal. The optimism, however, was short-lived. A localised virus outbreak in China evolved rapidly into a global pandemic, causing widespread lockdowns as governments grappled with rising death tolls. Markets plummeted, while oil and other commodity prices collapsed on fears over the repercussions of the ensuing demand destruction.

In the latter part of the period, the rebound in stock markets was swift as investors piled back in to take advantage of low valuations, and on hopes of better days ahead as economies started to re-open. Emerging from the crisis first was China. Its leading indicator for manufacturing (PMI) rose above the key 50-point level indicating expansion, while most other Asian economies also saw similar PMI rebounds. Economic data elsewhere also appeared to improve, and US growth delivered consistent upside surprises since May. In addition, oil producers averted a much-feared supply glut, with inventories falling amid improving demand.

As the situation was still precarious, with some countries facing a resurgence in new infections after dismantling some of the more draconian measures, businesses were understandably cautious. Companies prioritised the conserving of cash. Some raised capital to shore up their balance sheets, while others cut spending and slashed overheads. Many also suspended dividend payments, some of their own accord, while others at the behest of their regulators. In the UK, for example, the financial regulator intervened to suspend dividend payments by banks, such as HSBC. In Asia, the Monetary Authority of Singapore gave banks more leeway with regulatory requirements to enable them to boost lending to help tide businesses over, whereas REITs received deadline extensions for distributing their income.

In my view, these mandated dividend suspensions or postponements are different from financially-driven decisions to cut payouts. These deferrals should allow banks and companies to strengthen their reserves during the difficult period. Moreover, your Manager had anticipated such regulatory recommendations, particularly in the banking sector, and therefore repositioned the portfolio accordingly over the period.

Chairman's Statement Continued

Performance Review

As a result of the pandemic, your Company's performance was materially affected. In particular, it was impacted by its light exposure to China, as the mainland market was the first to re-open following months of lockdown. Performance was also reined in by the lack of exposure to Chinese internet stocks, such as Tencent and Alibaba that surged on the back of growing online demand for their services amid the lockdown. Your Company does not hold these names as they do not boast much of a yield. This was partially offset by the portfolio's holding in **Yum China**, which recovered due to better operational resilience than the market initially feared, buoyed in part by increased demand in its delivery business.

Your Manager also took the opportunity of the earlier sell-off in China to add selectively to positions – notably, China's largest insurance company, **Ping An Insurance**, where the firm's growth trajectory and income generation ability make its investment case attractive from both yield and capital appreciation standpoints. Additionally, your Manager's engagement with Ping An Insurance on environmental, social, and governance (ESG) issues has been encouraging. Since 2017, your Manager has continued to work with the insurer on a raft of issues, such as shareholding structure, risk management, cybersecurity, human capital management, work culture, as well as bribery and corruption defences. I am pleased to share that as a result of this work, Ping An Insurance has received two ESG rating upgrades in a year by external ratings provider, MSCI, and now commands an "A" rating.

Meanwhile, income-driven markets, such as Singapore and Hong Kong, also weighed on performance, particularly from the portfolio's holdings in the financial sector. Lenders, such as Singapore-based **DBS Group** and Hong Kong-based **HSBC**, were doubly hurt by concerns that lower interest rates would compress margins, as well as expectations of dividend suspensions to shore up capital.

On a more positive note, in anticipation of this weakness, your Manager took deliberate measures to protect the portfolio by lowering the weight of certain banks, while retaining active positions where the outlook was more resilient. A good example is the portfolio's position in Hong Kong retailer **Convenience Retail Asia**, as it kept generating cash flow by quickly adapting its in-store products to suit the changing spending patterns during a tumultuous half year. This allowed the company to pay out a much welcomed special cash dividend in May.

Your Manager also used this opportunity to invest in companies that stand to benefit when the tide turns. To this end, two new holdings were added to the portfolio from the property sector in Singapore – **CapitaLand**, which offers diversified exposure across various real estate segments globally, and its subsidiary, **CapitaLand Mall Trust**, a retail-focused REIT with a suite of local downtown and suburban malls. The REIT subsequently announced its merger with CapitaLand's office unit to form a combined entity of well-located properties across the island state. Both new additions share robust income profiles and stable yields. Your Manager has followed the group closely over the years and is confident in its management.

Your Company's exposure to technology and telecommunications companies in Korea and Taiwan contributed positively to performance. Both sectors emerged relatively unscathed from the worst of the pandemic, thanks to increased demand for electronic equipment and data stemming from the need to work-from-home, as well as other pandemic-induced trends. Notably, Taiwan's e-commerce retailer **momo.com** and **Taiwan Mobile** benefited as the lockdowns compelled a higher usage of data and online resources. In particular, momo.com re-rated significantly since January as online shopping boomed on the back of a larger proportion of the population sheltering.

