

Schroders

Schroder AsiaPacific
Fund plc

Annual Report and Accounts

For the year ended
30 September 2017



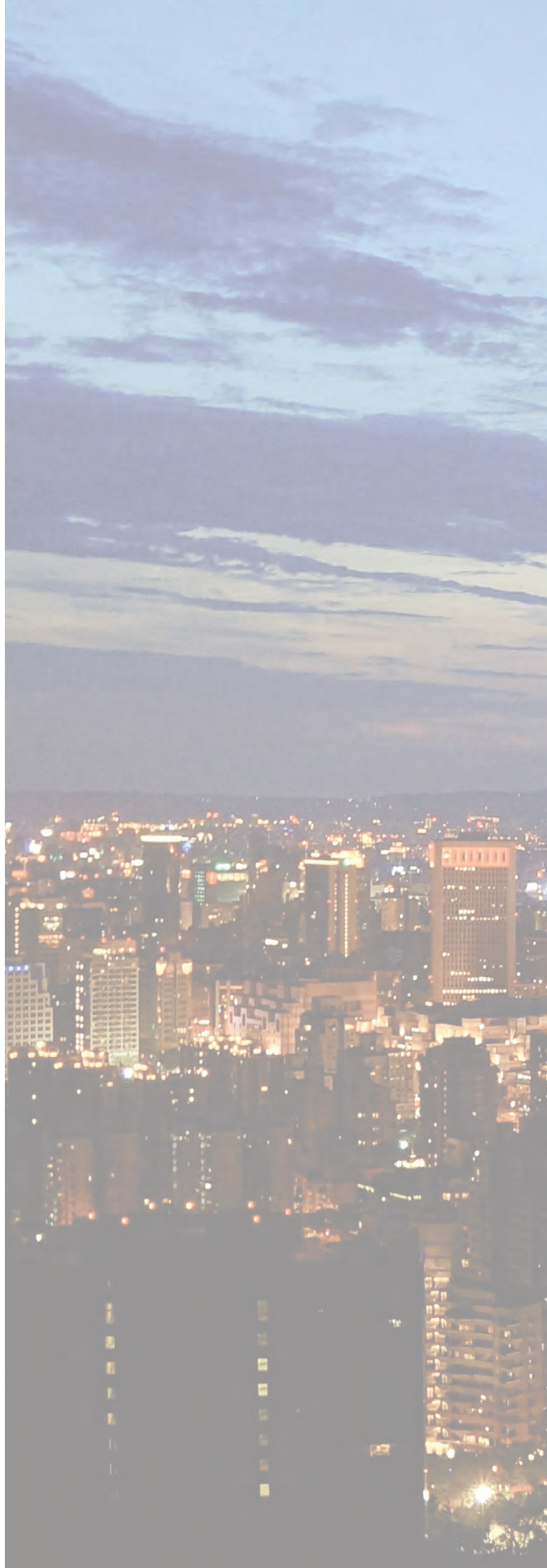
Investment objective

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.





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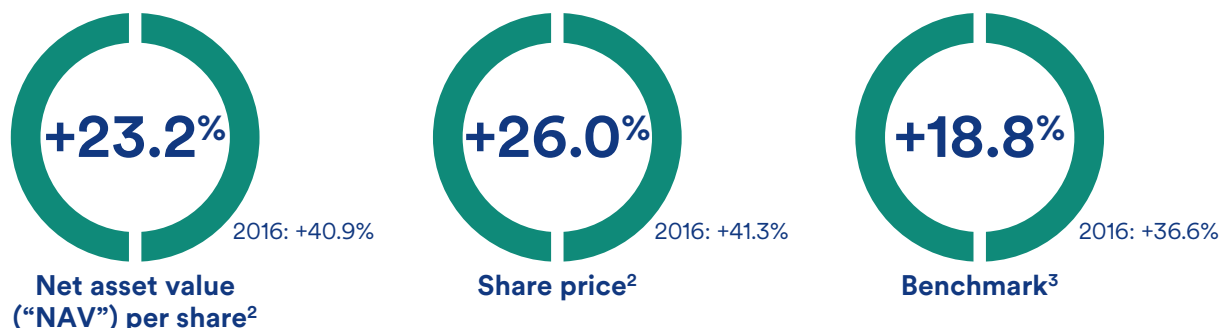
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Financial Highlights

Total returns¹ to 30 September 2017



¹Total return calculations assume that any dividends paid out during the year were reinvested in either additional shares of the Company at the time the shares were quoted ex-dividend (to calculate the share price total return) or in the assets of the Company at its NAV per share (to calculate the NAV per share total return).

²Source: Morningstar.

³Source: Thomson Reuters. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted. The Company changed its benchmark with effect from the beginning of this financial year. Prior to that the benchmark was the MSCI All Countries Asia excluding Japan Index (with gross income reinvested), sterling adjusted. The new benchmark is deemed to be a more appropriate comparison and is the one which is used for management information purposes. The difference is not significant.

