

Schroder AsiaPacific Fund plc

Annual Report and Accounts for the year ended 30 September 2016



Schroders

Investment objective

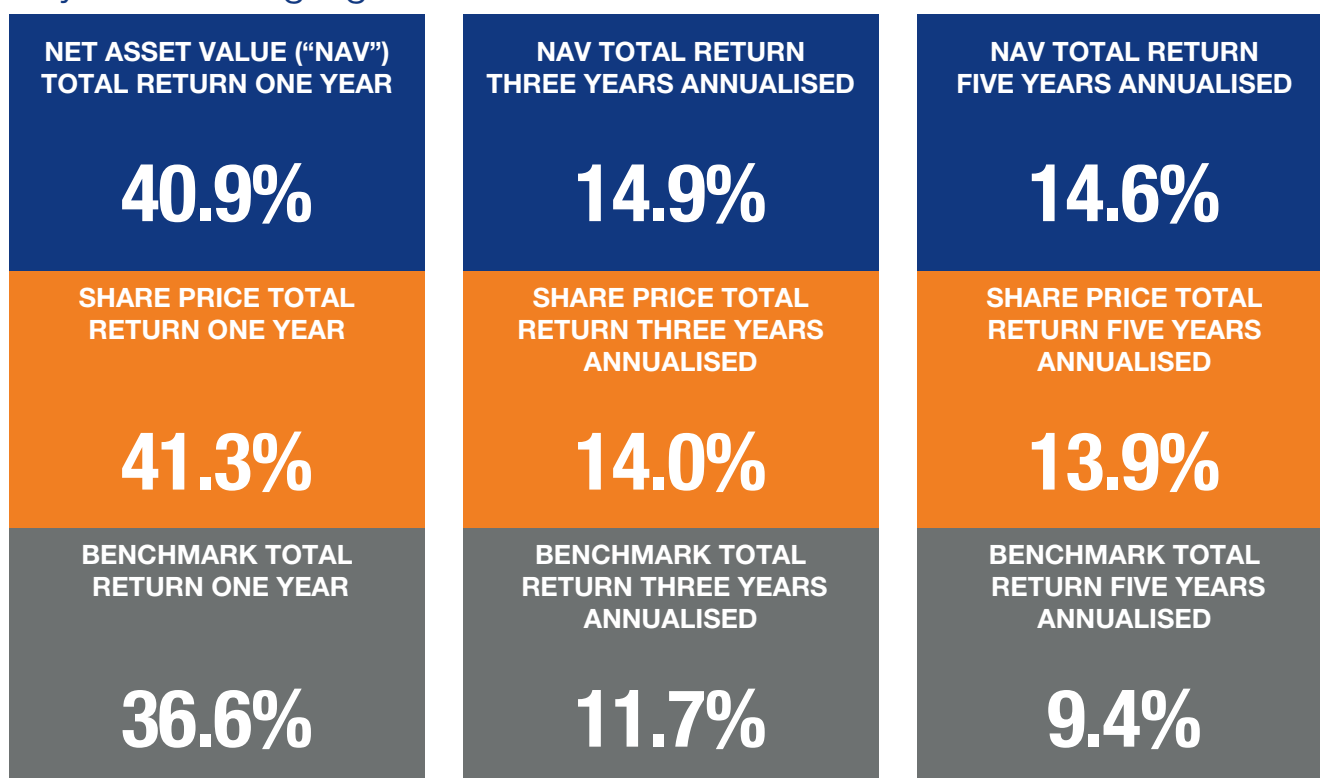
The Company's principal investment objective is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean. It aims to achieve growth in excess of the MSCI All Countries Asia excluding Japan Index in sterling terms (Benchmark Index) over the longer term.

Investment policy

The Company principally invests in a diversified portfolio of companies located in the continent of Asia (excluding the Middle East and Japan) (for the purposes of this paragraph the "region"). Such countries include Hong Kong/China, Singapore, Taiwan, Malaysia, South Korea, Thailand, India, The Philippines, Indonesia, Pakistan, Vietnam and Sri Lanka and may include other countries in the region that permit foreign investors to participate in investing in equities, such as in their stock markets or other such investments in the future. Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region.

The portfolio is predominantly invested in equities, but may also be invested in other financial instruments such as put options on indices and equities in the region. The Company does not use derivative contracts for speculative purposes. The Company may invest up to 5% of its assets in securities which are not listed on any stock exchange but would normally not make such an investment except where the Manager expects that the securities will shortly become listed on a stock exchange. In order to maximise potential returns, gearing may be employed by the Company from time to time. Where appropriate the Directors may authorise the hedging of the Company's currency exposure.

Key financial highlights



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Financial Highlights

Total returns (including dividends reinvested) for the year ended 30 September

	2016	2015
Net asset value ("NAV") per share ¹	40.9%	(2.7)%
Share price ¹	41.3%	(5.7)%
Benchmark ²	36.6%	(6.0)%

Shareholders' funds, NAV per share, share price and share price discount at 30 September

	2016	2015	% change
Shareholders' funds (£'000)	658,321	477,870	37.8
Ordinary shares in issue	167,795,716	169,225,716	(0.8)
NAV per share	392.33p	282.39p	38.9
Ordinary share price	343.00p	246.50p	39.1
Share price discount	12.6%	12.7%	

Revenue for the year ended 30 September

	2016	2015	% change
Net revenue return after taxation (£'000)	8,040	7,151	12.4
Revenue return per share	4.77p	4.23p	12.8
Dividends per share	4.75p	4.20p	13.1
Gearing ³	0.4%	2.3%	
Ongoing Charges ⁴	1.10%	1.03%	

¹Source: Morningstar.

²Source: Thomson Reuters. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index in sterling terms.

³Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

⁴Ongoing Charges represents the management fee and all other operating expenses excluding finance costs and transaction costs, expressed as a percentage of the average daily net asset values during the year.

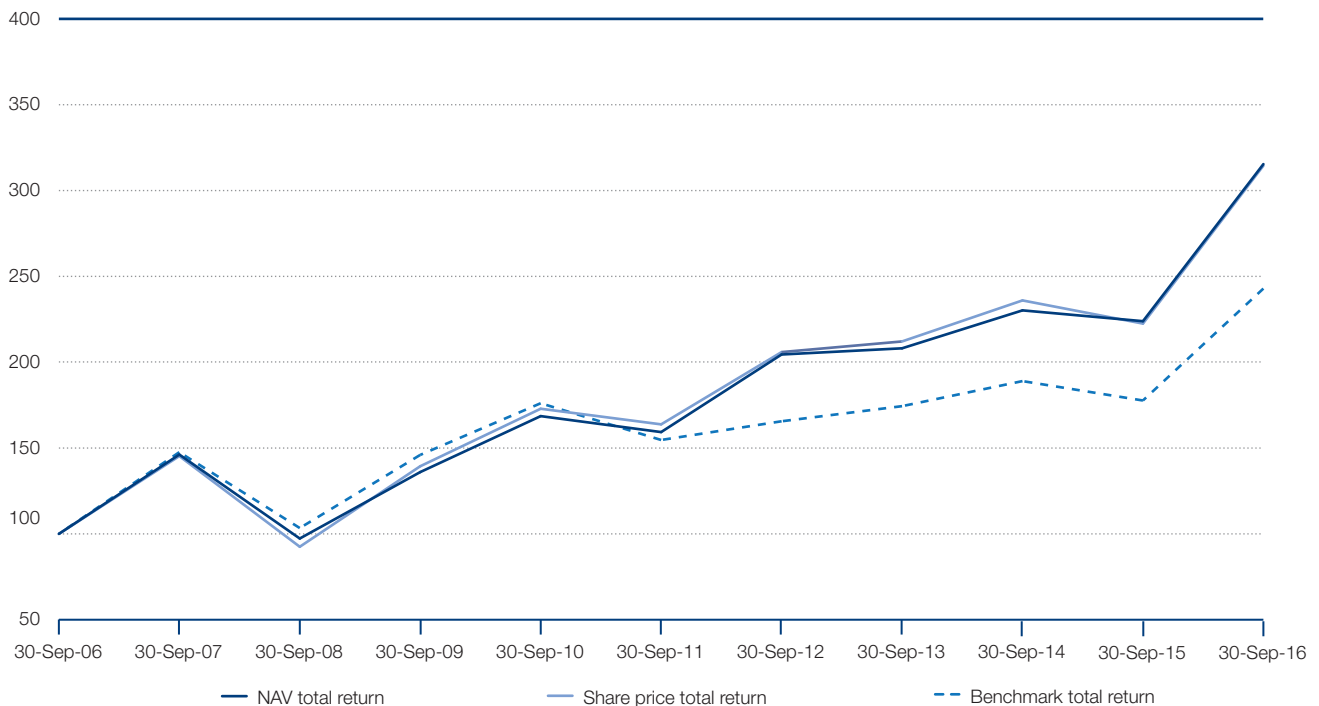
Ten-Year Financial Record

At 30 September	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Shareholders' funds (£'000)	335,763	224,321	307,435	388,113	307,280	395,340	455,024	495,527	477,870	658,321
NAV per share, diluted where applicable (pence)	200.83	134.17	183.88	224.76	210.16	266.64	268.13	292.82	282.39	392.33
Share price (pence)	179.00	113.00	166.75	203.75	190.75	236.75	240.70	264.00	246.50	343.00
Gearing/(net cash) (%) ¹	7.4	4.0	(0.8)	(3.7)	4.4	5.7	(3.3)	(0.6)	2.3	0.4
Year ended 30 September	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net revenue after taxation (£'000)	2,497	4,160	4,469	4,394	4,033	4,916	5,000	4,749	7,151	8,040
Net return per share (pence)	1.49	2.49	2.67	2.62	2.59	3.37	3.08	2.80	4.23	4.77
Dividends per share (pence)	1.50	2.40	2.65	2.65	2.75	3.35	3.35	2.75	4.20	4.75
Ongoing Charges (%) ²	1.27	1.18	1.32	1.22	1.15	1.18	1.10	1.08	1.03	1.10

¹Gearing/(net cash) represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

²Ongoing Charges represents the management fee and all other operating expenses excluding finance costs and transaction costs, expressed as a percentage of the average daily net asset values during the year. The figures for 2011 and prior years represent the expenses calculated as above, expressed as a percentage of the average month end net asset values during the year.

Ten-year performance



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2006.

Chairman's Statement



Nicholas Smith

Investment performance

The year to 30 September 2016 has been an exceptional year for the Company, with both its net asset value and share price reaching hitherto unseen levels. The net asset value produced a total return of 40.9% (2015: negative total return of 2.7%) compared to the benchmark total return of 36.6%, the outperformance attributable to both asset allocation and stock selection. The share price produced a total return of 41.3% (2015: negative total return of 5.7%). While these returns can largely be attributed to the weakness of sterling in the aftermath of the result of the UK referendum on EU membership, performance has also benefited from pockets of opportunity in Asian markets. This performance continues the excellent long-term record and it remains ahead of the benchmark index over one, three, five and ten years.

A more detailed comment on performance and investment policy may be found in the Manager's Review.

Final dividend

The Directors recommend the payment of a final dividend of 4.75 pence per share for the year ended 30 September 2016. Net revenue after taxation has increased by 12.4% from £7,151,000 to £8,040,000 (with income received from investments contributing to the increase), and a similar percentage increase in the dividend from that paid to shareholders in respect of the previous financial year is proposed. If the resolution proposed at the Annual General Meeting to pay a final dividend is passed, the dividend will be paid on 1 February 2017 to shareholders on the Register on 30 December 2016.

Gearing policy

During the year, the Company's level of gearing has remained relatively modest, starting at 2.3% at the commencement of the year and at 0.4% at its close. The Company's gearing continues to operate within pre-agreed limits so that net effective gearing does not represent more than 20% of shareholders' funds.

Discount management

At the Company's last Annual General Meeting, the Company was given the authority to purchase up to 14.99% of its issued share capital. The Board utilised this authority during the year to purchase 1,430,000 shares as part of its efforts to actively manage the level of discount at which the Company's shares trade. In the Board's view, monitoring the discount, and consideration of whether to make purchases of the ordinary shares, should take place on a regular basis. It therefore proposes that this authority be renewed at the forthcoming Annual General Meeting. Any shares so purchased would be cancelled or held in Treasury for potential reissue.

Over the last year, the longer term target maximum discount level was again set at approximately 10% and the discount traded roughly in line with this target (the average discount being 11.3% over the year).