During this turbulent period, your Manager remained engaged with the portfolio's underlying companies, discussing their business continuity plans and readiness to overcome the current disruption. It was reassuring to see that most of your portfolio's holdings have undertaken strategic reviews and adopted processes to weather the storm. For instance, **Samsung Electronics** had to halt output at one of its Korean plants after a worker contracted Covid-19. Your Manager engaged with management to understand the implications of such a disruption and was reassured that the impact would be minimal and that no shipments would be delayed on account of this. Additionally, an expected change in its shareholder returns policy lifted the price of its preference shares that your Company holds. Your Manager continues to see value in the company, especially its chip business, and the continued playing out of this thesis has manifested well in the tech giant's strong contribution to performance this year.

Meanwhile, your Manager took advantage of the indiscriminate selling to invest in long-researched, quality stocks with good dividend yields that had been too expensive previously to introduce to the portfolio. Among these was **Power Grid Corporation of India**, the national power transmission utility with countrywide networks. It benefits from government investments in electric power infrastructure and alternative energy sources. The public-sector enterprise is prudently managed and has healthy operational cash flow, backed by a sturdy balance sheet. Your Manager also initiated **APA Group**, an Australian natural-gas infrastructure company with defensive cash flows and earnings, buttressed by long-term contracts and a diversified customer-base. Its unique proposition of an integrated network of gas pipelines allows it to provide flexibility to its customers, while generating ample cash flow to return capital to shareholders, as well as invest for future growth.

While your Manager made the most of opportunities to add to the portfolio, a vigilant eye has also been kept on those whose income streams have become riskier and whose investment cases have waned. In addition to those already mentioned, your Manager exited **Woodside Petroleum** following the collapse in oil prices. While Woodside has a solid balance sheet and is among the best-managed in the region, a protracted low oil-price environment could weigh substantially on its expansion plans, something that management has already started to defer. Elsewhere, your Manager sold **Swire Pacific** in view of the difficult trading environment constraining its ability to distribute income. Another holding that was sold was **Japan Tobacco**, because your Manager believed that future dividends would be impaired by broader challenges faced by the entire industry.

Dividends

On 22 July 2020, your Board declared a second quarterly interim dividend of 2.25p per Ordinary share in respect of the year ending 31 December 2020, which will be paid on 21 August 2020 to shareholders on the register on 31 July 2020. The first two quarterly dividends, covering the six months to 30 June 2020 therefore total 4.5p (2019 – 4.5p). As indicated at the time, in light of the ongoing Covid-19 pandemic, the level of the remaining two dividends for 2020 will be considered at each quarter end, at which point an announcement will be made by the Company. The Board is mindful of the Company's objective of growing dividends over time and is keen to retain its 'AIC 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 each dividend declaration

Gearing and Share Repurchases

During the period, the Company renewed its £40,000,000 revolving credit facility (the "Facility") with Scotiabank Europe PLC ("Scotia") for 1 year. The Facility is in addition to the existing £10,000,000 fixed rate term loan facility with Scotia, which is due to mature in March 2021. HKD73.5 million, USD19.0m and GBP4.9mhas been drawn down under the Facility at all-in annualised rates of 1.6%, 1.5% and 1.4% respectively. Taking account of the existing £10,000,000 fixed rate loan, the Company's total gearing currently amounts to the equivalent of £38.0 million and net gearing of 8.8%.

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 active in the market when the discount (excluding income) has exceeded 5% with a view to minimising volatility due to a widening discount. During the period under review, your Company bought 632,285 shares for treasury and subsequent to the period end a further 400,157 Ordinary shares have been purchased for treasury. At the time of writing the latest NAV per share is 211.0p and the share price is 186.25p representing a discount to NAV of 11.7%.

Outlook

While we have seen a rally in the second quarter of 2020, we have to be mindful of the disconnect between stock prices and corporate and economic fundamentals. We have yet to see a significant improvement in macro data and earnings that would justify valuations at these levels. I would not be surprised if markets reverse again. Governments are still walking the tight rope of having to re-open economies, while trying to avoid a resurgence in Covid-19 infections. Several countries have already changed direction, even though they know that a re-imposition of containment measures would stymie the fragile economic recovery. For example, at the time of writing, the state of Victoria in Australia has just re-instated strict lockdown measures in the wake of a significant rise in infections. However, we expect continued fiscal and monetary measures to help support economies and markets.

Chairman's Statement Continued

Broader geopolitical risks further complicate matters, with tensions between China and the US a recurring theme. The rift started with trade but has since broadened to other areas. This is most evident in the technology domain, where the US wants to restrict China's global ambitions by limiting access to US technology. Your Manager is mindful of the potential repercussions, which could disrupt smartphone supply chains and delay the rollout of 5G networks. We also have an eye on the US presidential elections in November, which is shaping up to be an open race and with the outcome having significant bearing on foreign policy.