Other financial information

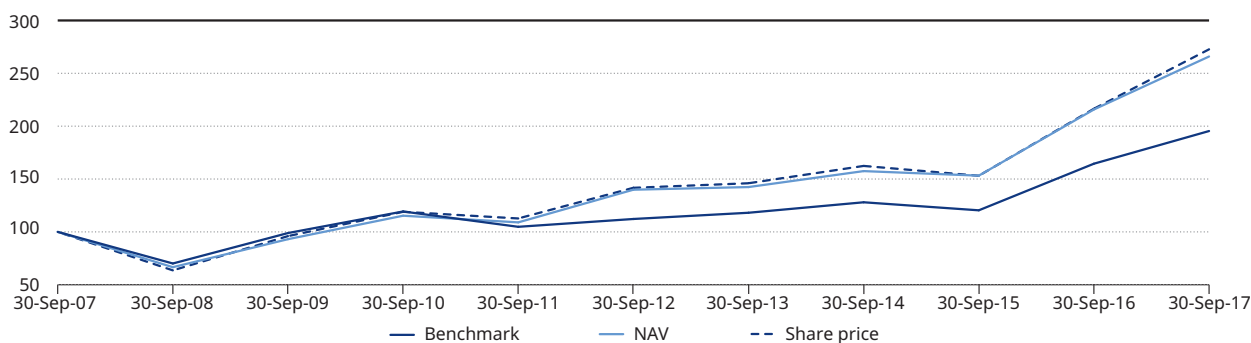
	30 September 2017	30 September 2016	% Change
Shareholders' funds (£'000)	799,942	658,321	+21.5
Shares in issue	167,570,716	167,795,716	(0.1)
NAV per share (pence)	477.38	392.33	+21.7
Share price (pence)	426.00	343.00	+24.2
Share price discount to NAV per share (%)	10.8	12.6	
Gearing (%) ¹	4.4	0.4	

	Year ended 30 September 2017	Year ended 30 September 2016	% Change
Net revenue return after taxation (£'000)	9,537	8,040	+18.6
Revenue return per share (pence)	5.69	4.77	+19.3
Dividends per share (pence)	5.60	4.75	+17.9
Ongoing Charges (%) ²	0.99	1.10	

¹Borrowings 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.

NAV per share, share price and benchmark total returns for the financial years ended 30 September



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2007

Ten-Year Financial Record

At 30 September	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Shareholders' funds (£'000)	224,321	307,435	388,113	307,280	395,340	455,024	495,527	477,870	658,321	799,942
NAV per share, diluted where applicable (pence)	134.17	183.88	224.76	210.16	266.64	268.13	292.82	282.39	392.33	477.38
Share price (pence)	113.00	166.75	203.75	190.75	236.75	240.70	264.00	246.50	343.00	426.00
Share price discount to NAV per share (%)	15.8	9.3	9.3	9.2	11.2	10.2	9.8	12.7	12.6	10.8
Gearing/(net cash) (%) ¹	4.0	(0.8)	(3.7)	4.4	5.7	(3.3)	(0.6)	2.3	0.4	4.4

For the year ended 30 September	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net revenue after taxation (£'000)	4,160	4,469	4,394	4,033	4,916	5,000	4,749	7,151	8,040	9,537
Net return per share (pence)	2.49	2.67	2.62	2.59	3.37	3.08	2.80	4.23	4.77	5.69
Dividends per share (pence)	2.40	2.65	2.65	2.75	3.35	3.35	2.75	4.20	4.75	5.60
Ongoing Charges (%) ²	1.18	1.32	1.22	1.15	1.18	1.10	1.08	1.03	1.10	0.99

Performance ³	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NAV total return (diluted where applicable) ⁴	100.0	66.6	93.1	115.3	109.0	139.9	142.4	157.5	153.2	215.8	265.9
Share price total return	100.0	63.6	96.0	119.0	112.7	141.7	146.0	162.4	153.1	216.5	272.7
Benchmark ⁵	100.0	70.1	98.9	119.3	104.8	112.2	118.1	128.0	120.4	164.5	195.4

¹Gearing/(net cash) represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets. Where the amount so calculated is negative, this is shown as a "Net cash" position.

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.

³Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2007.

⁴Calculated using capital net asset values plus income reinvested for the period to 30 September 2008 and cum income net asset values plus income reinvested thereafter.

⁵With effect from 1 October 2016, the Company's benchmark is the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted. Prior to that date the benchmark was the MSCI All Countries Asia excluding Japan Index (with gross income reinvested), sterling adjusted, and prior to 31 January 2011 the benchmark was the MSCI All Countries Far East excluding Japan Index, sterling adjusted.

Share price discount to NAV per share (%) – 30 September 2007 to 30 September 2017



Source: Morningstar/Thomson Reuters.

Chairman's Statement



Performance

The year to 30 September 2017 was another exceptional year for the Company. The net asset value ("NAV") produced a total return of 23.2% following strong performance in 2016 (40.9%). In addition to strong returns from regional markets, the NAV also outperformed the benchmark by 4.4% driven by stock selection. This

performance continues the Company's excellent long-term record and it remains well ahead of the benchmark over three, five and 10 years.

A more detailed comment on performance and investment policy may be found in the Manager's Review on page 6.

Final Dividend

The Directors recommend the payment of a final dividend of 5.60 pence per share for the year ended 30 September 2017, an increase of 17.9% over the 4.75 pence paid in respect of the previous financial year. Net revenue after taxation has increased by 18.6% from £8,040,000 to £9,537,000, due to the increase in investment income receivable. A similar percentage increase in the dividend from that paid to shareholders in respect of the previous financial year is proposed in line with the Company's policy of distributing substantially all its revenue after tax. If the resolution proposed at the Annual General Meeting to pay a final dividend is passed, it will be paid on 6 February 2018 to shareholders on the Register on 29 December 2017.

Ongoing Charges

The Ongoing Charges of the Company have fallen during the year from 1.10% to 0.99%. Following a restructuring of the investment management fee earlier this year and the growth of the NAV, a greater proportion than hitherto of the fee is now charged at a rate of 0.75%.

We also expect a reduction in the dealing commission rates charged to the Company when the portfolio trades, following our Manager's decision not to pass on certain external research costs in the dealing commission from 1 January next year.

Gearing

During the year, the Company's level of gearing has remained relatively modest, starting at 0.4% at the commencement of the year and closing at 4.4%. 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

Over the last year, the target maximum discount level was again set at approximately 10%, with the average level being 11.8% over the year. 225,000 shares were bought back in that period.

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, prevailing market conditions and the views of its major shareholders.