The Board continues to believe that it is not necessarily in the best interests of shareholders as a whole to adopt a rigid discount control mechanism that seeks to target a defined maximum discount level regardless of market conditions. Instead the Board continues to follow a more flexible strategy that takes into account the level of discount at which the Company's peer group trades as well as the absolute level of its own discount and prevailing market conditions.

The Board and succession

The Board has adopted a new policy on succession and refreshment. This policy has been designed to ensure that the Board achieves a diverse balance of skills, experience, background and gender which is appropriately refreshed over time and remains capable of overseeing the Company's strategic direction and adopted business model.

Chairman's Statement

The Board believes that it is important for appropriate new skills to be brought to the Board and will look to refresh one Director every two to three years. A Director will serve for a period of more than nine years only in exceptional circumstances. All Directors will be subject to re-election every year at the Annual General Meeting.

With regards to the Chairman, the Board is of the view that while experience of the Company is a key requirement, it would not be beneficial to the Company for the Chairman to serve for extended periods. Therefore, should a serving Director be subsequently appointed as Chairman, such appointment would take effect for an initial term of five years. Any further term would be considered on a case by case basis and would depend on overall length of service and the prevailing circumstances of the Company at that time.

The Board currently has five members. Anthony Fenn, the Senior Independent Director, will retire at the AGM in January 2018, having delayed his retirement by one year to assist me in the early term of my appointment. The Board will commence a recruitment process for Anthony's successor in 2017 and expects to make an appointment later in the year.

Outlook

Five months ago, with the half year results, I mentioned that one important goal for the Company was for the share price to break out of the range it has been in for the last three years. That has happened, albeit largely from the EU referendum's effect on sterling. It is always pleasing to see the share price reaching a new all-time high during the year, although volatility following Trump's victory has seen some recent pull back.

Currency movements apart, can Asia now take up the running? The region's corporate sectors increasingly look split into two. On the one hand, there is a core of shareholder-focused management, continued opportunities as the region's middle class grows, and new technologies to exploit. On the other hand, there are a number of poorly run businesses, too many industries contaminated by their government, and exporters stuck with low-growth end markets. It's a different environment from one where high economic growth made most companies successful, and one where even more pressure is on the Manager to find the right opportunities. We believe that the Company's track record over the last two decades should offer shareholders comfort on this.

Annual General Meeting

The Annual General Meeting will be held on Wednesday, 25 January 2017 at 12.00 noon and shareholders are encouraged to attend. As in previous years, Matthew Dobbs, on behalf of the Manager, will give a presentation on the prospects for Asia and the Company's investment strategy.

Nicholas Smith

Chairman

12 December 2016

Manager's Review

The net asset value per share of the Company recorded a total return of 40.9% over the 12 months to end September 2016. This was ahead of the performance of the benchmark, the MSCI All Countries Asia ex Japan Index, which was up 36.6% over the same period.

Performance of the MSCI AC Asia ex Japan Index 30 September 2015 to 30 September 2016

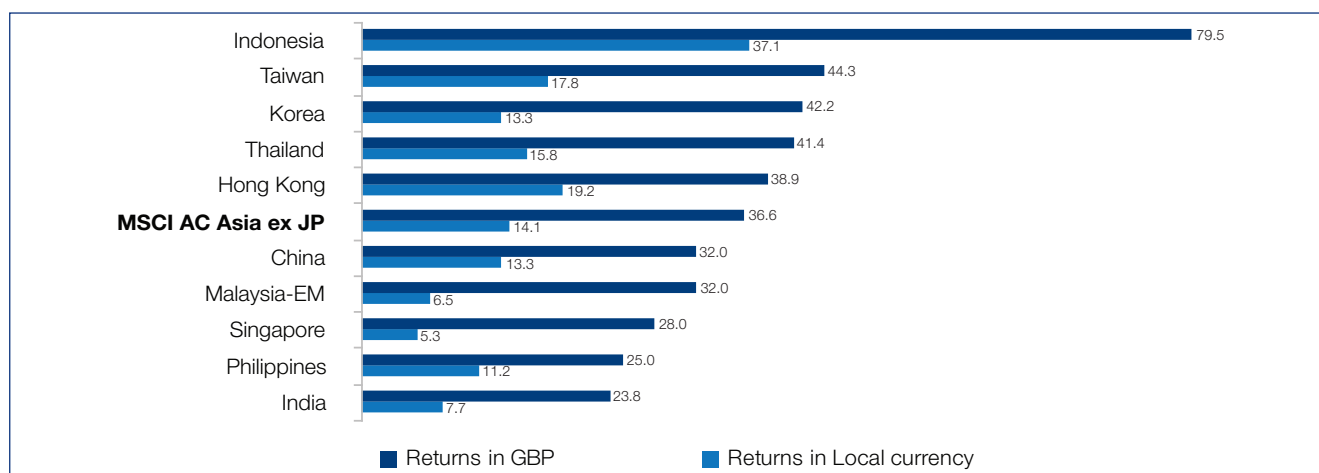


Source: Thomson Reuters as at 30 September 2016

The scale of returns over the year has been materially influenced by the weakness of sterling in response to the uncertainty caused by the EU referendum result. This somewhat disguised the extent to which regional markets made steady progress in local currency terms over the second half of the fiscal year.

Much of this represented a recovery from the very severe falls seen in the summer of 2015. More tangible support has come from continued accommodative monetary policies worldwide. This has been mirrored in the region, with reductions in policy rates in Korea, India and China. Concerns over the direction of the Chinese renminbi exchange rate and dwindling foreign currency reserves were soothed by concerted policy action including a restructuring of local government debt, proactive interest rate cuts and discouragement of capital outflows. Credit has continued to expand, resulting in a stabilisation in growth and a recovery in commodity prices.

Country returns – 30 September 2015 to 30 September 2016



Source: Factset

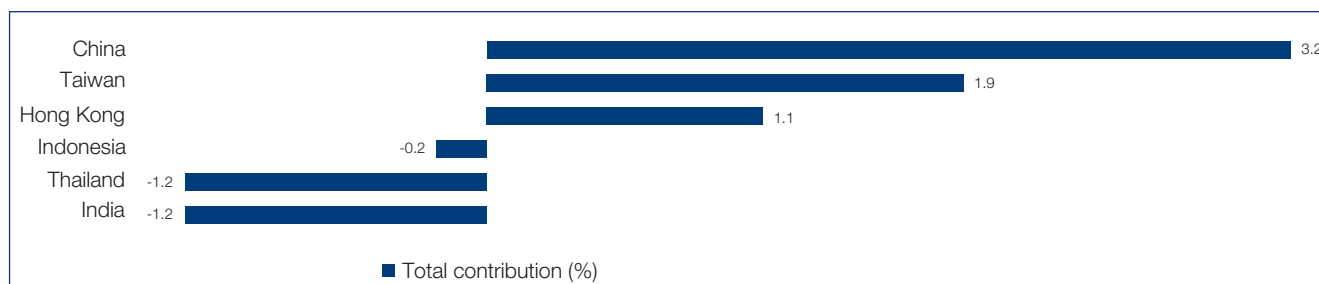
Indonesia has been the strongest market thanks to a recovery in commodity prices, a stabilisation in the rupiah and increasing confidence in the reform agenda of President Jokowi. Korea and Thailand benefited from an upturn in corporate earnings revisions, while Hong Kong was supported by the stabilisation in China and the overspill of mainland liquidity into the property and stock markets.

In contrast, Singapore yielded subpar returns with key financial and offshore and marine stocks out of favour, the Philippines reflected policy uncertainty following the election of maverick Duterte to the Presidency, and India consolidated following previous strong performance. Although Chinese growth has stabilised, the overall index has been hampered by its heavy weighting towards State Owned Enterprises, where national policy dictates have priority over shareholder returns, while the private sector remains under pressure.

Performance and portfolio activity

The return on the Company's portfolio has been significantly ahead of the benchmark. The primary contribution has come from stock selection with significant value added in China, Taiwan and Hong Kong, along with lesser impact from the Philippines, Indonesia and Korea. The main detractors have been selection in India and Thailand; in both cases our holdings in the telecom sector reflected adverse developments in terms of regulation and competitive intensity.

Country attribution – top 3 contributors and top 3 detractors 30 September 2015 to 30 September 2016



Source: Factset

In terms of allocation, modest gearing aided relative performance given the underlying rise in markets, along with the overweighting in Thailand and underweight stances in Singapore and China. Partial offset came from the underweighting of Korea and Indonesia, and the overweight position in India.

In terms of portfolio adjustments over the year, exposures in Hong Kong and India have been reduced, funding an addition to Korea (although the portfolio remains underweight) and to a more modest degree in China and Taiwan. In sector terms we have reduced financials and consumer staples and added to energy, materials and information technology.

Outlook and policy

The prospects for global growth remain somewhat muted. Policy settings are likely to remain supportive, though whether the concentration on monetary tools gives way to greater fiscal activism remains to be seen. Headwinds to growth include still elevated levels of indebtedness, limited pricing power and generally low levels of private capital investment. A number of major industries such as energy, financials and auto manufacturing are facing potentially destabilising levels of disruption, further contributing to caution. This is as true within the region as elsewhere.

On top of all this, recent events in the United States and the United Kingdom point to the febrile political atmosphere. The big worry for the region is the potential reversal in the trend of globalisation and integration on which the all important trade and investment flows depend. Amid the obvious uncertainty, however, we believe pragmatism and the realities of economic self-interest will prevail.

Meanwhile, events in China will remain very influential for investor sentiment. Structural issues remain, with the private sector cutting investment and conserving cash, while the government-influenced parts of the economy are being encouraged to invest, primarily in infrastructure and other "priority" projects. The sources of this funding have become increasingly opaque, the latest mechanism being the encouragement of public-private partnerships (PPPs) with return on investment considerations likely to be subordinate to other aims such as sustaining growth and employment. Despite poor affordability, particularly in the major cities, we also see little appetite to seriously disrupt the real estate market.

The continued expansion of credit in excess of nominal growth is clearly not sustainable, but given the priority for social cohesion and the leadership transition in prospect in 2017, stability is the priority rather than inherently risky restructuring and capital discipline, however desirable they may be. While we continue to see the situation in China as the main source of domestic risk facing the region, we expect relative stability over the next year given a modest recovery in growth, a steady decline in the currency, and further credit growth enabled by low nominal interest rates, high household savings and government direction.

Regional equity valuations have partially recovered the steep falls seen in the second half of 2015. They are not expensive by historic standards, but earnings expansion is likely to remain modest given the global backdrop and subdued demand drivers across the region. The latter continues to be a function of relatively high aggregate debt levels compared to history, although in general they are well below those pertaining in developed markets, including the United Kingdom.

However, the aggregate position disguises the variations at a sector, market and stock level. Looking at our own portfolio, we see many companies that have (rightly in our view) been cautious and disciplined about investment spending, preferring to conserve cash and retire debt. Consequently, many companies are lowly geared, and generating excess cash. Absent some sort of severe economic dislocation, we feel a fully invested stance remains justified.

Manager's Review

Country weights

Market	Net Asset Value Weightings (%)		Benchmark Index Weight (%)
	30-Sep-16	30-Sep-15	30-Sep-16
Hong Kong	25.9	29.6	12.3
China	19.9	18.5	31.4
Korea	12.7	8.5	17.3
Taiwan	14.7	12.6	14.1
Singapore	3.4	3.9	4.5
Malaysia	–	–	3.1
Indonesia	2.7	1.6	3.2
Thailand	3.5	5.9	2.6
Australia/New Zealand	0.6	0.3	–
India	12.1	16.8	9.9
Philippines	1.4	2.5	1.6
Other*	3.5	2.1	–
Other net assets	-0.4	-2.3	–
Total	100.0	100.0	100.0

Source: Schroders, 30 September 2016.

*Sri Lanka, Vietnam, UK

Schroder Investment Management Limited

12 December 2016

Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Investment Portfolio

At 30 September 2016

Investments are classified by the Manager in the country of their main business operations. Stocks in bold are the 20 largest investments, which by value account for 57.3% (2015: 53.1%) of total investments.