In such a climate, it is no surprise that the outlook for corporate earnings has worsened. Many companies have lowered their profit forecasts, with dividend and capital spending being cut in certain cases. More recently, however, your Manager has been detecting marginally more positive updates among our holdings, even though the overall outlook is still muted and most still expect conditions to remain challenging through the rest of 2020.

Amid the uncertainty, it bears reminding that Asia continues to be well positioned as the powerhouse of global growth. For one, we have the spending power of consumers in two of the world's most populous nations – China and India.

The region is also at the forefront of many exciting and emerging technological advances, such as vehicle electrification, Internet of Things and cloud computing. The region has the potential to offer investors good returns for many more years to come.

Your Manager's focus remains on investing in good quality, market leading companies that are tapped into Asia's structural growth. Their defensive traits, such as balance sheet strength, visible revenue streams and healthy profit margins, should enable them to ride out the current crisis, while continuing to pay out a decent dividend. Moreover, your Manager continues to evaluate the new trends that have emerged during the pandemic, such as e-commerce and online activity, alongside longer-term tectonic shifts, such as rising demand in Asia for healthcare and infrastructure.

While your Manager is mindful that dividends will come under pressure in the short term, I remain confident that your Company is positioned well to continue delivering sustainable returns and generating healthy income in the long run.

Charles Clarke
Chairman
11 August 2020

Interim Board Report – Disclosures

Principal Risk Factors

The principal risks and uncertainties affecting the Company are set out in detail on pages 22 to 24 of the Annual Report and Financial Statements for the year ended 31 December 2019 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 and regulatory;
- Operational; and,
- Income and dividend risk.

The Board has reviewed the risks related to the Covid-19 pandemic. Covid-19 is continuing to affect the value of the Company's investments due to the disruption of supply chains and demand for products and services, increased costs and potential cash flow issues. The pandemic has significantly impacted world stock markets as well as creating uncertainty around future dividend payments. However, the Board notes the 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. The pandemic has also impacted the Company's third party service providers, with business continuity and home working plans having been implemented. The Board, through the Manager, has been closely monitoring all third party service arrangements and is pleased to report that it has not seen any reduction in the level of service provided to the Company to date.

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 81 to 89 of the Annual Report for the year ended 31 December 2019.

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 ongoing Covid-19 pandemic 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; and
- 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 Aberdeen Asian Income Fund Limited

Charles Clarke,
Chairman
11 August 2020

Ten Largest Investments

As at 30 June 2020

Samsung Electronics (Pref)

Holding: 8.5%

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.

Taiwan Semiconductor Manufacturing Company

Holding: 7.4%

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

Venture Corporation

Holding: 3.8%

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.

Taiwan Mobile

Holding: 3.2%

The leading provider of cellular telecommunications services in Taiwan. Although predominantly a wireless network operator, it also sells and leases cellular telephony equipment.

Ping An Insurance (H Shares)

Holding: 3.1%

A Chinese financial conglomerate with one of the best life insurance franchises domestically, backed by technological expertise, progressive management and an unrivalled ecosystem in a steadily growing market.

Oversea-Chinese Banking Corporation

Holding: 3.0%

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.

Tesco Lotus Retail Growth

Holding 2.9%

Anchored by Thailand's largest hypermarket operator Tesco Lotus, it invests in retail malls and holds a solid portfolio, principally in freehold assets. It offers an attractive yield and stands to benefit from the recovery in Thai retail spending.

Waypoint

Holding: 2.6%

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

Rio Tinto

Holding: 2.5%

The Australian miner is a proxy for China and emerging markets' secular growth story. Its assets are world-class and management has been disciplined through the cycle, focused on strengthening its balance sheet, cutting costs and preserving cash.

AusNet Services

Holding: 2.4%

The Australian utility company engages in electricity distribution and transmission, and owns gas distribution assets in Victoria state. It offers relatively stable revenues, given that most of it is regulated, and an attractive dividend yield.

[A] Holdings at 30 June 2020 based on Total Assets less current liabilities excluding bank loans.