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. It therefore proposes that share buy back authorities be renewed at the forthcoming Annual General Meeting. Any shares so purchased would be cancelled or held in treasury for potential reissue.

Board succession

As I set out last year, Anthony Fenn will retire from the Board at the Annual General Meeting and will not seek re-election as a Director of the Company. On behalf of the Board, I thank Anthony for his distinguished long service. On his retirement, Rosemary Morgan will become Senior Independent Director and James Williams Chairman of the Management Engagement Committee.

An additional non-executive director, Martin Porter, was appointed with effect from 2 October 2017. His long experience in the industry will be very valuable to us and his biographical details can be found on page 17. In accordance with the Company's Articles of Association, a resolution to elect him as a Director of the Company will be proposed at the forthcoming Annual General Meeting.

As previously disclosed 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 each year at the Annual General Meeting.

Outlook

These accounts focus on what has been another successful 12 months for the Company, but I have also found it instructive to compare the Company today with a few years ago. It has not just been the scale of the assets that has changed (the NAV is nearly double that of five years ago); it has also been the variety of opportunities.

Chairman's Statement

Nearly two thirds of the portfolio today is in different companies than five years ago, in particular with a new generation of technology-based industries in and around China. The region is changing, and it is exciting to see the potential for new growth. It underpins my confidence that a well-managed portfolio of attractively-valued Asian shares can offer considerable long-term appeal.

Annual General Meeting

The Annual General Meeting will be held on Tuesday, 30 January 2018 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.

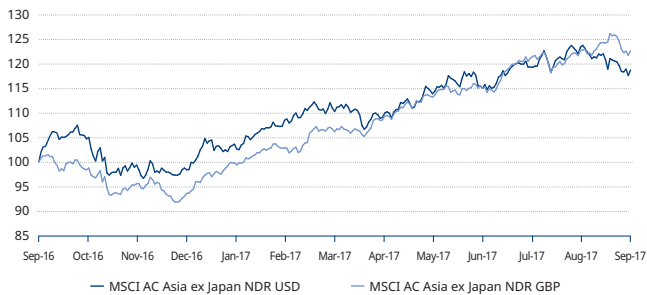
Nicholas Smith
Chairman

6 December 2017

Manager's Review

The NAV per share of the Company recorded a total return of +23.2% over the twelve months to end September 2017. This was ahead of the performance of the benchmark, the MSCI All Country Asia ex Japan Index, which was up +18.8% over the same period.

Benchmark performance – 30 September 2016 to 30 September 2017



Source: Thomson Datastream as at 30 September 2017. Net dividends reinvested.

It was another strong year for Asian stock markets, registering a rise of almost one fifth. There was understandable uncertainty for the region in the wake of Mr Trump's victory in the US presidential election last November. However, the consequent fears over greater protectionism and heightened geopolitical tension proved to have only a brief impact on the region. From the beginning of 2017, a number of more positive developments came into play. These included increasing evidence of a co-ordinated recovery in the global economy, with leading indicators in the overwhelming majority of developed economies moving into positive territory, mirrored also by similar developments across Asia itself. After a number of years of stagnation, global trade flows have responded, with total trade in dollar terms reaching record highs.

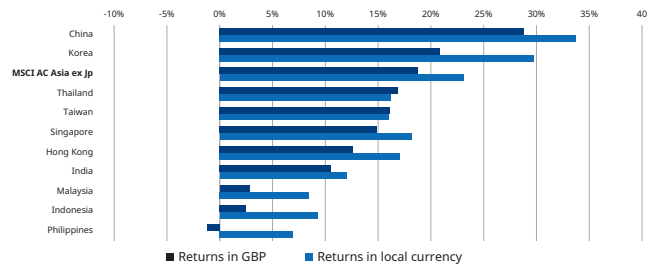
Supported by the benign environment, earnings estimates for Asian companies have been rising consistently over the year, with expectations for 2017 rising from around 10% growth to over 20% relative to 2016. This has been in contrast to the pattern of the previous three years, and has clearly been very supportive for investor sentiment. Free cash flow has also been rising sharply across the region as capital spending remains generally disciplined, underpinning healthy dividend growth.

Obviously, the period saw a number of potentially troubling geo-political developments, most notably the increasingly belligerent stance of the Democratic People's Republic of Korea, further threatening to destabilize the always delicate relationship between China and the US. Investors have, thus far, been remarkably calm; indeed the market with arguably the greatest proximity to the epicentre, that of South Korea, ended the financial year within 5% of its all-time highs.

China remained an important determinant of sentiment. Although the external environment was supportive to trade growth, the economy has not shown the same pick up in momentum evident elsewhere. To an extent, this has been a deliberate thrust of policy on the part of the Beijing authorities, reflecting confidence that the stimulus measures taken in late 2015 could be withdrawn without undue threat to all important "stability". Consequently, monetary

conditions gradually tightened through the summer, augmented by policies to rein in the residential property market and greater regulatory scrutiny of unorthodox financing vehicles and off balance sheet exposures in the banking sector.

Country returns – 30 September 2016 to 30 September 2017



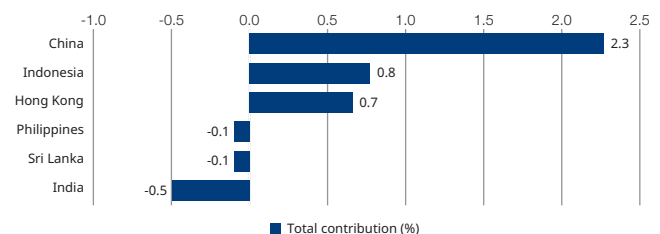
Source: Schroders, Factset.

In the event, the gentle tightening in China has done no harm to local market returns, although a large measure of the outperformance has been thanks to a strong showing from a relatively small number of large capitalization internet stocks. Taiwan and Korea have been the other strong performers, with the higher export exposure favouring returns. In contrast, more domestically oriented markets such as the emerging ASEAN markets did not perform well.