	£'000	%
CHINA		
Tencent Holdings¹	36,598	5.5
Alibaba² ADR	24,219	3.7
China Pacific Insurance¹	14,436	2.2
China Mobile¹	12,895	1.9
Baidu ² ADR	9,422	1.4
China Lodging ² ADR	8,181	1.2
Belle International ¹	7,931	1.2
NetEase ² ADR	7,834	1.2
Hangzhou HIK-Vision Digital warrants	7,802	1.2
Sands China ¹	7,280	1.1
New Oriental Education ² ADR	5,924	0.9
Sina ¹	5,136	0.8
China Petroleum & Chemical ¹	4,818	0.7
Shandong Weigao ¹	2,543	0.4
Midea warrants	2,126	0.3
Hollysis Automation Technologies ²	1,918	0.3
Weibo ² ADR	349	0.1
TOTAL CHINA	159,412	24.1
HONG KONG		
Jardine Strategic³	30,173	4.6
AIA	28,522	4.3
Fortune Real Estate Investment Trust	17,907	2.7
Hong Kong Land³	12,663	1.9
Kerry Properties	12,343	1.9
Techtronic Industries	10,350	1.6
Swire Properties	8,820	1.3
Johnson Electric	6,759	1.0
BOC Hong Kong	6,712	1.0
HKT Trust and HKT	6,209	0.9
PCCW	5,599	0.8
Hopewell	4,603	0.7
Dah Chong Hong	1,852	0.3
Texwinca	1,160	0.2
Chow Sang Sang	1,096	0.2
TOTAL HONG KONG	154,768	23.4

	£'000	%
INDIA		
Reliance Industries⁴	18,909	2.9
Maruti Suzuki India	13,438	2.0
Gujarat Pipavav Port	12,743	1.9
Apollo Hospitals Enterprise	10,173	1.6
Zee Entertainment Enterprises	8,493	1.3
Eicher Motors	7,964	1.2
Container of India	4,746	0.7
Multi Commodity Exchange of India	3,032	0.5
Oracle Financial Services	213	–
TOTAL INDIA	79,711	12.1
THAILAND		
Intouch	10,428	1.6
Bangkok Bank NVDR	7,487	1.1
LPN Development	5,105	0.8
TOTAL THAILAND	23,020	3.5
INDONESIA		
Bank Mandiri	11,938	1.8
United Tractor	6,097	0.9
TOTAL INDONESIA	18,035	2.7
AUSTRALIA		
BHP Billiton	12,883	1.9
Iluka Resources	3,765	0.6
TOTAL AUSTRALIA	16,648	2.5
SINGAPORE		
Singapore Telecommunications	9,600	1.5
TOTAL SINGAPORE	9,600	1.5
PHILIPPINES		
Ayala Land	4,964	0.8
Holcim Philippines	4,614	0.7
TOTAL PHILIPPINES	9,578	1.5

Investment Portfolio

At 30 September 2016

	£'000	%
TAIWAN		
Taiwan Semiconductor	48,934	7.4
Hon Hai Precision Industries	12,299	1.9
Largan Precision	10,119	1.5
Far Eastone Telecomm	9,883	1.5
Asustek Computers	7,928	1.2
Delta Electronics Industrial	7,472	1.1
TOTAL TAIWAN	96,635	14.6
KOREA		
Samsung Electronics	25,298	3.8
Hyundai Motor Company	11,906	1.8
NCSOFT	9,049	1.4
Naver	8,839	1.3
Medy-Tox	7,446	1.1
SK Telecom	6,817	1.1
LG Chemical	6,596	1.0
Samsung SDI	3,320	0.5
Amorepacific preference shares	2,833	0.4
Samsung Electronics preference shares	1,542	0.2
TOTAL KOREA	83,646	12.6

¹ Listed in Hong Kong.

² Listed in the USA.

³ Listed in Singapore.

⁴ Includes a holding of GDR.

⁵ Includes a holding of warrants.

⁶ Total investments comprises equities, preference shares and warrants.

	£'000	%
VIETNAM		
Dragon Capital Vietnam Enterprise Investments	5,591	0.8
TOTAL VIETNAM	5,591	0.8
SRI LANKA		
John Keells ⁵	4,761	0.7
TOTAL SRI LANKA	4,761	0.7
TOTAL INVESTMENTS⁶	661,405	100.0

Strategic Review

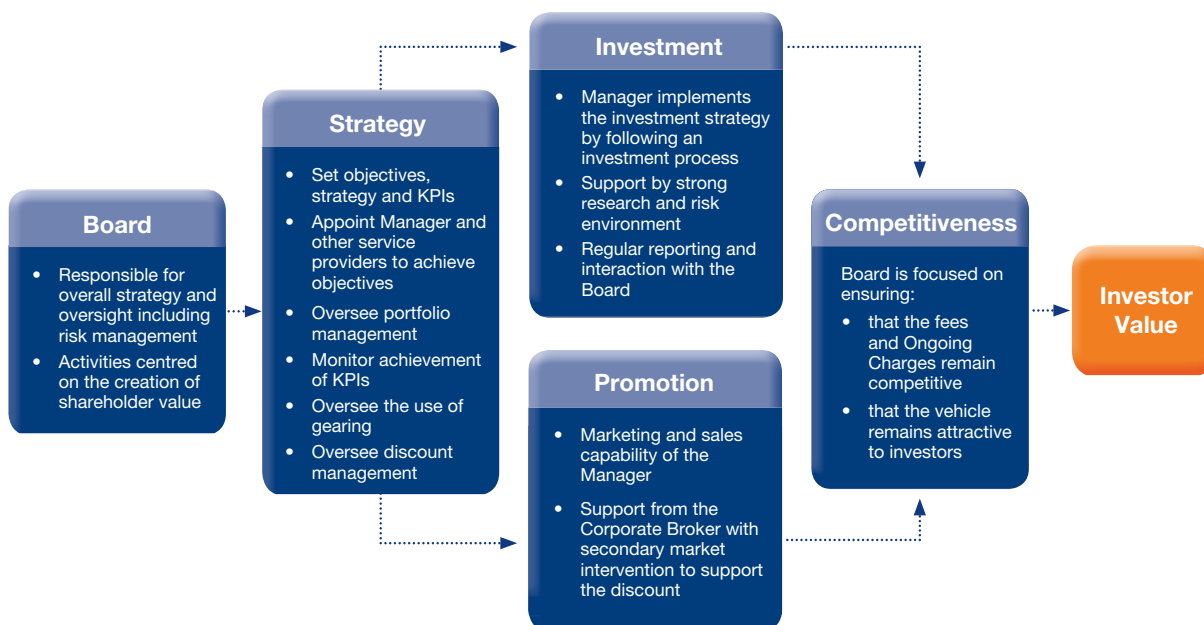
Business model

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010, by way of a one-off application and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is domiciled in the UK and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company is not a close company for taxation purposes.

It is not intended that the Company should have a limited life but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting (“AGM”) in 2021 and thereafter at five yearly intervals.

The Company’s business model may be demonstrated by the diagram below.



Investment objective and policy

Details of the Company’s investment objective and policy may be found on the inside front cover.

The Board has appointed the Manager, Schroder Unit Trusts Limited, to implement the investment strategy and to manage the Company’s assets in line with the appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, cash, derivatives and other financial instruments as appropriate.

Gearing

The Company utilises a £50 million multi-currency revolving credit facility with Scotiabank of which US\$27.3 million (£21.0 million) was drawn down at the year end. In addition, the Company has a £30 million multi-currency overdraft facility with HSBC which was not utilised during the year. The Board has set parameters within which the Manager is authorised to use the credit facilities and draw down funds.

While the Articles of Association limit the amount of gearing the Company may have to a maximum of the Company’s adjusted capital and reserves, Directors do not anticipate net effective gearing levels in excess of 20% of shareholders’ funds.

Investment process

Stock selection is at the heart of the investment approach. A key strength of the Manager is its network of analysts in the region whose focus is on identifying companies able to grow shareholder value in the long-term. Although the in-house analysts are the primary source of stock ideas, the portfolio manager also generates stock ideas through his own research and draws on a number of other sources including a proprietary quantitative screen, sell-side analysts, other investment professionals within Schroders and his own contacts in the market. A country allocation process is carried out on a monthly basis, combining the output of a proprietary quantitative model and the qualitative views of the portfolio manager.

Stock research

The majority of analysis is done using internal research and company valuation models. The analysts typically use standard formats to construct models and to forecast company earnings which have been developed by the global research team. This means that outputs from the models are standardised so that differences in accounting regimes are as far as possible eliminated and that comparisons can be made between companies in the same industry across the region or globally.

Stock gradings reflect a balance between analysts' view of the quality of the company and its fair value in the marketplace, and their level of conviction.

Stock selection/portfolio construction

From these inputs the portfolio manager assesses the fundamental characteristics of the stocks with a particular focus on companies with visible earnings growth, sustainable returns and valuation support, and ranks them according to a view of upside/downside potential and the level of conviction he has in the investment view.

Weightings within the portfolio reflect these considerations, with the primary objective being to create a portfolio with an appropriate level of stock-specific risk as the primary driver of returns. While much of the portfolio construction is founded on the portfolio manager's skill and intuition, he also harnesses the Manager's proprietary risk management system, Portfolio Risk Investment Strategy Manager (PRISM), to provide a quantitative view of the characteristics of the portfolio. The portfolio manager also sets, in conjunction with the Board, the gearing of the portfolio.

Investment restrictions and spread of risk

The key restrictions imposed on the Manager are that: (a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company; (b) no more than 10% of the Company's total net assets, at the date of acquisition, may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed investment companies; (c) the Company will not invest more than 15% of its gross assets in other listed investment companies or investment trusts; (d) no more than 15% of the Company's total net assets may be invested in open-ended funds; and (e) no more than 25% of the Company's total net assets may be invested in the aggregate of unlisted investments and holdings representing 20% or more of the equity capital of any company.

The Investment Portfolio on pages 10 and 11 demonstrates that, as at 30 September 2016, the Company held 69 investments spread over multiple countries and in a range of industry sectors. The largest investment, Taiwan Semiconductor represented 7.4% of total investments at 30 September 2016. At the end of the year, the Company did not hold any unlisted investments, open-ended funds or real estate investment trusts. The Board believes that the objective of spreading risk has been achieved in this way.

Promotion

The Company promotes its shares to a broad range of investors which have the potential to be long-term supporters of the investment strategy. The Company seeks to achieve this through its Manager and Corporate Broker, which promote the shares of the Company through regular contact with both current and potential shareholders.

Promotion is focused via three channels:

- Discretionary fund managers. The Manager promotes the Company via both London and regional teams. This market is the largest channel by a significant margin.

Strategic Review

- Execution-only investors. The Company promotes its shares via engaging with platforms and through its website. Volume is smaller but platforms have experienced strong growth in recent times and are an important focus for the Manager.
- The Company also promotes its shares to institutional investors.

The Board also seeks active engagement with investors and meetings with the Chairman are offered to professional investors where appropriate. These activities consist of investor lunches, one-on-one meetings, regional road shows and attendances at conferences for professional investors. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schrodgers' website.

Details of the Board's approach to discount management may be found in the Chairman's Statement on page 4 and in the Explanation of Special Business at the AGM on page 52.

Key performance indicators

The Board measures the development and success of the Company's business through achievement of the Company's investment objective which is considered to be the principal key performance indicator for the Company.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting. The management fee is reviewed at least annually.

Corporate and Social Responsibility

Board diversity

As at 30 September 2016, the Board comprised four men and one woman. Candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender but this is taken into account when the Board examines its overall balance, skill set and experience.

Responsible investment policy

The Company delegates to its Manager the responsibility for taking environmental, social and governance ("ESG") issues into account when assessing the selection, retention and realisation of investments. The Board expects the Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. The Board expects the Manager to exercise the Company's voting rights in consideration of these issues.

A description of the Manager's policy on these matters can be found on the Schrodgers website at www.schrodgers.com/ri. The Board notes that Schrodgers believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schrodgers is compliant with the UK Stewardship Code and its compliance with the principles therein is reported on its website.

The Board monitors the implementation of this policy through regular reporting by the Manager on its engagement activity, how it is integrated into the investment process, and the outcomes of the activity.

Anti-bribery and corruption policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and continues to operate an anti-bribery policy.

Greenhouse gas emissions

As the Company outsources its operations to third parties, it has no greenhouse gas emissions to report.

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. Both the principal risks and the monitoring system are also subject to robust review at least annually. The last review took place in November 2016.

Although the Board believes that it has a robust framework of internal control in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

A summary of the principal risks and uncertainties faced by the Company which have remained unchanged throughout the year, and actions taken by the Board and, where appropriate, its Committees, to manage and mitigate these risks and uncertainties, is set out below.