Investment Portfolio

As at 30 June 2020

Company	Country	Valuation £'000	Total assets %
Samsung Electronics (Pref)	South Korea	34,404	8.5
Taiwan Semiconductor Manufacturing Company	Taiwan	30,175	7.4
Venture Corporation	Singapore	15,312	3.8
Taiwan Mobile	Taiwan	12,943	3.2
Ping An Insurance (H Shares)	China	12,390	3.1
Oversea-Chinese Banking Corporation	Singapore	12,296	3.0
Tesco Lotus Retail Growth	Thailand	11,766	2.9
Waypoint REIT	Australia	10,564	2.6
Rio Tinto [A]	Australia	10,052	2.5
AusNet Services	Australia	9,857	2.4
Top ten investments		**159,759**	**39.4**
Momo.com Inc	Taiwan	9,761	2.4
DBS Group	Singapore	9,321	2.3
Singapore Telecommunications	Singapore	8,930	2.2
LG Chemical (Pref)	South Korea	8,285	2.0
Commonwealth Bank of Australia	Australia	8,167	2.0
China Mobile	China	8,111	2.0
Spark New Zealand	New Zealand	7,869	1.9
HSBC Holdings	Hong Kong	7,801	1.9
Shopping Centres Australasia	Australia	7,742	1.9
China Resources Land	China	7,533	1.9
Top twenty investments		**243,279**	**59.9**
Siam Cement [B]	Thailand	6,687	1.7
BHP Group [A]	Australia	6,584	1.6
Singapore Technologies Engineering	Singapore	6,494	1.6
Hana Microelectronics (Foreign)	Thailand	6,458	1.6
SAIC Motor 'A'	China	6,287	1.6
Hang Lung Properties	Hong Kong	5,962	1.5
ASX	Australia	5,654	1.4
Okinawa Cellular Telephone	Japan	5,457	1.3
Infosys	India	5,269	1.3
United Overseas Bank	Singapore	5,211	1.3
Top thirty investments		**303,342**	**74.8**

As at 30 June 2020

Company	Country	Valuation £'000	Total assets %
Amada Holdings	Japan	5,197	1.3
Auckland International Airport	New Zealand	4,942	1.2
Tata Consultancy Services	India	4,917	1.2
CNOOC	China	4,908	1.2
Ascendas India Trust	Singapore	4,761	1.2
Globalwafers	Taiwan	4,472	1.1
Yum China Holdings	China	4,334	1.1
Heineken Malaysia	Malaysia	4,309	1.1
ICICI Bank [D]	India	4,160	1.0
NZX	New Zealand	4,055	1.0
Top forty investments		**349,397**	**86.2**
Charter Hall long WALE	Australia	3,957	1.0
Power Grid Corp of India	India	3,930	1.0
Capitaland	Singapore	3,864	1.0
Aeon Credit Service M	Malaysia	3,568	0.9
Convenience Retail Asia	Hong Kong	3,558	0.9
Land & Houses Foreign	Thailand	3,489	0.9
Jardine Cycle & Carriage	Singapore	3,470	0.8
Tisco Financial Group Foreign	Thailand	3,440	0.8
Medibank Private	Australia	3,390	0.8
Bank Rakyat	Indonesia	3,306	0.8
Top fifty investments		**385,369**	**95.1**
ComfortDelGro	Singapore	2,393	0.6
APA Group	Australia	2,186	0.5
Capitaland Mall Trust	Singapore	1,876	0.5
Westpac Banking Corporation	Australia	1,775	0.4
Mapletree Commercial Trust	Singapore	1,671	0.4
Standard Chartered	United Kingdom	1,618	0.4
SP Setia [C]	Malaysia	1,065	0.2
Kingmaker Footwear	Hong Kong	717	0.2
City Developments (Pref)	Singapore	291	0.1
G3 Exploration [D]	China	–	–
Top sixty investments		**398,961**	**98.4**
Total value of investments		**398,961**	**98.4**
Net current assets [E]		**6,360**	**1.6**
Total assets		**405,321**	**100.0**

[A] Incorporated in and listing held in United Kingdom.
[B] Holding includes investment in common (£4,470,000) and non-voting depositary receipt (£2,217,000) lines.
[C] Holding includes investment in Preference Shares (£399,000) and Common Stock (£666,000).
[D] Corporate bonds.
[E] Excludes bank loans of £37,982,000.

Investment Case Studies

Momo.com

In which year did we first invest?	2018
Where is their head office?	Taipei, Taiwan
What is their website?	www.fmt.com.tw
Holding at period end:	2.4%

Momo.com is the largest B2C (business-to-consumer) e-commerce services company in Taiwan, operating in the most profitable segment of the sector. Despite being a relatively new player in the space, it has continued to gain market share through the successful execution of its strategy of diversifying and improving its product mix from a high concentration of electronics, while investing in logistics capabilities to support growth efficiently. In particular, the latter strength in fulfilment services is what has resulted in the widening differentiation between Momo.com and its competitors.

Given the importance of human capital in this business, Momo.com views talent retention and recognition as key for the business to stay at the forefront of this rising e-commerce trend. The company strives to keep staff turnover low through an innovative, transparent and efficient workplace culture, while incentivising its employees through attractive remuneration packages.

We believe that the culmination of these traits will enable the company to remain a beneficiary of the currently low but increasing penetration rate of e-commerce in Taiwan. We have seen this trend accelerate over the recent pandemic, as a result of an increasing proportion of the population working from home and being more careful about contact with crowds. This has further bolstered the company's already high cash generating ability, and its generally low capital commitments going forward facilitate a stable and attractive dividend. Furthermore, its cash-rich balance sheet provides a significant buffer through times of volatility. Year to date, this stock has more than doubled as Covid-19 has been a tailwind for e-commerce.