Performance and portfolio activity

The Company's total return of 23.2% was significantly ahead of the 18.8% return recorded by the benchmark. The main contribution to value added has been stock selection in China, Indonesia, Hong Kong, Korea and Taiwan. The only significant market where stock selection lagged was in India. At a sector level, stock selection was particularly helpful in consumer discretionary, industrial and information technology sectors. Country allocation was of little impact, with the added value from the underweighting in Malaysia offset by the overweight position in Hong Kong.

Top 3 contributors and top 3 detractors – 30 September 2016 to 30 September 2017



Source: Factset PA2.

It is a notable sign of current reality that the markets of Hong Kong, China, Taiwan and Korea comprise four fifths of the Company's assets and only slightly less of the benchmark. Over half the portfolio is in Hong Kong/China, and we have continued to identify a flow of attractive stocks across a range of sectors, including a steady addition to Chinese A shares through the HK Connect which allows us to access these stocks. ASEAN markets have become small

Manager's Review

parts of the portfolio, but we continue to seek opportunities, retaining the overweight in Thailand and adding to Singapore. We reduced India somewhat over the year primarily on valuation grounds, although the long-term potential of this market remains impressive.

Outlook and policy

Over the last 12 months, investors have taken a relatively sanguine view of global equity markets. The stance has been rewarded and Asian equities have more than participated in this strength. The scale and extent of returns naturally raises the question of whether enough is enough, and at least a pause for breath, or a correction, is imminent.

Perhaps the first point to make is that many fundamental supports to markets remain in force. Purchasing managers' data ('PMIs') paints a picture of an impressively co-ordinated upturn in global growth, with 80% of countries solidly in expansion territory. Equity valuations relative to bonds remain in extremely attractive territory, and there have been few of the usual signals that surround a market peak such as narrowing market breadth, widening credit spreads or excess investment by corporates. This suggests that the outlook for the region's exporters remains relatively sound, although the pace of expansion is likely to moderate over coming quarters as comparisons get more demanding.

As regards the external environment for Asia, the extent of any tapering following on from recent US Federal Reserve and European Central Bank announcements must be taken seriously. However, the \$300bn projected withdrawal by the Federal Reserve over the next twelve months must be seen against a total central bank balance sheet expansion globally of \$11trn since 2009, and in aggregate central bank balance sheets are likely to still grow until the fourth quarter of next year. The key will remain inflation expectations, and the risks here surround tightening labour markets (including a surge in European companies reporting labour shortages) and the impact of supply curtailments in China.

As regards domestic conditions in Asia, the impact of the self-induced (and hopefully controlled) slowdown in Chinese growth will need to be closely monitored. Our calculation is that this can be smoothly managed, aided by the broadly helpful global environment in terms of liquidity (helped by a gently weaker US dollar) and robust trade flows. The October political transition in China has seen a smooth entrenchment of President Xi, but accompanied by the departure of a number of more pro-reform cadres. In all probability, the prospect of real reform has receded, with the exception of supply curtailments in a number of basic industries driven by the pressing need to tackle pollution. Credit growth will remain a key lever of State economic control. Although there must be an eventual end to the process, we believe it is too early to incorporate the serious long-term consequences of the debt build up given that China continues to enjoy a strong external balance and growth is gradually shifting towards services and the consumer.

As we reported at the half way stage, we also take heart from the fact that the corporate sector around the region is generally in robust health. Outside sectors and companies whose investment patterns are determined by state and government led priorities, capital spending discipline remains impressive, resulting in a strong expansion in

underlying cash flows and stronger balance sheets. Valuations remain somewhat below historic averages, suggesting that, barring a reversal in global growth, regional markets can make further progress in the year ahead.

Country Weights – Schroder AsiaPacific Fund vs the benchmark

Market	NAV Weightings (%)		Benchmark Index Weight (%)
	30-Sep-17	30-Sep-16	30-Sep-17
China	32.5	24.3	11.5
HK	21.7	23.4	34.4
Korea	15.2	12.7	17.4
Taiwan	10.7	14.7	13.4
India	9.2	12.1	9.8
Thailand	4.4	3.5	2.6
Singapore	3.4	1.5	4.2
Australia/NZ	2.7	2.6	-
Indonesia	1.6	2.7	2.6
Philippines	0.4	1.4	1.3
Malaysia	-	-	2.7
Pakistan	-	-	0.1
Other ¹	2.6	1.5	-
Other net assets	-4.4	-0.4	-
Total	100.0	100.0	100.0

Source: Schroders, 30 September 2017. ¹Sri Lanka, Vietnam, UK.

Schroder Investment Management Limited 6 December 2017

Investment Portfolio at 30 September 2017

Investments are classified by the investment manager in the country of their main business operations. Stocks in bold are the 20 largest investments, which by value account for 55.7% (30 September 2016: 57.3%).

	£'000	%
China		
Tencent Holdings¹	48,297	5.8
Alibaba (ADR)	46,414	5.5
China Pacific Insurance¹	24,732	3.0
Hangzhou HIK-Vision (LEPO)	18,558	2.2
Midea (LEPO)	16,477	2.0
China Lodging (ADR)	12,415	1.5
Sina ²	12,073	1.4
Industrial and Commercial Bank of China H shares ¹	10,998	1.3
Petrochina H shares ¹	10,761	1.3
New Oriental Education (ADR)	9,462	1.1
Baidu (ADR)	8,365	1.1
NetEase (ADR)	8,310	1.0
China Petroleum & Chemical H shares ¹	8,192	1.0
Sands China ¹	7,372	0.9
Qingdao Haier	7,255	0.9
China Biologic Products ²	5,925	0.7
China International Travel Service	4,467	0.5
Total China	260,073	31.2
Hong Kong		
AIA	30,614	3.7
Techtronic Industries	16,158	1.9
Standard Chartered	15,914	1.9
Fortune Real Estate Investment Trust	15,652	1.9
Swire Properties	15,330	1.9
Kerry Properties	15,180	1.8
Jardine Strategic³	14,808	1.8
China Construction Bank	13,070	1.6
Johnson Electric	9,800	1.2
HKT Trust and HKT	6,868	0.8
CK Hutchison	5,414	0.6
Swire Pacific	5,407	0.6
Hopewell	4,779	0.6
Prada	3,986	0.5
Chow Sang Sang	1,377	0.2
Total Hong Kong	174,357	21.0