Risk	Mitigation and management
Strategic risk	
<p>The Company's investment objectives may become out of line with the requirements of investors, resulting in a wide discount of the share price to underlying net asset value.</p>	<p>Appropriateness of the Company's investment remit periodically reviewed and success of the Company in meeting its stated objectives is monitored.</p> <p>Share price relative to net asset value monitored and use of buy back authorities considered on a regular basis.</p> <p>Marketing and distribution activity is actively reviewed.</p>
<p>The Company's cost base could become uncompetitive, particularly in light of open ended alternatives.</p>	<p>Ongoing competitiveness of all service provider fees subject to periodic benchmarking against competitors.</p> <p>Annual consideration of management fee levels.</p>
Investment management risk	
<p>The Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors.</p>	<p>Review of the Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and appropriate strategies employed to mitigate any negative impact of substantial changes in markets.</p> <p>Annual review of the ongoing suitability of the Manager.</p>
Financial and currency risk	
<p>The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in regional equity markets or a substantial currency fluctuation could have an adverse impact on the market value of the Company's underlying investments.</p>	<p>Risk profile of the portfolio considered and appropriate strategies to mitigate any negative impact of substantial changes in markets or currency discussed with the Manager.</p> <p>Board considers the overall hedging policy on a regular basis.</p>
Custody risk	
<p>Safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber hacking.</p>	<p>Depositary reports on safe custody of the Company's assets, including cash and portfolio holdings, are independently reconciled with the Manager's records.</p> <p>Review of audited internal controls reports covering custodial arrangements.</p> <p>Annual report from the Depositary on its activities, including matters arising from custody operations.</p>

Strategic Review

Risk	Mitigation and management
Gearing and leverage risk	
<p>The Company utilises credit facilities. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.</p>	<p>Gearing is monitored and strict restrictions on borrowings imposed: gearing continues to operate within pre-agreed limits so as not to exceed 20% of shareholders' funds in cash or cash equivalents.</p>
Accounting, legal and regulatory risk	
<p>In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010. Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes.</p>	<p>Confirmation of compliance with relevant laws and regulations by key service providers.</p> <p>Shareholder documents and announcements, including the Company's published Annual Report, are subject to stringent review processes.</p> <p>Procedures have been established to safeguard against disclosure of inside information.</p>
Service provider risk	
<p>The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls and poor performance of any service provider could lead to disruption, reputational damage or loss.</p>	<p>Service providers appointed subject to due diligence processes and with clearly-documented contractual arrangements detailing service expectations.</p> <p>Regular reporting by key service providers and monitoring of the quality of services provided.</p> <p>Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements.</p>

Risk assessment and internal controls

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. No significant control failings or weaknesses were identified from the Audit Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this Report.

A full analysis of the financial risks facing the Company is set out in note 19 on pages 46 to 51.

Viability statement

The Directors have assessed the prospects of the Company over a five year period, which it considers to be an appropriate timeframe over which to judge the viability of an investment trust company, taking into account the factors outlined below.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 15 and 16 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary, and on that basis consider that five years is an appropriate time period.

Based on the Company's processes for monitoring operating costs, the Board's view that the Manager has the appropriate depth and quality of resource to achieve superior returns in the longer term, the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment, subject to passing of the continuation vote to be put to Shareholders at the Annual General Meeting in 2021.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement set out above, and the "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" published by the Financial Reporting Council in 2014, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

By Order of the Board

Schroder Investment Management Limited

Company Secretary

12 December 2016

Board of Directors



Nicholas Smith

Status: Independent Non-Executive Chairman

Length of service: 6 years, appointed a Director in May 2010 and Chairman in January 2016

Experience: Mr Smith joined the Jardine Fleming Group in 1986 in Hong Kong serving, from 1993, as Chief Financial Officer and as a member of the Executive Committee. After returning to the UK, Mr Smith became a director of Robert Fleming International Ltd in 1998 and the Director of Origination – Investment Banking serving until 2000. Mr Smith currently serves as Chairman of Aberdeen New Thai Investment Trust PLC, and is a non-executive Director of JP Morgan European Smaller Companies Trust plc.

Committee membership: Audit, Management Engagement and Nomination Committees (Chairman of the Nomination Committee)

Current remuneration: £40,000 per annum (with effect from 1 October 2016)

Connections with the Manager: None

Material interests in any contract which is significant to the

Company's business: None

Shared Directorships with any other Directors of the Company: None

Elected/last re-elected: 2014



Keith Craig

Status: Independent Non-Executive Director

Length of Service: 1 year, appointed a Director in May 2015

Experience: Mr Craig served with the British Army after university and subsequently joined the Swire Group in Hong Kong and Manila in the 1980s and early 90s. He was then a diplomat with the Foreign & Commonwealth Office for some years before moving back to Asia as a stockbroker, establishing WI Carr's business in the Philippines and subsequently running their global equity sales and trading operation, based in Hong Kong. He returned to London and joined Hakluyt a strategic intelligence company in 2000.

Committee membership: Audit, Management Engagement and Nomination Committees

Current remuneration: £28,000 per annum (with effect from 1 October 2016)

Connections with the Manager: None

Material interests in any contract which is significant to the

Company's business: None

Shared Directorships with any other Directors of the Company: None

Elected/last re-elected: 2016



Anthony Fenn

Status: Senior Independent Non-Executive Director

Length of Service: 11 years, appointed a Director in June 2005 and Senior Independent Director in January 2016

Experience: Mr Fenn retired at the end of 2003 after 38 years as an Investment Executive with Sun Life Financial of Canada. He held various positions in the course of his career and was for the last 6 years Head of Investments, Asia. Before moving to Asia he was Chief Investment Officer for the UK and oversaw the setting up of Sun Life's investment management subsidiary there. He also has investment experience in Hong Kong, Japan, China, Indonesia, India, and the Philippines.

Committee membership: Audit, Management Engagement and Nomination Committees (Chairman of the Management Engagement Committee)

Current remuneration: £28,000 per annum (with effect from 1 October 2016)

Connections with the Manager: None

Material interests in any contract which is significant to the

Company's business: None

Shared Directorships with any other Directors of the Company: None

Elected/last re-elected: 2016

Board of Directors



Rosemary Morgan

Status: Independent Non-Executive Director

Length of Service: 4 years, appointed a Director in July 2012

Experience: Ms Morgan studied Japanese at university in Australia, Japan and the US and worked as a Japanese equity fund manager for 16 years at John Govett before joining the institutional client team at Fidelity. She was at RBS from mid-2007 where she managed long only and alternative funds of funds specialising in Japan, the Pacific Basin and Emerging Markets. The team moved to Aberdeen Asset Management in February 2010 and she retired in March 2012. She is a Director of JPMorgan Indian Investment Trust plc, a Trustee of the London Library Pension Fund and a Director of the Landau Forte Charitable Trust.

Committee membership: Audit, Management Engagement and Nomination Committees (Chairman of the Audit Committee)

Current remuneration: £33,000 per annum (with effect from 1 October 2016)

Connections with the Manager: None

Material interests in any contract which is significant to the Company's business: None

Shared Directorships with any other Directors of the Company: None

Shared Directorships with any other Directors of the Company: None

Shared Directorships with any other Directors of the Company: None

Elected/last re-elected: 2016



James Williams

Status: Independent Non-Executive Director

Length of Service: 2 years, appointed a Director in August 2014

Experience: Mr Williams worked for 18 years in the investment banking industry for ING Barings, ABN AMRO and Commerzbank Securities including senior roles in Hong Kong, Bangkok and London. After leaving Commerzbank Securities in 2005 he became a partner at Saginaw Capital LLP until 2008. He is currently a Director of a private Hong Kong based investment company.

Committee membership: Audit, Management Engagement and Nomination Committees

Current remuneration: £28,000 per annum (with effect from 1 October 2016)

Connections with the Manager: None

Material interests in any contract which is significant to the Company's business: None

Shared Directorships with any other Directors of the Company: None

Shared Directorships with any other Directors of the Company: None

Shared Directorships with any other Directors of the Company: None

Elected/last re-elected: 2015

Report of the Directors

The Directors submit their Report and the audited financial statements of the Company for the year ended 30 September 2016.

Revenue and dividend

The net revenue return for the year, after finance costs and taxation, was £8,040,000 (2015: £7,151,000), equivalent to a revenue return per ordinary share of 4.77 pence (2015: 4.23 pence).

The Board has recommended the payment of a final dividend for the year ended 30 September 2016 of 4.75p per share (2015: 4.20p) payable on 1 February 2017 to shareholders on the register on 30 December 2016, subject to approval by shareholders at the Annual General Meeting on Wednesday, 25 January 2017.

Directors and their interests

The Directors of the Company and their biographical details can be found on pages 18 and 19. All Directors held office throughout the year under review. Details of Directors' share interests in the Company are set out in the Remuneration Report on page 30.

Notwithstanding the provisions of the Company's Articles of Association and the UK Corporate Governance Code in respect of the periodic re-election of Directors, the Board considers that shareholders should be given the opportunity to vote on the re-election of all of its members on an annual basis. Accordingly, all of the Directors will retire at the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election.

Re-appointment as a Director is not automatic and follows a formal process of evaluation of each Director's performance and Directors who have served for more than six years are subject to particularly rigorous assessment of their independence and contribution.

The Board does not believe that length of service, by itself, necessarily affects a Director's independence of character or judgement and Directors who have served on the Board for more than nine years may still offer themselves for re-election at the AGM. The Board has assessed the independence of all Directors. All Directors are considered to be independent in character and judgement.

The Board, having taken all relevant matters into account, considers that all Directors continue to demonstrate commitment to their roles, provide valuable contributions to the deliberations of the Board, and remain free from conflicts with the Company and its Directors. It therefore recommends that shareholders vote in favour of their re-election.

Share capital

As at the date of this Report, the Company had 167,570,716 ordinary shares of 10p in issue. No shares were held in Treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 167,570,716. Details of changes to the Company's share capital during the year under review are given in note 13 to the accounts on page 44.

Substantial share interests

As at the date of this Report, the Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of ordinary shares	Percentage of total voting rights
Investec Wealth & Investment Ltd	22,054,508	13.16
City of London Investment Management Ltd	19,947,171	11.90
Lazard Asset Management LLC	13,328,472	7.95
Aberdeen Asset Managers Ltd	11,043,455	6.59
Schroders plc	8,483,022	5.06
Wells Capital Management, Inc.	8,461,325	5.04

Key service providers

The Board has adopted an outsourced business model and has appointed the following key service providers:

Manager

The Company is an Alternative Investment Fund as defined by the AIFM Directive and has appointed Schroder Unit Trusts Limited (“SUTL”) as the Manager in accordance with the terms of an Alternative Investment Fund Manager (“AIFM”) Agreement. The AIFM Agreement, which is governed by the laws of England and Wales, can be terminated by either party on 12 months’ notice or on immediate notice in the event of certain breaches or the insolvency of either party. As at the date of this Report no such notice had been given by either party.

SUTL is authorised and regulated by the FCA and provides portfolio management, risk management, accounting and company secretarial services to the Company under the AIFM Agreement. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited. The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £375 billion (as at 30 September 2016) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

The Manager is entitled to a fee of 0.95% per annum on the first £100 million of assets, 0.90% per annum on the next £200 million, 0.85% per annum on the next £100 million and 0.80% per annum on assets in excess of £400 million. The fee continues to be charged on the value of the Company’s assets under management, net of current liabilities other than short-term borrowings.

The Manager is also entitled to receive a fee of £97,000 for secretarial services provided to the Company for the year ended 30 September 2016 (2015: £96,000). The fee continues to be subject to annual adjustment in line with changes in the Retail Prices Index.

Details of amounts payable to the Manager are set out in note 16 on pages 45 and 46 of this Report.

The Board has reviewed the performance of the Manager during the year under review and continues to consider that it has the appropriate depth and quality of resource to deliver superior returns over the longer term. The Manager is supported by significant depth of knowledge and experience in Asia, with regional resources and local analysts. Thus, the Board considers that the Manager’s appointment under the terms of the AIFM Agreement, details of which are set out above, is in the best interests of shareholders as a whole.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, carries out certain duties of a Depositary specified in the AIFM Directive including, in relation to the Company, as follows:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company’s cash flows; and
- oversight of the Company and the Manager.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving 90 days’ notice in writing. The Depositary may only be removed from office when a new Depositary is appointed by the Company.