SAIC Motor

In which year did we first invest?	2017
Where is their head office?	Shanghai, China
What is their website?	www.saicgroup.com
Holding at period end:	1.6%

SAIC Motor is China's largest automaker, commanding a leading share in a competitive market domestically. The bulk of its earnings stem from its joint ventures (JVs) with Volkswagen and General Motors, although the company has been cultivating its own brand. Over the years, it has built on its expertise through working with and manufacturing for these global names, resulting in its ability to deliver steady growth and margins, alongside a pipeline of new models from its JVs. This has been particularly beneficial for the company amid the current cyclical downturn in the automotive industry, as its scale, efficiency and strong portfolio have allowed it to perform better than peers.

Given the state-owned nature of the business, an important point of engagement for us lies in the company's anti-corruption policies. Through our conversations with the company, we have been heartened to hear that there are many processes and controls in place to mitigate bribery and conduct risks, but the key shortfall here lies in the lack of disclosure of these policies. We continue to encourage more robust disclosures here, and have been pleased with the response.

Amid the constantly evolving industry landscape, one of the strong tenets of this investment case lies in the company's commitment to shareholder return. Further, its low debt levels and high cash generating ability have been supportive of an attractive yield, even with a more conservative stance to payout ratios through the downturn.

Editorial credit: Robert Way / Shutterstock.com

Condensed Statement of Comprehensive Income

	Six months ended 30 June 2020 (unaudited)			Six months ended 30 June 2019 (unaudited)			Year ended 31 December 2019 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income									
Dividend income	8,792	–	8,792	10,187	–	10,187	20,516	–	20,516
Interest income on investments held at fair value through profit or loss	170	–	170	205	–	205	406	–	406
Traded option premiums	29	–	29	44	–	44	74	–	74
Total revenue	8,991	–	8,991	10,436	–	10,436	20,996	–	20,996
(Losses)/gains on investments held at fair value through profit or loss	–	(30,035)	(30,035)	–	43,152	43,152	–	24,759	24,759
Net currency (losses)/gains	–	(2,182)	(2,182)	–	(107)	(107)	–	934	934
	8,991	(32,217)	(23,226)	10,436	43,045	53,481	20,996	25,693	46,689
Expenses									
Investment management fee (note 10)	(632)	(947)	(1,579)	(672)	(1,008)	(1,680)	(1,372)	(2,059)	(3,431)
Other operating expenses (note 5)	(428)	–	(428)	(489)	–	(489)	(951)	–	(951)
Total operating expenses	(1,060)	(947)	(2,007)	(1,161)	1,008	(2,169)	(2,323)	(2,059)	(4,382)
Profit/(loss) before finance costs and taxation	7,931	(33,164)	(25,233)	9,275	42,037	51,312	18,673	23,634	42,307
Finance costs	(191)	(287)	(478)	(203)	(305)	(508)	(429)	(643)	(1,072)
Profit/(loss) before tax	7,740	(33,451)	(25,711)	9,072	41,732	50,804	18,244	22,991	41,235
Tax expense	(713)	48	(665)	(630)	(47)	(677)	(1,470)	(68)	(1,538)
Profit/(loss) for the period	**7,027**	**(33,403)**	**(26,376)**	**8,442**	**41,685**	**50,127**	**16,774**	**22,923**	**39,697**
Earnings per Ordinary share (pence) (note 3)	**3.97**	**(18.86)**	**(14.89)**	**4.73**	**23.37**	**28.10**	**9.42**	**12.87**	**22.29**

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, 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 Aberdeen 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 2020 (unaudited) £'000	As at 30 June 2019 (unaudited) £'000	As at 31 December 2019 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss		398,961	451,205	435,984
Current assets				
Cash and cash equivalents		5,727	7,702	3,458
Other receivables		1,706	2,252	1,568
		7,433	9,954	5,026
Creditors: amounts falling due within one year				
Bank loans	8	(37,982)	(26,996)	(25,990)
Other payables		(1,073)	(1,562)	(1,618)
		(39,055)	(28,558)	(27,608)
Net current liabilities		(31,622)	(18,604)	(22,582)
Creditors: amounts falling due after more than one year				
Deferred tax liability on Indian capital gains		(19)	–	–
Bank loan	8	–	(9,998)	(9,999)
		(19)	(9,998)	(9,999)
Net assets		**367,320**	**422,603**	**403,403**
Stated capital and reserves				
Stated capital	9	194,933	194,933	194,933
Capital redemption reserve		1,560	1,560	1,560
Capital reserve		156,721	210,939	191,412
Revenue reserve		14,106	15,171	15,498
Equity shareholders' funds		**367,320**	**422,603**	**403,403**
Net asset value per Ordinary share (pence)	4	**207.57**	**237.48**	**227.15**

The financial statements on pages 16 to 25 were approved by the Board of Directors and authorised for issue on 11 August 2020 and were signed on its behalf by:

Charles Clarke
Chairman

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

Condensed Statement of Changes in Equity

Six months ended 30 June 2020 (unaudited)

	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance	194,933	1,560	191,412	15,498	403,403
Buyback of Ordinary shares for treasury	–	–	(1,288)	–	(1,288)
(Loss)/profit for the period	–	–	(33,403)	7,027	(26,376)
Dividends paid (note 6)	–	–	–	(8,419)	(8,419)
Balance at 30 June 2020	**194,933**	**1,560**	**156,721**	**14,106**	**367,320**

Six months ended 30 June 2019 (unaudited)

	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance	194,933	1,560	170,680	15,026	382,199
Buyback of Ordinary shares for treasury	–	–	(1,426)	–	(1,426)
Profit for the period	–	–	41,685	8,442	50,127
Dividends paid (note 6)	–	–	–	(8,297)	(8,297)
Balance at 30 June 2019	**194,933**	**1,560**	**210,939**	**15,171**	**422,603**

Year ended 31 December 2019 (audited)

	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance	194,933	1,560	170,680	15,026	382,199
Buyback of Ordinary shares for treasury	–	–	(2,191)	–	(2,191)
Profit for the year	–	–	22,923	16,774	39,697
Dividends paid (note 6)	–	–	–	(16,302)	(16,302)
Balance at 31 December 2019	**194,933**	**1,560**	**191,412**	**15,498**	**403,403**

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 2019 – £260,822,000; 31 December 2019 – £260,822,000). These amounts include proceeds arising from the issue of shares by the Company, but excludes the cost of shares purchased for cancellation or treasury by the Company.

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

Condensed Cash Flow Statement

	Six months ended 30 June 2020 (unaudited) £'000	Six months ended 30 June 2019 (unaudited) £'000	Year ended 31 December 2019 (audited) £'000
Cash flows from operating activities			
Dividend income received	8,653	8,696	19,104
Interest income received	170	188	423
Derivative income received	29	44	74
Investment management fee paid	(1,982)	(1,703)	(3,409)
Other cash expenses	(425)	(485)	(890)
Cash generated from operations	6,445	6,740	15,302
Interest paid	(490)	(400)	(1,094)
Overseas taxation paid	(756)	(519)	(1,402)
Net cash inflows from operating activities	5,199	5,821	12,806
Cash flows from investing activities			
Purchases of investments	(37,411)	(30,386)	(63,113)
Sales of investments	44,430	38,435	68,617
Net cash inflow from investing activities	7,019	8,049	5,504
Cash flows from financing activities			
Purchase of own shares for treasury	(1,343)	(1,455)	(2,166)
Dividends paid	(8,419)	(8,297)	(16,302)
Net cash outflow from financing activities	(9,762)	(9,752)	(18,468)
Net increase/(decrease) in cash and cash equivalents	2,456	4,118	(158)
Cash and cash equivalents at the start of the period	3,458	3,622	3,622
Foreign exchange	(187)	(38)	(6)
Cash and cash equivalents at the end of the period	**5,727**	**7,702**	**3,458**

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

Notes to the Financial Statements

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 2019.

   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:

Standards

IAS 1 and IAS 8 Amendments	Definition of Material	1 January 2020
IAS 1, 8, 34, 37, 38 and IFRS 2, 3, 6, 14	Amendment to references to the conceptual framework	1 January 2020
IAS 41 Amendment (AI 2018-20)	Taxation in fair value measurements	1 January 2020
IFRS 3 Amendment	Definition of a Business	1 January 2020
IFRS 3 Amendment	Reference to the Conceptual Framework	1 January 2020
IFRS 9 Amendment (AI 2018-20)	Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2020
IFRS 9, IAS 39 and IFRS 7 Amendments	Interest Rate Benchmark Reform	1 January 2020

Interpretations

IFRIC 12, 19, 20, 22 and SIC 32	Amendment to references to the conceptual framework	1 January 2020

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 2020 (unaudited) p	Six months ended 30 June 2019 (unaudited) p	Year ended 31 December 2019 (audited) p
Revenue return	3.97	4.73	9.42
Capital return	(18.86)	23.37	12.87
Total return	**(14.89)**	**28.10**	**22.29**

The figures above are based on the following:

	Six months ended 30 June 2020 (unaudited) £'000	Six months ended 30 June 2019 (unaudited) £'000	Year ended 31 December 2019 (audited) £'000
Revenue return	7,027	8,442	16,774
Capital return	(33,403)	41,685	22,923
Total return	**(26,376)**	**50,127**	**39,697**
Weighted average number of Ordinary shares in issue	**177,136,644**	**178,366,183**	**178,087,642**

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 2020 (unaudited)	As at 30 June 2019 (unaudited)	As at 31 December 2019 (audited)
Attributable net assets (£'000)	367,320	422,603	403,403
Number of Ordinary shares in issue (excluding shares in issue held in treasury)	176,959,690	177,953,298	177,591,975
Net asset value per Ordinary share (p)	207.57	237.48	227.15