	£'000	%
Korea		
Samsung Electronics	44,610	5.3
NCSOFT	14,881	1.8
Naver	14,005	1.7
Hyundai Motor Company	12,030	1.4
Medy-Tox	7,608	0.9
Netmarble Games	7,587	0.9
Samsung Electronics (preference shares)	6,677	0.8
SK Innovation	5,284	0.6
LG Chemical	4,585	0.5
Amorepacific Group (preference shares)	4,154	0.5
Total Korea	121,421	14.4
Taiwan		
Taiwan Semiconductor	41,495	5.0
Hon Hai Precision Industries	15,831	1.9
Far Eastone Telecomm	9,618	1.1
Asustek Computers	7,055	0.8
Mega Financial	6,265	0.7
Novatek Microelectronics	5,119	0.6
Total Taiwan	85,383	10.1
India		
HDFC Bank	19,165	2.3
Zee Entertainment Enterprises	10,982	1.3
Gujarat Pipavav Port	9,656	1.2
Apollo Hospitals Enterprise	8,239	1.0
Petronet LNG	8,057	1.0
Maruti Suzuki India	6,550	0.8
Container Corporation of India	6,176	0.7
Ashok Leyland	2,869	0.3
Multi Commodity Exchange of India	2,301	0.3
Total India	73,995	8.9

Investment Portfolio at 30 September 2017

	£'000	%
Thailand		
Bangkok Bank (including NVDR)	11,911	1.4
Intouch	10,421	1.2
Kasikorn Bank (including NVDR)	7,142	0.8
LPN Development	5,541	0.7
Total Thailand	35,015	4.1
Singapore		
Overseas Chinese Banking	19,898	2.4
NetLink NBN	7,603	0.9
Total Singapore	27,501	3.3
Australia		
BHP Billiton	16,047	1.9
Iluka Resources	5,582	0.7
Total Australia	21,629	2.6
Indonesia		
Bank Mandiri	9,480	1.1
Total Indonesia	9,480	1.1
Global⁴		
Schroder Small Cap Discovery Fund Z Acc	8,634	1.0
Total Global	8,634	1.0

	£'000	%
Vietnam		
Dragon Capital Vietnam Enterprise Investments	7,381	0.9
Total Vietnam	7,381	0.9
Sri Lanka		
John Keells	4,888	0.6
Total Sri Lanka	4,888	0.6
Philippines		
Holcim Philippines	3,230	0.4
Total Philippines	3,230	0.4
Fixed interest securities		
Indonesia (Govt) 8.375% 15/03/2024	3,371	0.4
Total Fixed Interest Securities	3,371	0.4
Total Investments⁵	836,358	100.0

¹Listed in Hong Kong.

²Listed in the USA.

³Listed in Singapore.

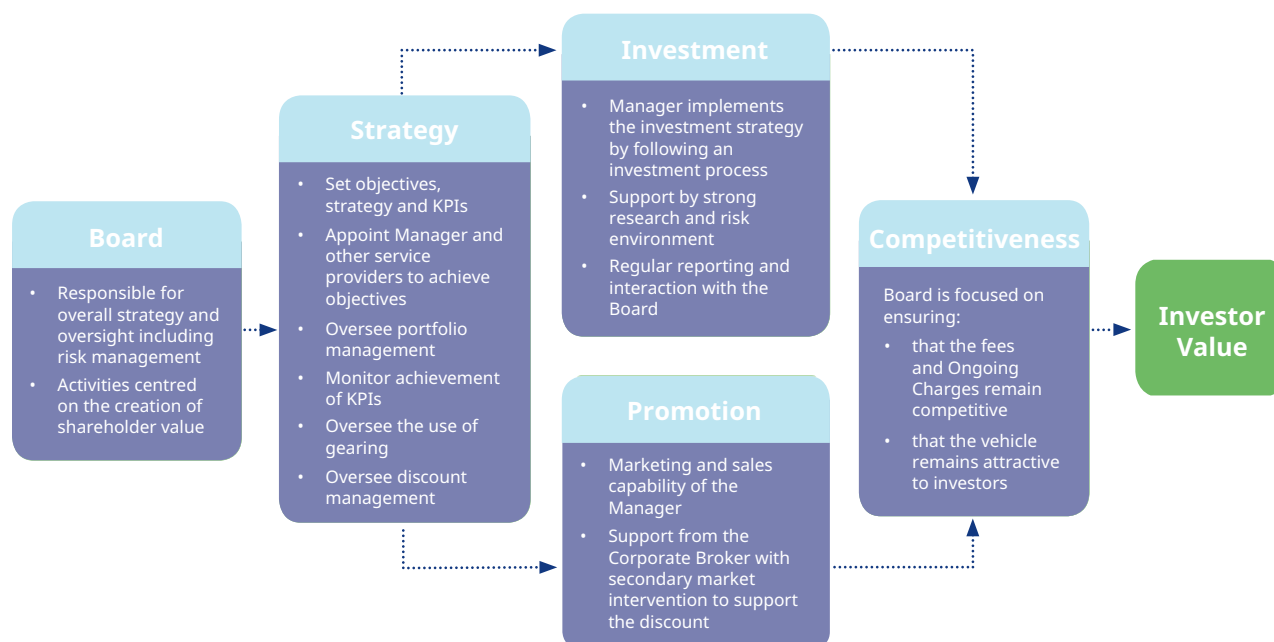
⁴Predominantly invested in Asia.