Report of the Directors

Corporate Governance Statement

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment trust in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2014 (the “Code”) which applies to accounting periods beginning on or after 1 October 2014 and the disclosures in this Statement report against its provisions. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

The Board has noted the publication of a further revised UK Corporate Governance Code in April 2016, which applies to financial years beginning on or after 17 June 2016. This latest update has been driven by the implementation of the EU’s Audit Regulation and Directive and its impact on audit committees and the Board is considering the Company’s governance framework in light of the new provisions.

Compliance statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors’ Responsibilities on page 27 and the Viability Statement and Going Concern Statement set out on page 17, indicate how the Company has complied with the Code’s principles of good governance and its requirements on internal control.

The Board believes that the Company has, throughout the year under review, complied with all relevant provisions set out in the Code.

Operation of the Board

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman’s other significant commitments are detailed on page 18. He has no conflicting relationships.

Role and operation of the Board

The Board is the Company’s governing body; it sets the Company’s strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objectives of the Company continue to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing.

A formal schedule of matters specifically reserved for decision by the Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all Directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company’s policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company, its sector and the wider investment trust industry, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and development

On appointment, Directors receive a full, formal and tailored induction. Directors are also regularly provided with key information on the Company’s policies, regulatory and statutory requirements and internal controls. Changes affecting Directors’ responsibilities are advised to the Board as they arise. Directors also regularly participate in

Report of the Directors

relevant training and industry seminars. Training and development needs are included as part of the evaluation process and are agreed with the Chairman.

Conflicts of interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Board evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough evaluation process is in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman himself, discussions are held between the Directors and the Senior Independent Director. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors and building and developing individual and collective strengths. An evaluation is currently being undertaken.

Directors' and officers' liability insurance and indemnity

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court. This indemnity was in place throughout the year under review and to the date of this report.

Directors' attendance at meetings

Four Board meetings are usually scheduled each year to deal with matters including: the setting and monitoring of investment strategy; approval of borrowings and/or cash positions; review of investment performance, the level of discount of the Company's shares to underlying net asset value, and promotion of the Company and services provided by third parties. Additional meetings of the Board are arranged as required. On a one-off basis, the Board meeting usually held annually in September was held in October and as a result only three Board meetings were held during the year under review.

The number of meetings of the Board and its committees held during the financial year and the attendance of individual Directors is shown below. Whenever possible all Directors attend the AGM.

Director	Board	Nomination Committee	Audit Committee	Management Engagement Committee
Nicholas Smith	3/3	1/1	2/2	1/1
Keith Craig	3/3	1/1	2/2	1/1
Anthony Fenn	3/3	1/1	2/2	1/1
Rosemary Morgan	3/3	1/1	2/2	1/1
James Williams	3/3	1/1	2/2	1/1
The Hon. Rupert Carington ¹	2/2	0/1	1/1	1/1

¹Retired as a Director on 28 January 2016. The Hon. Rupert Carington did not attend the Nomination Committee at which the appointment of his successor as Chairman was considered.

The Board is satisfied that the Chairman and each of the other non-executive Directors commits sufficient time to the affairs of the Company to fulfil their duties as Directors.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager. The Company communicates with shareholders through its webpage and the Annual Report which aims to provide shareholders with a clear understanding of the Company's activities and its results.

The Chairmen of the Board and its committees, as well as the Senior Independent Director, attend the AGM and are available to respond to queries and concerns from shareholders.

Report of the Directors

It is the intention of the Board that the Annual Report and Notice of the AGM be issued to shareholders so as to provide at least 20 working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the outside back cover.

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and the Board.

Committees

In order to assist the Board in fulfilling its governance responsibilities, it has delegated certain functions to Committees. The roles and responsibilities of these Committees, together with details of work undertaken during the year under review, is outlined over the next few pages.

The Committees of the Board have defined Terms of Reference which are available on the webpage www.schroderasiapacificfund.com. Membership of the Committees is set out on pages 18 and 19.

Nomination Committee

The Nomination Committee is responsible for succession planning bearing in mind the balance of skills, knowledge, experience and diversity existing on the Board and will recommend to the Board when the further recruitment of non-executive Directors is required. The Nomination Committee aims to maintain a balance of relevant skills, experience and length of service of the Directors serving on the Board, taking gender and other diversity factors into account.

Before the appointment of a new Director, the Nomination Committee prepares a description of the role and capabilities required for a particular appointment. While the Committee is dedicated to selecting the best candidate for the role, the Board also recognises the importance of diversity. The Board agrees that its members should overall possess a range of experience, knowledge, professional skills and personal qualities as well as the independence necessary to provide effective oversight of the affairs of the Company. These qualities are taken into account in considering the appointment of a new Director. The Board does not consider it appropriate or to be in the interests of shareholders as a whole to establish prescriptive diversity targets.

Candidates are drawn from suggestions put forward either from recommendation from within the Company or by the use of an external agency. Candidates are then interviewed by members of the Committee, which makes a recommendations to the Board.

To discharge its duties the Nomination Committee met once during the year to consider its Terms of Reference and Board balance, skills and succession planning, including the appointment of a successor Chairman and the appointment of a new Audit Committee Chairman and Senior Independent Director. The Hon. Rupert Carington did not participate in discussions regarding the appointment of his successor.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. The Committee also reviews the services provided by other service providers. All Directors are members of the Management Engagement Committee which is chaired by Mr Fenn. The Board considers each member of the Committee to be independent.

The Management Engagement Committee met on one occasion during the year under review and considered its Terms of Reference, the performance and ongoing suitability of the Manager, the terms and conditions of the AIFM Agreement, the performance and suitability of other service providers, and fees paid to Directors.

By Order of the Board

Schroder Investment Management Limited

Company Secretary

12 December 2016

Report of the Audit Committee

The responsibilities and work carried out by the Audit Committee in the year under review are set out in the following report. The duties and responsibilities of the Committee may be found in the Terms of Reference which are available on the webpage dedicated to the Company. Membership of the Committee is as set out on pages 18 and 19. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience.

The Audit Committee met twice during the year ended 30 September 2016. The Audit Committee discharged its responsibilities by:

- considering its Terms of Reference;
- reviewing the operational controls maintained by the Manager and Depositary;
- reviewing the Half Year and Annual Report and Accounts and related audit plan and engagement letter;
- reviewing the need for an internal audit function;
- reviewing the independence of the Auditors;
- evaluating the Auditors' performance; and
- reviewing the principal risks faced by the Company and the system of internal control.

Annual report and financial statements

During its review of the Company's financial statements for the year ended 30 September 2016, the Audit Committee considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the Auditors during its reporting:

Issue considered	How the issue was addressed
<ul style="list-style-type: none">• Valuation and existence of holdings	<ul style="list-style-type: none">• Review of portfolio holdings and assurance reports on controls from the Manager and Depositary.
<ul style="list-style-type: none">• Overall accuracy of the Annual Report and Accounts	<ul style="list-style-type: none">• Consideration of the draft Annual Report and Accounts and the letter from the Manager in support of the letter of representation to the Auditor.
<ul style="list-style-type: none">• Calculation of the investment management fee	<ul style="list-style-type: none">• Consideration of methodology used to calculate the fee, matched against the criteria set out in the AIFM Agreement.
<ul style="list-style-type: none">• Internal controls and risk management	<ul style="list-style-type: none">• Consideration of several key aspects of internal control and risk management operating within the Manager and Depositary.
<ul style="list-style-type: none">• Compliance with the investment trust qualifying rules in s1158 of the Corporation Tax Act 2010	<ul style="list-style-type: none">• Consideration of the Manager's report confirming compliance.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30 September 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 27.

Effectiveness of the independent audit process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on its re-appointment at the forthcoming AGM. This evaluation involved an assessment of the effectiveness of the Auditors' performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the Committee considered feedback from the Manager on the audit process and the year end report from the Auditors, which details compliance with regulatory requirements, on

Report of the Audit Committee

safeguards that have been established, and on their own internal quality control procedures. The members of the Committee also met the Auditors without representatives of the Manager present.

Representatives of the Auditors attend the Audit Committee meeting at which the draft Annual Report and Accounts is considered. Having reviewed the performance of the Auditors as described above, the Committee considered it appropriate to recommend the firm's re-appointment.

The Auditor is required to rotate the Senior Statutory Auditor every five years. This is the fourth year that the Senior Statutory Auditor has conducted the audit of the Company's financial statements.

PricewaterhouseCoopers LLP has provided audit services to the Company from its incorporation in 1995 to date. The Statutory Auditors and Third Country Regulations 2016 (the "Regulations") were published on 17 June 2016 and take effect for financial periods commencing on or after that date. The Audit Committee is reviewing the impact of the Regulations on the Company's current policies, noting that they include mandatory periodic rotation of the Auditor and re-tendering of the audit contract. PricewaterhouseCoopers LLP must be replaced as the Company's Auditor before commencement of the audit in 2024, and the Audit Committee will put the audit contract out to tender before that date.

There are no contractual obligations restricting the choice of external auditors.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, resolutions to re-appoint PricewaterhouseCoopers LLP as auditors to the Company, and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Provision of information to the Auditors

The Directors at the date of approval of this Report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Provision of non-audit services

The Audit Committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's Auditors. The Audit Committee has determined that the Company's appointed Auditors will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The Auditors may, if required, provide other non-audit services however, and this will be judged on a case-by-case basis.

The Auditors have provided taxation compliance services to the Company during the year, for which they received a fee of £2,000 (2015: £2,000).

Internal audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Audit Committee will continue to monitor the system of internal control in order to provide assurance that it operates as intended and the Directors will continue to annually review whether an internal audit function is needed.

Rosemary Morgan

Audit Committee Chairman

12 December 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Strategic Report, the Report of the Directors, the Corporate Governance Statement, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions in FRS 102, used in the preparation of the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the webpage dedicated to the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 18 and 19, confirm that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report contained in the Report and Accounts includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Nicholas Smith
Chairman

12 December 2016

Remuneration Report

Introduction

This Report has been prepared in accordance with the relevant provisions of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The following Remuneration Policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the AGM in 2017 and the current policy provisions will apply until that date. An ordinary resolution to approve the Remuneration Policy will be put to shareholders at the forthcoming AGM (no changes are proposed). In addition, the below Directors' Annual Report on Remuneration is subject to an annual advisory vote. An ordinary resolution to approve this Report will be put to shareholders at the forthcoming AGM.

At the AGM held on 30 January 2014, 99.77% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Policy were in favour, while 0.23% were against. 146,392 votes were withheld.

At the AGM held on 28 January 2016, 99.75% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Report on Remuneration for the year ended 30 September 2015 were in favour, while 0.25% were against. 104,782 votes were withheld.

Directors' Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the Board and the Management Engagement Committee.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs taking into account the aggregate level of fees set out in the Company's Articles of Association. This aggregate level of fees is currently set at £200,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders. The Chairman of the Board and the Chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long-term strategic objectives.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to a pension, and the Company has not and does not intend to operate a share scheme for Directors or to award any share options or long-term performance incentives to any Director. No Director has a service contract with the Company. However Directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

Remuneration Report

Directors' annual Report on Remuneration

This Report sets out how the Directors' remuneration policy was implemented during the year ended 30 September 2016.

Fees paid to Directors

During the year ended 30 September 2016, the Chairman was paid a fee of £35,000 and the other members of the Board were each paid a fee of £25,000. The Chairman of the Audit Committee received an additional fee of £3,000.

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 30 September 2016 and the previous financial year:

Director	Fees		Taxable benefits ¹		Total	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
Nicholas Smith ²	32,753	28,000	227	211	32,980	28,211
Robert Binyon ³	–	8,168	–	9,418	–	17,586
The Hon. Rupert Carington ⁴	12,519	35,000	–	193	12,519	35,193
Keith Craig ⁵	25,000	9,224	–	–	25,000	9,224
Anthony Fenn	25,000	25,000	–	182	25,000	25,182
Rosemary Morgan	27,031	25,000	83	137	27,114	25,137
James Williams	25,000	25,000	–	257	25,000	25,257
Total	147,303	155,392	310	10,398	147,613	165,790

¹Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include NI contributions.

²Appointed Chairman on 28 January 2016.

³Retired on 28 January 2015. Mr Binyon was resident in Thailand throughout his tenure as a Director of the Company and his taxable benefits included travelling expenses incurred in attending Board meetings in London.

⁴Retired on 28 January 2016.

⁵Appointed on 19 May 2015.