5. Other operating expenses (revenue)

	Six months ended 30 June 2020 (unaudited) £'000	Six months ended 30 June 2019 (unaudited) £'000	Year ended 31 December 2019 (audited) £'000
Directors' fees	77	77	154
Secretarial and administration fees	–	67	134
Promotional activities	103	103	206
Auditor's remuneration:			
– statutory audit	20	18	37
Custodian charges	65	60	126
Other	163	164	294
	428	**489**	**951**

Notes to the Financial Statements Continued

6. Dividends on equity shares

	Six months ended 30 June 2020 (unaudited) £'000	Six months ended 30 June 2019 (unaudited) £'000	Year ended 31 December 2019 (audited) £'000
Amounts recognised as distributions to equity holders in the period:			
Second interim dividend 2019 – 2.25p per Ordinary share	–	–	4,005
Third interim dividend 2019 – 2.25p per Ordinary share	–	–	4,000
Fourth interim dividend for 2019 – 2.50p per Ordinary share (2018 – 2.40p)	4,436	4,286	4,286
First interim dividend for 2020 – 2.25p per Ordinary share (2019 – 2.25p)	3,983	4,011	4,011
	8,419	**8,297**	**16,302**

A second interim dividend of 2.25p for the year to 31 December 2020 will be paid on 21 August 2020 to shareholders on the register on 31 July 2020. The ex-dividend date was 30 July 2020.

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 2020 (unaudited) £'000	Six months ended 30 June 2019 (unaudited) £'000	Year ended 31 December 2019 (audited) £'000
Purchases	44	39	73
Sales	53	39	71
	97	**78**	**144**

8. **Bank loans.** In April 2020, the Company entered into a new unsecured £40 million multi-currency revolving loan facility agreement with Scotiabank Europe PLC which runs until 6 April 2021. This facility agreement replaced the existing £40 million multi currency revolving loan facility agreement with Scotiabank (Ireland) Designated Activity Company. At the period end approximately USD 7.2 million and HKD 213 million, equivalent to £28.0 million was drawn down from the £40 million facility. The interest rates attributed to the USD and HKD loans at the period end were 1.525% and 2.184% respectively.

In March 2018, the Company entered into a new fixed three year £10 million credit facility with Scotiabank Europe PLC at an all-in interest rate of 2.179% which will mature on 2 March 2021.

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 £37,982,000 (30 June 2019 – £36,994,000; 31 December 2019 – £35,989,000).

9. **Stated capital**

	30 June 2020		30 June 2019		31 December 2019	
	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 632,285 Ordinary shares were bought back by the Company for holding in treasury at a cost of £1,288,000 (30 June 2019 – 677,390 shares were bought back at a cost of £1,426,000; 31 December 2019 – 1,038,713 shares were bought back for holding in treasury at a cost of £2,191,000). As at 30 June 2020 17,973,699 (30 June 2019 – 16,980,091; 31 December 2019 – 17,341,414) 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 Aberdeen Standard Capital International Limited ("ASCIL") for the provision of management services. This agreement has been sub-delegated to Aberdeen Standard Investments (Asia) Limited ("ASI Asia").

On 1 January 2020 the Company agreed with the Manager that with effect from 1 January 2020, the calculation of the management fee be changed to 0.85% per annum on average net assets of the previous six months up to £350 million and 0.65% per annum thereafter. The fee continues to be payable quarterly in arrears. During the period, £1,579,000 (30 June 2019 – £1,680,000; 31 December 2019 – £3,532,000) of management fees were paid and payable, with a balance of £765,000 (30 June 2019 – £1,124,000; 31 December 2019 – £1,146,000) being payable to ASI Asia at the period end.

The Company also agreed with the Manager that payment of the secretarial administration fee of £134,000 per annum would cease with effect from 1 January 2020. During the period £nil (30 June 2019 – £67,000; 31 December 2019 – £134,000) of fees were paid and payable, with a balance of £nil (30 June 2019 – £33,000; 31 December 2019 – £67,000) being payable to ASCIL at the period end.

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 2019 – £103,000; 31 December 2019 – £206,000) of fees were payable, with a balance of £103,000 (30 June 2019 – £52,000; 31 December 2019 – £52,000) being payable to ASCIL at the period end.

11. **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).