⁵Total investments comprises the following:

	£'000	%
Equities, including ADRs, LEPOs and NVDRs	806,141	96.4
Collective investment funds	16,015	1.9
Preference shares	10,831	1.3
Government bonds	3,371	0.4
Total investments	836,358	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 above.

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\$57.3 million (£42.7 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

Strategic Review

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 8 and 9 demonstrates that, as at 30 September 2017, the Company held 71 investments spread over multiple countries and in a range of industry sectors. The largest investment, Tencent Holdings represented 5.8% of total investments at 30 September 2017. At the end of the year, the Company did not hold any unlisted investments, open-ended funds or real estate investment trusts, except for the open-ended Schroder Small Cap Discovery Fund Z Acc, which represents 1.0% of total investments at 30 September 2017. The Board believes that the objective of spreading risk has been achieved.

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.
- Execution-only investors. The Company promotes its shares including to retail investors, 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.
- Institutional investors.

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 Schroders' website. The Board also seeks active engagement with investors and meetings with the Chairman are offered to professional investors where appropriate.

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 49.

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 the management fee, Directors' fees and general expenses, is submitted to each Board meeting. The management fee is reviewed at least annually.

Corporate and Social Responsibility

Board gender diversity

As at 30 September 2017, 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

Strategic Review

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 Schroders website at www.schroders.com/ri. The Board notes that Schroders 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. Schroders 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.

Strategic Review

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 the Company's 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 2017.

Although the Board believes that it has a robust framework of internal controls 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.

The principal risks and uncertainties faced by the Company have remained unchanged throughout the year under review, except in respect of cyber risk relating to the Company's service providers, which has now been extended beyond the custodian. Cyber risk relating to all of the Company's key service providers is considered an increased threat in light of the rising propensity and impact of cyber attacks on businesses and institutions. To address the risk, the Board is seeking enhanced reporting on cyber risk mitigation and management from its key service providers to ensure that it is managed and mitigated appropriately.

Actions taken by the Board and, where appropriate, its Committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below.

Risk	Mitigation and management
<p>Strategic</p> <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 NAV per share.</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 NAV per share 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>
<p>Investment management</p> <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 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> <p>Regular meetings with major shareholders to seek their views with respect to company matters, including the five-yearly continuation vote.</p>
<p>Financial and currency</p> <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 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>The Company has no formal policy of hedging currency risk but may use foreign currency borrowings or forward foreign currency contracts to limit exposure.</p>

Strategic Review

Risk	Mitigation and management
<p>Custody</p> <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, 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>
<p>Gearing and leverage</p> <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.</p>
<p>Accounting, legal and regulatory</p> <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.</p> <p>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, subject to stringent review processes.</p> <p>Procedures established to safeguard against disclosure of inside information.</p>
<p>Service provider</p> <p>The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of cyber hacking, 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 and IT controls.</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 42 to 47.

Strategic Review

Viability statement

The Directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 30 September 2017 and the potential impacts of the principal risks and uncertainties it faces for the review period.

This period has been chosen as the Board believes that this reflects a suitable time horizon for strategic planning, taking into account the investment policy, liquidity of investments, potential impact of economic cycles, nature of operating costs, dividends and availability of funding.

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 13 and 14 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.

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

6 December 2017

Board of Directors



Nicholas Smith

Status: Independent Non-Executive Chairman

Length of service: 7 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 and Polarcus Limited.

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

Current remuneration: £40,000 per annum

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



Keith Craig

Status: Independent Non-Executive Director

Length of service: 2 years – 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

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



Anthony Fenn

Status: Senior Independent Non-Executive Director

Length of service: 12 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

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

Board of Directors



Rosemary Morgan

Status: Independent Non-Executive Director

Length of service: 5 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

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



Martin Porter

Status: Independent Non-Executive Director

Length of service: 2 months – appointed a Director in October 2017

Experience: Martin joined Robert Fleming Asset Management in 1984, and ran equity portfolios in both London and Japan. During his tenure in Japan, he became a holding board director of Jardine Fleming, responsible for the Japanese business. Returning to the UK in 2000, he took up the role of Chief Investment Officer, Equity and Balanced of Fleming Asset Management, before becoming Global Head of Equities of JP Morgan Asset Management, a position he held from 2003 to 2016 when he retired.

Committee membership: Audit, Management Engagement and Nomination Committees

Current remuneration: £28,000 per annum

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



James Williams

Status: Independent Non-Executive Director

Length of service: 3 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.

Committee membership: Audit, Management Engagement and Nomination Committees

Current remuneration: £28,000 per annum

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

Directors' Report

The Directors submit their Report and the audited financial statements of the Company for the year ended 30 September 2017.

Revenue and dividend

The net revenue return for the year, after finance costs and taxation, was £9,537,000 (2016: £8,040,000), equivalent to a revenue return per ordinary share of 5.69 pence (2016: 4.77 pence).

The Board has recommended the payment of a final dividend for the year ended 30 September 2017 of 5.60 pence per share (2016: 4.75 pence) payable on 6 February 2018 to shareholders on the register on 29 December 2017, subject to approval by shareholders at the Annual General Meeting on Tuesday, 30 January 2018.

Directors and their interests

The Directors of the Company and their biographical details can be found on pages 16 and 17. All Directors held office throughout the year under review with the exception of Mr Porter, who was appointed a director on 2 October 2017. Details of Directors' share interests in the Company are set out in the Remuneration Report on page 25.

In accordance with the Company's Articles of Association, Mr Porter will seek election at the forthcoming Annual General Meeting ("AGM"), this being the first AGM since his appointment.