The information in the above table has been audited.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Management Engagement Committee and the Board in November 2016. The members of the Board at the time that remuneration levels were considered were as set out on pages 18 and 19 of this Annual Report. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

Following the annual review, the Board agreed that the fees paid to the Chairman would increase to £40,000 per annum, the fees paid to the Audit Committee Chairman would increase to £33,000 and the fees paid to Directors would increase to £28,000. These increases would take effect from 1 October 2016.

Expenditure by the Company on remuneration and distributions to shareholders

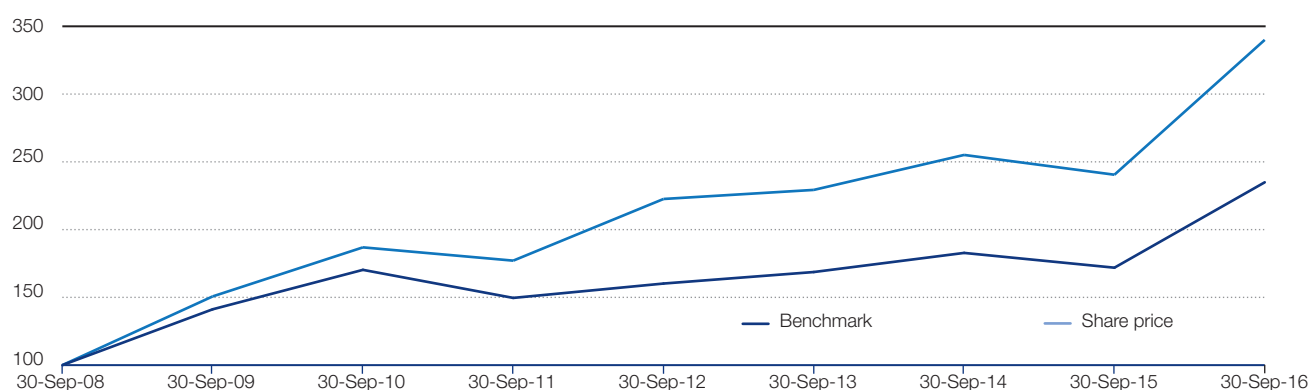
The table below compares the remuneration paid to Directors to distributions made to shareholders during the year under review and the prior financial year. In considering these figures, shareholders should take into account the Company's investment objective.

Remuneration Report

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Change %
Remuneration payable to Directors ¹	148	166	(10.8)
Distributions paid to shareholders			
– Dividends paid during the year	7,101	4,654	+52.6
– Share buybacks	3,905	–	N/A
Total distributions paid to shareholders	11,006	4,654	+136.5

¹Directors' fees decreased during the year as the number of Directors decreased from six to five following the retirement of The Hon. Rupert Carington.

Eight year share price and Benchmark¹ total returns



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2008.

¹The Benchmark is the MSCI All Countries Asia excluding Japan Index in sterling terms. Prior to 31 January 2011, the Benchmark was the MSCI All Countries Far East excluding Japan Index in sterling terms.

Directors' share interests

The Company's Articles of Association do not require Directors to own shares in the Company. The interests of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out below.

	Ordinary shares of 10p each at 30 September 2016	Ordinary shares of 10p each at 1 October 2015
Nicholas Smith	20,000	20,000
Keith Craig ¹	7,544	–
Anthony Fenn	12,000	12,000
Rosemary Morgan	7,162	7,205
James Williams	5,500	5,500

¹Appointed as a Director on 19 May 2015.

The information in the above table has been audited.

Following the year end, Ms. Morgan disposed of 21 shares. There have been no other changes to the Directors' share interests as at the date of this Report.

Nicholas Smith

Chairman

12 December 2016

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

Report on the financial statements

Our opinion

In our opinion, Schroder AsiaPacific Fund plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Statement of Financial Position as at 30 September 2016;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Materiality

- Overall materiality: £6.58 million which represents 1% of net assets.

Audit Scope

- The Company is a standalone Investment Trust Company and engages Schroder Unit Trusts Limited (the "Manager") to manage its assets.
- We conduct our audit of the financial statements at the offices of HSBC Securities Services ("HSS"), to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Areas of focus

- Income from investments.
- Valuation and existence of investments.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

Area of focus	How our audit addressed the area of focus
<p>Income from investments Refer to pages 25 and 26 (Report of the Audit Committee), pages 38 and 39 (Accounting Policies) and page 40 (notes). ISAs (UK & Ireland) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the valuation of investments with respect to gains on investments and the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP").</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year end (see below), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. No misstatements were identified by our testing which required reporting to those charged with governance. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the classification of income and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.</p>
<p>Valuation and existence of investments Refer to pages 25 and 26 (Report of the Audit Committee), page 38 (Accounting Policies) and page 43 (notes). The investment portfolio at 30 September 2016 comprised listed equity investments, preference shares and warrants of £661 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.</p>	<p>We 100% tested the valuation of the listed investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Depositary, HSBC Bank plc. No differences were identified.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager, the accounting processes and controls, and the industry in which the Company operates.

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

The Company's accounting is delegated to HSS who maintains its own accounting records and controls and reports to the Manager and the Directors.

As part of our risk assessment, we assessed the control environment in place at both the Manager and HSS to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent auditors of the Manager and HSS in accordance with generally accepted assurance standards for such work, to gain an understanding of both the Manager's and HSS's control environment and to consider the operating and accounting structure at both the Manager and HSS. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£6.58 million (2015: £4.78 million).
How we determined it	1% of net assets.

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

Rationale for benchmark applied We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £329,000 (2015: £239,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 17, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

<ul style="list-style-type: none"> information in the Annual Report is: <ul style="list-style-type: none"> materially inconsistent with the information in the audited financial statements; or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or otherwise misleading. 	We have no exceptions to report.
<ul style="list-style-type: none"> the statement given by the Directors on page 27, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit. 	We have no exceptions to report.
<ul style="list-style-type: none"> the section of the Annual Report on page 25, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. 	We have no exceptions to report.

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

<ul style="list-style-type: none"> the Directors' confirmation on pages 15 and 16 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. 	We have nothing material to add or to draw attention to.
<ul style="list-style-type: none"> the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated. 	We have nothing material to add or to draw attention to.
<ul style="list-style-type: none"> the Directors' explanation on page 17 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. 	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through substantive procedures.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12 December 2016

- The maintenance and integrity of the webpage dedicated to the Company is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 30 September 2016

		2016			2015		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	–	186,860	186,860	–	(17,571)	(17,571)
Gains/(losses) on derivative contracts		–	163	163	–	(55)	(55)
Net foreign currency losses		–	(3,664)	(3,664)	–	(1,032)	(1,032)
Income from investments	3	15,232	220	15,452	13,597	–	13,597
Other interest receivable and similar income	3	1	–	1	2	–	2
Gross return/(loss)		15,233	183,579	198,812	13,599	(18,658)	(5,059)
Investment management fee	4	(5,006)	–	(5,006)	(4,571)	–	(4,571)
Administrative expenses	5	(855)	–	(855)	(939)	–	(939)
Net return/(loss) before finance costs and taxation		9,372	183,579	192,951	8,089	(18,658)	(10,569)
Finance costs	6	(304)	–	(304)	(116)	–	(116)
Net return/(loss) on ordinary activities before taxation		9,068	183,579	192,647	7,973	(18,658)	(10,685)
Taxation on ordinary activities	7	(1,028)	(162)	(1,190)	(822)	(1,496)	(2,318)
Net return/(loss) on ordinary activities after taxation		8,040	183,417	191,457	7,151	(20,154)	(13,003)
Return/(loss) per Ordinary share	9	4.77p	108.78p	113.55p	4.23p	(11.91)p	(7.68)p

The “Total” column of this statement is the profit and loss account of the Company. The “Revenue” and “Capital” columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no recognised gains and losses other than those included in the Income Statement and Statement of Changes in Equity.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 38 to 51 form an integral part of these accounts.

Statement of Changes in Equity

for the year ended 30 September 2016

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2014	16,923	100,956	3,221	8,704	36,301	324,694	4,728	495,527
Net (loss)/return on ordinary activities	–	–	–	–	–	(20,154)	7,151	(13,003)
Ordinary dividend paid in the year	–	–	–	–	–	–	(4,654)	(4,654)
At 30 September 2015	16,923	100,956	3,221	8,704	36,301	304,540	7,225	477,870
Repurchase and cancellation of the Company's own Ordinary shares	(143)	–	143	–	(3,905)	–	–	(3,905)
Net return on ordinary activities	–	–	–	–	–	183,417	8,040	191,457
Ordinary dividend paid in the year	–	–	–	–	–	–	(7,101)	(7,101)
At 30 September 2016	16,780	100,956	3,364	8,704	32,396	487,957	8,164	658,321

The notes on pages 38 to 51 form an integral part of these accounts.

Statement of Financial Position

at 30 September 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	661,405	487,181
Current assets			
Debtors		1,654	5,128
Cash at bank and in hand		18,196	18,763
		19,850	23,891
Current liabilities			
Creditors: amounts falling due within one year	12	(22,934)	(33,147)
Derivative financial instrument held at fair value through profit or loss		–	(55)
Net current liabilities		(3,084)	(9,311)
Total assets less current liabilities		658,321	477,870
Net assets		658,321	477,870
Capital and reserves			
Called-up share capital	13	16,780	16,923
Share premium	14	100,956	100,956
Capital redemption reserve	14	3,364	3,221
Warrant exercise reserve	14	8,704	8,704
Share purchase reserve	14	32,396	36,301
Capital reserves	14	487,957	304,540
Revenue reserve	14	8,164	7,225
Total equity shareholders' funds		658,321	477,870
Net asset value per Ordinary share	15	392.33p	282.39p

These accounts were approved and authorised for issue by the Board of Directors on 12 December 2016 and signed on its behalf by:

Nicholas Smith
Chairman

The notes on pages 38 to 51 form an integral part of these accounts.

Company registration number: 3104981

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in November 2014 and which superseded the SORP issued in January 2009. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments at fair value through profit or loss.

The accounts are presented in sterling and amounts have been rounded to the nearest thousand.

With effect from 1 October 2015, the Company has adopted Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the amended SORP, both of which became effective for periods beginning on or after 1 January 2015. FRS 102 replaces all extant standards applicable to the Company's accounts. As a result there are some presentational changes to the accounts but no change in the way numbers are measured. The adoption of FRS 102 has not affected the reported financial position or financial performance of the Company.

The changes to these accounts arising from FRS 102 and the amended SORP may be summarised briefly as follows:

- the reconciliation of movements in shareholders' funds has been renamed "Statement of changes in equity";
- the balance sheet has been renamed "Statement of financial position";
- the Company no longer presents a statement of cash flows or the two related notes, as it is no longer required for an investment company which meets certain specified conditions; and
- footnotes have been added to note 14, indicating which of the Company's reserves are regarded as distributable.

Other than these changes, the accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2015.

The Company has early adopted an amendment to paragraph 34.22 of FRS 102, issued by the Financial Reporting Council in March 2016 regarding the categorisation of financial instruments into the fair value hierarchy in note 18. As a result of this amendment, the criteria used to allocate financial instruments into the three levels remain unchanged from prior years.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices at 24:00 hours on the accounting date, for investments traded in active markets.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments are included in the Income Statement and in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end are included in the Income Statement and in capital reserves within "Holding gains and losses on investments".

Foreign exchange gains and losses on cash and deposit balances and unrealised exchange gains and losses on foreign currency loans are included in the Income Statement and in capital reserves.

The cost of repurchasing Ordinary shares including the related stamp duty and transactions costs is charged to "Share repurchase reserve".

(d) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

UK dividends are included net of tax credits. Overseas dividends are included gross of any withholding tax.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement except that expenses incidental to the purchase or sale of an investment are charged to capital.

These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transactions costs are given in note 10 on page 43.

(f) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 102.

Finance costs are allocated wholly to the revenue column of the Income Statement.

(g) Financial instruments

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans and overdrafts are classified as loans and receivables and are initially measured at fair value and subsequently at amortised cost. They are recorded at the proceeds received net of direct issue costs.

Gains or losses on derivative financial instruments are treated as capital or revenue depending on the motive and circumstances of the transaction. Where positions are undertaken to protect or enhance capital, the returns are capital and where they are generating or protecting revenue, the returns are revenue. Where positions generate total returns, the returns are apportioned between capital and revenue to reflect the nature of the transaction.

Any derivative positions open at the year end are included in current assets or current liabilities in the Statement of Financial Position at fair value, using market prices.