Notes to the Financial Statements Continued

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 2020 (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)	394,801	–	–	394,801
Quoted bonds	b)	–	4,160	–	4,160
Total assets		**394,801**	**4,160**	**–**	**398,961**

At 30 June 2019 (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)	440,703	–	–	440,703
Quoted bonds	b)	457	10,045	–	10,502
Total assets		**441,160**	**10,045**	**–**	**451,205**

At 31 December 2019 (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)	432,105	–	–	432,105
Quoted bonds	b)	–	3,879	–	3,879
Total assets		**432,105**	**3,879**	**–**	**435,984**

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

b) Quoted bonds. The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Investments in quoted bonds 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 2020 is the same as the par value at £37,982,000 (carrying value per the Condensed Balance Sheet 30 June 2020 – £37,982,000; 30 June 2019 – £36,994,000; 31 December 2019 – £35,999,000). At 30 June 2019 the fair value was £35,934,000 and at 31 December 2019 it was £35,999,000, calculated using a discounted cash flow valuation technique. Under the fair value hierarchy in accordance with IFRS 13, these borrowings are classified as Level 2.

12. **Events after the reporting period.** A further 400,157 Ordinary shares have been bought back by the Company for holding in treasury, subsequent to the reporting period end, at a cost of £739,000. Following the share buybacks there were 176,559,533 Ordinary shares in issue excluding those held in treasury.

13. **Half Yearly Financial Report.** The financial information for the six months ended 30 June 2020 and 30 June 2019 has not been audited.

14. **Approval.** This Half Yearly Financial Report was approved by the Board on 11 August 2020.

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total return. NAV and share price total returns show how the NAV and share price have performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the six months ended 30 June 2020 and the year ended 31 December 2019.

Six months ended 30 June 2020	Dividend rate	NAV	Share price
31 December 2019	N/A	227.15p	214.00p
23 January 2020	2.50p	229.76p	211.00p
23 April 2020	2.25p	187.79p	166.00p
30 June 2020	N/A	207.57p	182.00p
Total return		**–6.5%**	**–12.8%**

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

Discount to net asset value per Ordinary share. The difference between the share price of 182.00p (31 December 2019 – 214.00p) and the net asset value per Ordinary share of 207.57p (31 December 2019 – 227.15p) expressed as a percentage of the net asset value per Ordinary share.

Dividend yield. The annual dividend of 9.25p per Ordinary share (31 December 2019 – 9.25p) divided by the share price of 182.00p (31 December 2019 – 214.00p), expressed as a percentage.

Net gearing. Net gearing measures the total borrowings of £37,982,000 (31 December 2019 – £35,989,000) less cash and cash equivalents of £5,734,000 (31 December 2019 – £3,453,000) divided by shareholders' funds of £367,320,000 (31 December 2019 – £403,403,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due from brokers at the period end of £7,000 (31 December 2019 – £5,000) as well as cash held at banks of £5,727,000 (31 December 2019 – £3,458,000).

Ongoing charges. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year. The ratio for 30 June 2020 is based on forecast ongoing charges for the year ending 31 December 2020.

	30 June 2020	31 December 2019
Investment management fees (£'000)	3,099	3,431
Administrative expenses (£'000)	834	951
Ongoing charges (£'000)	**3,933**	**4,382**
Average net assets (£'000)	**365,940**	**406,372**
Ongoing charges ratio	**1.07%**	**1.08%**

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.

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:

https://twitter.com/AberdeenTrusts

LinkedIn:

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

Alternative Investment Fund Managers Directive ("Directive")

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

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

In addition, in accordance with Article 23 of the Directive and Rule 3.2.2 of the Financial Conduct Authority ("FCA") Fund Sourcebook, APWM 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**.

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 84 of the Annual Report for the year ended 31 December 2019.

Investor Warning

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

These callers do not work for Aberdeen Standard Investments and any third party making such offers has no link with the Aberdeen Standard Investments. Aberdeen Standard Investments never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact Aberdeen Standard Investments' investor services centre using the details provided below.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £2,000 for the 2020/2021 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Suitable for Retail/NMPI Status

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

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

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

Shareholder Enquiries

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

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

If you have any questions about an investment held through the Aberdeen Standard Investment Trust Share Plan, Stocks and Shares ISA or Investment Plan for Children, please telephone the Manager's Customer Services Department on 0808 500 0040. Alternatively, email inv.trusts@aberdeenstandard.com or write to Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Direct

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

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per company, while regular savers may invest from £30 per month. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Standard Investment Trust Share Plan

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

Stocks and Shares ISA

An investment of up to £20,000 can be made in the tax year 2020/2021.

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.

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Investor Information Continued

ISA Transfer

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

Terms and conditions for all the managed savings products can also be found under the literature section of **invtrusts.co.uk.**

Literature Request Service

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

Telephone: 0808 500 0040
www.invtrusts.co.uk/en/investmenttrusts/literature-library

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 You Invest; Alliance Trust Savings; Barclays Stockbrokers; Charles Stanley Direct; Halifax Share Dealing; Hargreave Hale; Idealing; Interactive Investor; EQi; The Share Centre; Stocktrade; and, Hargreaves Lansdown.

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.

Corporate Information

Directors
Charles Clarke, Chairman
Mark Florance, Audit Committee Chairman
Ian Cadby
Nicky McCabe
Krystyna Nowak
Hugh Young

Investment Manager
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