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 other Directors will retire at the forthcoming AGM and, being eligible, offer themselves for re-election with the exception of Mr Fenn, who will not be seeking 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 judgment. Directors who have served for more than nine years on the Board may therefore continue to offer themselves for re-election at the AGM. The Board has assessed the independence of the Directors, all of whom are considered to be independent in character and judgment.

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-elections and the election of Mr Porter.

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 40.

Substantial share interests

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

	Ordinary shares as at 30 September 2017	% of total voting rights	Ordinary shares as at 6 December 2017	% of total voting rights
Investec Wealth & Investment Ltd	21,783,259	12.99	21,783,259	12.99
City of London Investment Management Ltd	16,699,874	9.97	16,699,874	9.97
Lazard Asset Management LLC	13,328,472	7.95	11,689,178	6.98
Standard Life Aberdeen plc	9,815,888	5.86	9,815,888	5.86
Schroders plc	8,483,022	5.06	8,483,022	5.06
Wells Capital Management, Inc.	8,461,325	5.04	8,255,649	4.93

Directors' Report

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, administrative, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited ("SIM"). The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £419.6 billion (as at 30 September 2017) 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.

With effect from 1 April 2017 the Manager has been entitled to a fee of 0.90% per annum on the first £300 million of assets, 0.80% per annum on the next £300 million and 0.75% per annum on assets in excess of £600 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.

Prior to 1 April 2017, the management fee was charged at 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 management fee payable in respect of the year ended 30 September 2017 amounted to £6,320,000 (2016: £5,006,000).

The Manager is also entitled to receive a fee for providing administrative, accounting and company secretarial services to the Company. For these services, in the year ended 30 September 2017 it received a fee of £99,000 (2016: £97,000). 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 page 41 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.

Registrar

Equiniti Limited has been appointed as the Company's registrar. Equiniti's services to the Company include share register maintenance (including the issuance, transfer and cancellation of shares as necessary), acting as agent for the payment of any dividends, management of company meetings (including the registering of proxy votes and scrutineer services as necessary), handling shareholder queries and correspondence and processing corporate actions.

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 April 2016 (the "Code") which applies to accounting periods beginning on or after 17 June 2016 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.

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 24 and the viability statement and going concern statement set out on page 15, indicate how the Company has complied with the Code's principles of good governance and its requirements on internal control.

Directors' Report

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 16. 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 objective of the Company continues 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 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 with the assistance of an external firm of board evaluators, which has no connection to the Company.

Directors' and officers' liability insurance and indemnities

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 NAV per share 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 in 2016, was held in October and as a result five 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	5/5	3/3	2/2	1/1
Keith Craig	5/5	3/3	1/2	1/1
Anthony Fenn	5/5	3/3	2/2	1/1
Rosemary Morgan	5/5	3/3	2/2	1/1
James Williams	5/5	3/3	2/2	1/1

Directors' Report

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 webpages and the Annual and Half Year Reports which aim to provide shareholders with a clear understanding of the Company's activities and its results.

In addition to the engagement and meetings held during the year described on page 11, the Chairmen of the Board and its committees, as well as the Senior Independent Director and the other Directors, attend the AGM and are available to respond to queries and concerns from shareholders.

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.schroders.co.uk/asiapacific. Membership of the Committees is set out on pages 16 and 17.

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 recommendation to the Board.

To discharge its duties the Nomination Committee met three times during the year to consider its terms of reference and Board balance, skills and succession planning, including the appointment of a new director, Martin Porter. Webster Partners Limited, an external firm with no other connection to the Company, was engaged to conduct the recruitment process.

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 once 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.

Audit Committee

The role and activities of the Audit Committee are set out overleaf.

By Order of the Board

Schroder Investment Management Limited
Company Secretary

6 December 2017

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 set out on the Company's webpage, www.schroders.co.uk/asiapacific. Membership of the Committee is as set out on pages 16 and 17. 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 2017. The 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 2017, the Audit Committee having deliberated on the Company's principal risks and uncertainties 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
- Valuation and existence of holdings	- Review of portfolio holdings and assurance reports on controls from the Manager and Depositary.
- Overall accuracy of the Annual Report and Accounts	- Consideration of the draft Annual Report and Accounts and the letter from the Manager in support of the letter of representation to the Auditor.
- Calculation of the investment management fee	- Consideration of methodology used to calculate the fee, matched against the criteria set out in the AIFM agreement.
- Internal controls and risk management	- Consideration of several key aspects of internal control and risk management operating within the Manager, Depositary and Registrar, including assurance reports on their controls.
- Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010	- 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 2017, 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 24.

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 safeguards that

Report of the Audit Committee

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 fifth year that the Senior Statutory Auditor has conducted the audit of the Company's financial statements and the appointment of his successor is under consideration by the Audit Committee.

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 has reviewed the impact of the Regulations on the Company's current policies, noting that they include mandatory periodic rotation of the Auditors and re-tendering of the audit contract. PricewaterhouseCoopers LLP will need to be replaced as the Company's Auditors before commencement of the audit in 2024 and the Audit Committee will put the audit contract out to tender prior to 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 (2016: £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

6 December 2017

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 16 and 17, 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.

On behalf of the Board

Nicholas Smith
Chairman

6 December 2017

Directors' 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 2020 and the current policy provisions will apply until that date. 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 25 January 2017, 99.78% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Policy were in favour, while 0.22% were against. 95,754 votes were withheld.

At the AGM held on 25 January 2017, 99.82% 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 2016 were in favour, while 0.18% were against. 91,427 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 from the Company 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.

Directors' annual report on remuneration

This report sets out how the Directors' remuneration policy was implemented during the year ended 30 September 2017.

Fees paid to Directors

During the year ended 30 September 2017, the Chairman was paid a fee of £40,000 and the other members of the Board were each paid a fee of £28,000. The Chairman of the Audit Committee received an additional fee of £5,000.