(h) Taxation

Current tax is provided at the amounts expected to be received or paid.

Deferred tax is accounted for in accordance with FRS 102.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 102, the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency and the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at 16:00 hours on the accounting date.

Notes to the Accounts

(k) Dividends payable

In accordance with FRS 102, the final dividend is included in the accounts in the year in which it is paid.

(l) Repurchases of Ordinary shares for cancellation

The cost of repurchasing Ordinary shares including the related stamp duty and transactions costs is charged to "Share purchase reserve" and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of Ordinary share capital repurchased and cancelled is transferred out of "Called-up share capital" and into "Capital redemption reserve".

2. Gains/(losses) on investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Gains on sales of investments based on historic cost	24,511	23,719
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(5,137)	(10,387)
Gains on sales of investments based on the carrying value at the previous balance sheet date	19,374	13,332
Net movement in investment holding gains and losses	167,486	(30,903)
Gains/(losses) on investments held at fair value through profit or loss	186,860	(17,571)

3. Income

	2016 £'000	2015 £'000
Income from investments:		
Overseas dividends	14,938	13,164
UK dividends	157	384
Scrip dividends	137	49
	15,232	13,597
Other interest receivable and similar income:		
Deposit interest	1	2
	15,233	13,599
Capital:		
Special dividend allocated to capital	220	–

4. Investment management fee

	2016 £'000	2015 £'000
Management fee	5,006	4,571

The basis for calculating the investment management fee is set out in the Report of the Directors on page 21.

Notes to the Accounts

5. Administrative expenses

	2016 £'000	2015 £'000
Administration expenses	589	667
Directors' fees ¹	147	155
Secretarial fee	97	96
Auditors' remuneration for audit services	20	19
Auditors' remuneration for taxation compliance services	2	2
	855	939

¹Full details are given in the remuneration report on pages 28 to 30.

6. Finance costs

	2016 £'000	2015 £'000
Interest on bank loans and overdrafts	304	116

7. Taxation

	Revenue £'000	2016 Capital £'000	Total £'000	Revenue £'000	2015 Capital £'000	Total £'000
(a) Analysis of tax charge for the year:						
Irrecoverable overseas withholding tax	1,028	–	1,028	822	–	822
Overseas capital gains tax	–	162	162	–	1,496	1,496
Tax charge for the year	1,028	162	1,190	822	1,496	2,318

The Company has no corporation tax liability for the year ended 30 September 2016 (2015: nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2015: higher) than the Company's applicable rate of corporation tax for the year of 20.0% (2015: 20.5%).

The factors affecting the tax charge for the year are as follows:

	Revenue £'000	2016 Capital £'000	Total £'000	Revenue £'000	2015 Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	9,068	183,579	192,647	7,973	(18,658)	(10,685)
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 20.0% (2015: 20.5%)	1,814	36,716	38,530	1,634	(3,824)	(2,190)
Effects of:						
Capital returns on investments	–	(36,672)	(36,672)	–	3,824	3,824
Income not chargeable to corporation tax	(2,741)	(44)	(2,785)	(2,493)	–	(2,493)
Overseas withholding tax	1,028	–	1,028	822	–	822
Overseas capital gains tax	–	162	162	–	1,496	1,496
Unrelieved expenses	927	–	927	859	–	859
Tax charge for the year	1,028	162	1,190	822	1,496	2,318

Notes to the Accounts

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £4,923,000 (2015: £4,543,000) based on a prospective corporation tax rate of 18% (2015: 20%). The reduction in the standard rate of corporation tax was substantively enacted in October 2015 and is effective from 1 April 2020.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

Dividends paid and proposed

	2016 £'000	2015 £'000
2015 final dividend of 4.20p (2014: 2.75p) paid out of revenue profits	7,101	4,654
	2016 £'000	2015 £'000
2016 final dividend proposed of 4.75p (2015: 4.20p) to be paid out of revenue profits	7,970	7,107

The proposed final dividend amounting to £7,970,000 (2015: £7,107,000) is the amount used for the basis of determining whether the Company has satisfied the distribution requirements of Section 1158 of the Corporation Tax Act 2010. The revenue available for distribution for the year is £8,040,000 (2015: £7,151,000).

The final dividend declared in respect of the year ended 30 September 2015 differs from the amount actually paid due to shares repurchased and cancelled after the accounting date but prior to the share register record date.

9. Return/(loss) per Ordinary share

	2016	2015
Revenue return (£'000)	8,040	7,151
Capital return/(loss) (£'000)	183,417	(20,154)
Total return/(loss) (£'000)	191,457	(13,003)
Weighted average number of Ordinary shares in issue during the year	168,605,440	169,225,716
Revenue return per share	4.77p	4.23p
Capital return/(loss) per share	108.78p	(11.91)p
Total return/(loss) per share	113.55p	(7.68)p

10. Investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Opening book cost	441,413	403,516
Opening investment holding gains	45,768	87,058
Opening valuation	487,181	490,574
Purchases at cost	223,653	195,946
Sales proceeds	(236,289)	(181,768)
Gains on sales of investments based on the carrying value at the previous balance sheet date	19,374	13,332
Net movement in investment holding gains and losses	167,486	(30,903)
Closing valuation	661,405	487,181
Closing book cost	453,288	441,413
Closing investment holding gains	208,117	45,768
Total investments held at fair value through profit or loss	661,405	487,181

The following transaction costs, comprising stamp duty and brokerage commission, were incurred in the year:

	2016 £'000	2015 £'000
On acquisitions	338	382
On disposals	531	390
	869	772

11. Current assets

Debtors	2016 £'000	2015 £'000
Securities sold awaiting settlement	–	4,180
Dividends and interest receivable	1,353	870
Taxation recoverable	272	57
Other debtors	29	21
	1,654	5,128

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash at bank and in hand

Cash at bank and in hand comprises bank balances and cash held by the Company, including short-term deposits. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short-term deposit at market rates of interest.

Notes to the Accounts

12. Current liabilities

Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank loan	21,023	29,708
Securities purchased awaiting settlement	259	2,160
Other creditors and accruals	1,652	1,279
	22,934	33,147

The loan comprises US\$27.3 million (£21.0 million) drawn down on the Company's £50 million, 364 day, multi-currency credit facility with Scotiabank.

The Facility is unsecured but is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been complied with during the year. The loan at the prior year end comprised US\$45.0 million (£29.7 million) drawn down on the Facility. Further details of the Facility are given in note 19 on pages 48 and 49.

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

Derivative financial instrument held at fair value through profit or loss

	2016 £'000	2015 £'000
Forward foreign currency contract	–	55

At 30 September 2015, the Company held a single contract to purchase US\$153.9 million for HK\$1,193.7 million, for settlement on 3 March 2016.

Details of the Company's strategy for managing currency risk are given in note 19(a) (i) on pages 47 and 48.

13. Called-up share capital

	2016 £'000	2015 £'000
Ordinary shares of 10p each allotted, called up and fully paid:		
Opening balance of 169,225,716 (2015: 169,225,716) Ordinary shares	16,923	16,923
Repurchase and cancellation of 1,430,000 (2015: nil) Ordinary shares	(143)	–
Closing balance of 167,795,716 (2015: 169,225,716) Ordinary shares	16,780	16,923

During the year, the Company made market purchases of 1,430,000 of its own Ordinary shares, nominal value £143,000, for cancellation, representing 0.84% of the Ordinary shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £3,905,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share.

Notes to the Accounts

14. Reserves

	Capital reserves						
	Share premium ¹ £'000	Capital redemption reserve ² £'000	Warrant exercise reserve ³ £'000	Share purchase reserve ⁴ £'000	Gains and losses on sales of investments ⁵ £'000	Investment holding gains and losses ⁶ £'000	Revenue reserve ⁷ £'000
Opening balance	100,956	3,221	8,704	36,301	260,149	44,391	7,225
Gains on sales of investments based on the carrying value at the previous balance sheet date	-	-	-	-	19,374	-	-
Net movement in investment holding gains and losses	-	-	-	-	-	167,486	-
Transfer on disposal of investments	-	-	-	-	5,137	(5,137)	-
Realised gain on derivative contract	-	-	-	-	163	-	-
Realised exchange gains on cash and short-term deposits	-	-	-	-	995	-	-
Exchange losses on the credit facility	-	-	-	-	(3,889)	(770)	-
Capital gains tax	-	-	-	-	(162)	-	-
Special dividend allocated to capital	-	-	-	-	220	-	-
Repurchase and cancellation of the Company's own Ordinary shares	-	143	-	(3,905)	-	-	-
Dividend paid	-	-	-	-	-	-	(7,101)
Retained revenue for the year	-	-	-	-	-	-	8,040
Closing balance	100,956	3,364	8,704	32,396	281,987	205,970	8,164

¹The share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued.

²The capital redemption reserve represents the accumulated nominal value of Ordinary shares repurchased for cancellation. This reserve is not distributable.

³The warrant exercise reserve is a non distributable reserve and arose via an apportionment of the premium on the issue of Ordinary shares with warrants attached.

⁴The share purchase reserve arose following the cancellation of the balance of share premium in 1998 and was created for the purpose of financing share buybacks. This is a realised (distributable) capital reserve which may be used to repurchase the Company's own shares or distributed as dividends.

⁵This is a realised (distributable) capital reserve which may be used to repurchase the Company's own shares or distributed as dividends.

⁶This reserve comprises holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.

⁷The revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

15. Net asset value per Ordinary share

	2016	2015
Net assets attributable to the Ordinary shareholders (£'000)	658,321	477,870
Ordinary shares in issue at the year end	167,795,716	169,225,716
Net asset value per Ordinary share	392.33p	282.39p

16. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of the management fee calculation are given in the Report of the Directors on page 21. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation and therefore incur no fee.

The management fee payable in respect of the year ended 30 September 2016 amounted to £5,006,000 (2015: £4,571,000), of which £1,414,000 (2015: £1,069,000) was outstanding at the year end. The company secretarial fee

Notes to the Accounts

payable in respect of the year ended 30 September 2016 amounted to £97,000 (2015: £96,000), of which £24,000 (2015: £25,000) was outstanding at the year end.

No Director of the Company served as a director of any member of the Schroder Group, at any time during the year.

17. Related party transactions

Details of the remuneration payable to Directors are given in the Remuneration Report on page 29 and details of Directors' shareholdings are given in the Remuneration Report on page 30. There have been no other transactions with related parties during the year (2015: nil).

18. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio. The Company has held derivative financial instruments during the year, but none were held at the year end.

These are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(b) on page 38.

At 30 September 2016, the Company's investments were all categorised in Level 1 (2015: investments and derivative financial instruments all Level 1).

There have been no transfers between Levels 1, 2 or 3 during the year (2015: nil).

19. Financial instruments' exposure to risk and risk management policies

The investment objective is set out on the inside front cover of this Report. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These financial risks include market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments may comprise the following:

- investments in shares, warrants and depositary receipts which are held in accordance with the Company's investment objective;
- short-term debtors, creditors and cash arising directly from its operations;
- a multi-currency overdraft facility with HSBC, the purpose of which is to assist in financing the Company's operations;
- a multi-currency revolving credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements: currency risk, interest rate risk and market price risk.

Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The

Notes to the Accounts

Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling, which is the Company's functional currency and the presentational currency of the accounts. As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. The Company may use foreign currency borrowings or forward foreign currency contracts to limit the exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Income denominated in foreign currencies is converted into sterling on receipt.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 30 September are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

	2016								
	Hong Kong Dollars £'000	US Dollars £'000	South Korean Won £'000	Taiwan Dollars £'000	Singapore Dollars £'000	Thai Baht £'000	Indian Rupees £'000	Other £'000	Total £'000
Current assets	9,173	3,765	10	982	486	–	2,732	88	17,236
Current liabilities									
Creditors: amounts falling due within one year	–	(21,023)	–	(307)	–	–	–	–	(21,330)
Foreign currency exposure on net monetary items	9,173	(17,258)	10	675	486	–	2,732	88	(4,094)
Investments held at fair value through profit or loss	198,433	119,268	83,646	96,635	9,600	23,020	76,190	36,139	642,931
Total net foreign currency exposure	207,606	102,010	83,656	97,310	10,086	23,020	78,922	36,227	638,837
	2015								
	Hong Kong Dollars £'000	US Dollars £'000	South Korean Won £'000	Taiwan Dollars £'000	Singapore Dollars £'000	Thai Baht £'000	Indian Rupees £'000	Other £'000	Total £'000
Current assets	1,392	11,775	2,036	381	1	–	143	8	15,736
Current liabilities									
Creditors: amounts falling due within one year	(1,355)	(29,722)	–	(26)	–	–	(123)	–	(31,226)
Derivative financial instrument held at fair value through profit or loss	(101,725)	101,670	–	–	–	–	–	–	(55)
Foreign currency exposure on net monetary items	(101,688)	83,723	2,036	355	1	–	20	8	(15,545)
Investments held at fair value through profit or loss	177,696	62,356	40,397	59,998	8,843	28,114	80,003	25,086	482,493
Total net foreign currency exposure	76,008	146,079	42,433	60,353	8,844	28,114	80,023	25,094	466,948

Notes to the Accounts

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2015: 10%) appreciation or depreciation in sterling against all the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% this would have had the following effect:

	2016 £'000	2015 £'000
Income Statement – return after taxation		
Revenue return	1,361	1,223
Capital return	(409)	(1,555)
Total return after taxation	952	(332)
Net assets	952	(332)

Conversely if sterling had strengthened by 10% this would have had the following effect:

	2016 £'000	2015 £'000
Income Statement – return after taxation		
Revenue return	(1,361)	(1,223)
Capital return	409	1,555
Total return after taxation	(952)	332
Net assets	(952)	332

In the opinion of the Directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity with regard to the Company's investments and foreign currency is subsumed into market price risk sensitivity on page 50.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board would not expect gearing to exceed 20% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company draws on the credit facility. However, amounts drawn on this facility are for short-term periods and therefore exposure to interest rate risk is not significant.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2016 £'000	2015 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	18,196	18,763
Creditors: amounts falling due within one year – borrowings on the credit facility	(21,023)	(29,708)
Net exposure	(2,827)	(10,945)

Interest receivable on cash balances is at a margin below LIBOR (2015: same).

During the year, the Company extended its £50 million (2015: £30 million), 364 day, multi-currency credit facility with Scotiabank to 30 April 2017. Amounts are normally drawn down on the facility for one month periods. Interest is payable at a rate of LIBOR as quoted in the market for the relevant currency and period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 30 September 2016, the Company had drawn down US\$27.3 million (£21.0 million) at an interest rate of

Notes to the Accounts

0.76% per annum. At the prior year end, the Company had drawn down US\$45.0 million (£29.7 million) at an interest rate of 0.85% per annum.

The Company also has a £30 million overdraft facility with HSBC, secured by a floating charge, but which was not utilised during the current or comparative year.

The above year end amounts are not representative of the exposure to interest rates during the year as the level of cash balances and drawings on the credit facility have fluctuated. The maximum and minimum net cash/(debt) balances during the year are as follows:

	2016	2015
	£'000	£'000
Maximum debit interest rate exposure during the year – net debt	(27,630)	(11,232)
Minimum debit/maximum credit interest rate exposure during the year – net (debt)/cash	(2,477)	7,598

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2015: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2016		2015	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	(14)	14	(55)	55
Capital return	–	–	–	–
Total return after taxation	(14)	14	(55)	55
Net assets	(14)	14	(55)	55

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

(iii) Market price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of investments.

Management of market price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular countries and industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The Board may authorise the Manager to enter derivative transactions for the purpose of protecting the portfolio against falls in market prices.

Market price risk exposure

The Company's total exposure to changes in market prices at 30 September comprises the following:

	2016	2015
	£'000	£'000
Investments held at fair value through profit or loss	661,405	487,181

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 10 and 11. This shows that the portfolio comprises investments trading in Asian countries. Accordingly there is a concentration of exposure to that region.

Notes to the Accounts

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2015: 20%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's investments and adjusting for the change in the management fee, but with all other variables held constant.

	2016		2015	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(1,058)	1,058	(779)	779
Capital return	132,281	(132,281)	97,436	(97,436)
Total return after taxation and net assets	131,223	(131,223)	96,657	(96,657)
Percentage change in net asset value	19.9%	(19.9%)	20.2%	(20.2%)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet to meet funding requirements if necessary. Short-term flexibility is achieved through the use of a credit facility and an overdraft facility. The Board's policy is for the Company to remain fully invested in normal market conditions and that borrowings be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	Three months or less 2016 £'000	Three months or less 2015 £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	21,023	29,722
Securities purchased awaiting settlement	259	2,160
Other creditors and accruals	1,652	1,265
	22,934	33,147

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

Cash

Counterparties are subject to daily credit analysis by the Manager. Cash balances will only be deposited with reputable banks with high quality credit ratings.

Exposure to the Custodian

The Custodian of the Company's assets is HSBC Bank plc which has Long Term Credit Ratings of AA- with Fitch and Aa2 with Moody's. The Company's investments are held in accounts which are segregated from the Custodian's own

trading assets. If the Custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the Custodian as banker and held on the Custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the Custodian in respect of cash balances.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash at bank and in hand represent the maximum exposure to credit risk at the current and comparative year ends. No debtors are past their due date and none have been provided for. There has been no stock lending during the year.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the balance sheet at fair value or the balance sheet amount is a reasonable approximation of fair value.

20. Capital management policies and procedures

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

The Company's debt and capital structure comprises the following:

	2016 £'000	2015 £'000
Debt		
Bank loan	21,023	29,708
Equity		
Called-up share capital	16,780	16,923
Reserves	641,541	460,947
	658,321	477,870
Total debt and equity	679,344	507,578

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing.

The Board would not expect gearing to exceed 20% of shareholders' funds. Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	2016 £'000	2015 £'000
Borrowings used for investment purposes, less cash	2,827	10,945
Net assets	658,321	477,870
Gearing	0.4%	2.3%

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

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares, which takes into account the share price discount;
- the opportunities for issues of new shares; and
- the amount of dividends to be paid, in excess of that which is required to be distributed.

Annual General Meeting – Explanation of Special Business

The Annual General Meeting (“AGM”) of the Company will be held on Wednesday, 25 January 2017 at 12.00 noon. The formal Notice of Meeting is set out on page 53.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolution 12 – Directors’ authority to allot shares (ordinary resolution) and Resolution 13 – power to disapply pre-emption rights (special resolution)

The Directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £1,675,707 (being 10% of the issued share capital as at the date of the Notice of the AGM). A special resolution will also be proposed to give the Directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £1,675,707 (being 10% of the Company’s issued share capital as at the date of the Notice of the AGM). This authority includes shares that the Company sells or transfers that have been held in Treasury. The Board has established guidelines for Treasury shares and will only reissue shares held in Treasury at a price equal to or greater than the Company’s net asset value (inclusive of current year income) plus any applicable costs.

The Directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company’s existing shareholders to do so and when it would not result in any dilution of NAV per share.

If approved, both of these authorities will expire at the conclusion of the AGM in 2018 unless renewed, varied or revoked earlier.

Resolution 14: Authority to make market purchases of the Company’s own shares (special resolution)

At the AGM held on 28 January 2016, the Company was granted authority to make market purchases of up to 25,344,150 ordinary shares of 10p each for cancellation. A total of 1,655,000 shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 23,689,150 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM. The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in Treasury for potential reissue. If renewed, the authority to be given at the 2017 AGM will lapse at the conclusion of the AGM in 2018 unless renewed, varied or revoked earlier.

Recommendation

The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions and the other resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder AsiaPacific Fund plc will be held at 31 Gresham Street, London EC2V 7QA on Wednesday, 25 January 2017 at 12.00 noon to consider the following resolutions of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 and 14 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited Accounts for the year ended 30 September 2016.
2. To approve a final dividend of 4.75 pence per share for the financial year ended 30 September 2016.
3. To approve the Directors' Remuneration Policy.
4. To approve the Directors' Annual Report on Remuneration for the year ended 30 September 2016.
5. To re-elect Nicholas Smith as a Director of the Company.
6. To re-elect Anthony Fenn as a Director of the Company.
7. To re-elect Rosemary Morgan as a Director of the Company.
8. To re-elect Keith Craig as a Director of the Company.
9. To re-elect James Williams as a Director of the Company.
10. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company.
11. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors to the Company.
12. To consider, and if thought fit, pass the following resolution as an ordinary resolution:
"THAT the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £1,675,707 (being 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."
13. To consider and, if thought fit, to pass the following resolution as a special resolution:
"That, subject to the passing of Resolution 12 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in Treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 12 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1,675,707 (representing 10% of the aggregate nominal amount of the share capital in issue at the date of this Notice); and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
14. To consider and, if thought fit, to pass the following resolution as a special resolution:
"THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 10p each in the capital of the Company ("Shares") at whatever discount the prevailing market price represents to the prevailing net asset value per Share provided that:
 - (a) the maximum number of Shares which may be purchased is 25,118,850, representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice;
 - (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of:
 - i) 105% of the average of the middle market quotations for the Shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and
 - ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange;
 - (c) the minimum price (exclusive of expenses) which may be paid for a Share shall be 10p, being the nominal value per Share;
 - (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2018 (unless previously renewed, varied or revoked by the Company prior to such date);
 - (e) the Company may make a contract to purchase Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and
 - (f) any Shares so purchased will be cancelled or held in Treasury for potential reissue."

By order of the Board
For and on behalf of
Schroder Investment Management Limited
Registered Number: 3104981
12 December 2016

Registered Office:
31 Gresham Street,
London EC2V 7QA

Explanatory Notes to the Notice of Meeting

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 032 0641 or +44(0) 121 415 0207 for overseas callers, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 12.00 noon on 23 January 2017. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 (or +44(0) 121 415 0207 for overseas callers).

If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 23 January 2017, or 6.30 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 23 January 2017 shall be disregarded in determining the right of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.
5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.
6. The biographies of the Directors offering themselves for re-election are set out on pages 18 and 19 of the Company's Annual Report and Accounts for the year ended 30 September 2016.
7. As at 12 December 2016, 167,570,716 ordinary shares of 10 pence each were in issue (no shares were held in Treasury). Therefore the total number of voting rights of the Company as at 12 December 2016 was 167,570,716.
8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the webpage dedicated to the Company: www.schroderasiapacificfund.com.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Shareholder Information

Webpage and share price information

The Company has a dedicated webpage, which may be found at www.schroderasiapacificfund.com. The webpage has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's ordinary share price and copies of Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its net asset value on both a cum and ex-income basis to the market on a daily basis.

Share price information may also be found in the Financial Times and on Schroders' website at www.schroders.co.uk/its.

ISA status

The Company's shares are eligible for stocks and shares ISAs.

Non-Mainstream Pooled Investments status

The Company currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Financial calendar

Annual General Meeting	January
Final dividend paid	February
Half year results announced	June
Financial year end	30 September
Annual results announced	December

Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found either in this Annual Report or on the website www.schroders.co.uk/its.

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on the website at www.schroders.co.uk/its.

Preferential treatment of investors

The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

Liquidity risk management

The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

Periodic and regular disclosure under the Directive

- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
- the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Review; and
- the total amount of leverage employed by the Company may be found in the AIFM disclosures on the website www.schroders.co.uk/its.

Any changes to the following information will be provided through a regulatory news service without undue delay and in accordance with the Directive:

- the maximum level of leverage which the Manager may employ on behalf of the Company; and
- the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

Remuneration disclosures

The information required under the AIFM Directive to be made available to investors in the Company on request in respect of remuneration paid by the AIFM to its staff, and, where relevant, carried interest paid by the Company, can be found on the website www.schroders.co.uk/its.

www.schroderasiapacificfund.com

www.schroders.co.uk/its

Advisers

Alternative Investment Fund Manager (the “Manager”)

Schroder Unit Trusts Limited
31 Gresham Street
London EC2V 7QA

Investment Manager and Company Secretary

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA
Telephone: 020 7658 6501

Registered Office

31 Gresham Street
London EC2V 7QA

Depository and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending Bank

Scotiabank Europe PLC
201 Bishopsgate
6th Floor
London EC2M 3NS

Shareholder enquiries

General enquiries about the Company should be addressed to the Company Secretary at the Company’s Registered Office.

Dealing Codes

ISIN: GB0007918872
SEDOL: 0791887
Ticker: SDP

Global Intermediary Identification Number (GIIN)

SWLQRM.99999.SL.826

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0800 032 0641*
Website: www.shareview.co.uk

*Calls to this number are free of charge from UK landlines

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the above address.

Corporate Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT



Schroders