Directors' Remuneration Report

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 2017 and the previous financial year:

Director	Fees		Taxable benefits ¹		Total	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Nicholas Smith ²	40,000	32,753	233	227	40,233	32,980
The Hon. Rupert Carrington ³	-	12,519	-	-	-	12,519
Keith Craig	28,000	25,000	233	-	28,233	25,000
Anthony Fenn	28,000	25,000	233	-	28,233	25,000
Rosemary Morgan	33,000	27,031	203	83	33,203	27,114
James Williams	28,000	25,000	515	-	28,515	25,000
	157,000	147,303	1,417	310	158,417	147,613

¹Comprises amounts reimbursed for expenses incurred in carrying out business for the Company.

²Appointed Chairman on 28 January 2016.

³Retired as a Director on 28 January 2016.

The information in the above table has been audited (see the Independent Auditors' Report on pages 28 to 32).

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.

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000	Change (%)
Remuneration payable to Directors	158	148	+6.8
Distributions paid to shareholders			
- Dividends paid during the year	7,960	7,101	+12.1
- Share buy backs	821	3,905	(79.0)
Total distributions paid to shareholders	8,781	11,006	(20.2)

The information in the above table has been audited.

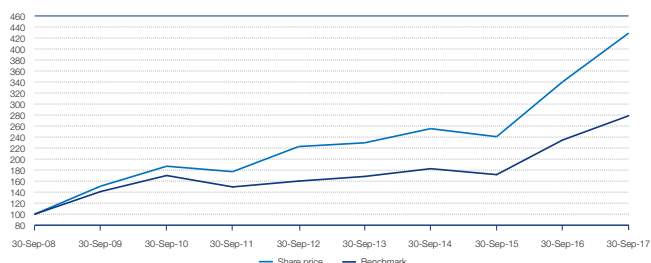
Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Management Engagement Committee and the Board in November 2017. The members of the Board at the time that remuneration levels were considered were as set out on pages 16 and 17 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 this review, the Board agreed that Directors' fees should remain unchanged. The Directors' fees were last increased with effect from 1 October 2016.

Directors' Remuneration Report

Nine year share price and Benchmark total returns¹



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

¹With effect from 1 October 2016, the Company's benchmark has been the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted. Prior to that date the benchmark was the MSCI All Countries Asia excluding Japan Index (with gross income reinvested), sterling adjusted, and prior to 31 January 2011, it was the MSCI All Countries Far East excluding Japan Index, sterling adjusted.

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 2017	Ordinary shares of 10p each at 1 October 2016
Nicholas Smith	20,000	20,000
Keith Craig	7,544	7,544
Anthony Fenn	12,000	12,000
Rosemary Morgan	7,098	7,162
Martin Porter ¹	-	N/A
James Williams	5,500	5,500

¹Appointed as a Director on 2 October 2017.

The information in the above table has been audited.

There have been no other changes to the Directors' share interests as at the date of this Report.

On behalf of the Board

Nicholas Smith
Chairman

6 December 2017

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

Report on the audit of the financial statements

Opinion

In our opinion, Schroder AsiaPacific Fund plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2017; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

Other than those disclosed in the Report of the Audit Committee, we have provided no non-audit services to the Company in the period from 1 October 2016 to 30 September 2017.

Our audit approach

Overview

Materiality

- Overall materiality: £8.00 million (2016: £6.58 million), based on 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 Security Services (HSBC), 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.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.

Key Audit Matters

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

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant

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

accounting estimates that involved making assumptions and considering future events that are inherently uncertain. 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the

Key audit matter	How our audit addressed the key audit matter
<p>Income from investments</p> <p>Refer to page 22 (Report of the Audit Committee), page 35 (Accounting Policies) and page 37 (Notes to the Accounts).</p> <p>ISAs (UK) 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.</p> <p>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.</p> <p>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.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition.</p> <p>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 a sample of 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.</p> <p>In addition, we tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance.</p> <p>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 all dividends during the year. Our testing did not identify any unrecorded dividends.</p> <p>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</p> <p>Refer to pages 22 (Report of the Audit Committee), pages 35 (Accounting Policies) and page 39 (Notes to the Accounts). The investment portfolio at 30 September 2017 comprised listed equity investments, collective investment funds, preference shares and government bonds of £836 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 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.</p> <p>We tested 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 as at 30 September 2017. No differences were identified.</p>

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

allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

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 structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Manager outsources certain accounting administrative functions to HSBC, who maintains its own accounting records and controls, and reports to the Manager and the Directors.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. 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 in aggregate 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	£8.00 million (2016: £6.58 million).
How we determined it	1% of Net assets.
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 £400,000 (2016: £329,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Outcome

We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

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

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 13 of the Annual Report 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.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 15 of the Annual Report 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 to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and 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 UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 24, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 22 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' 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.

Appointment

Based on the records available, we were appointed by the members in 1995 to audit the financial statements for the year ended 30 September 1996 and subsequent financial periods. The period of total uninterrupted engagement is 22 years, covering the years ended 30 September 1996 to 30 September 2017.

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

6 December 2017

Income Statement for the year ended 30 September 2017

	Note	Revenue £'000	2017 Capital £'000	Total £'000	Revenue £'000	2016 Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	2	-	139,076	139,076	-	186,860	186,860
Gains on derivative contracts		-	-	-	-	163	163
Net foreign currency gains/(losses)		-	1,714	1,714	-	(3,664)	(3,664)
Income from investments	3	18,464	86	18,550	15,232	220	15,452
Other interest receivable and similar income	3	15	-	15	1	-	1
Gross return		18,479	140,876	159,355	15,233	183,579	198,812
Investment management fee	4	(6,320)	-	(6,320)	(5,006)	-	(5,006)
Administrative expenses	5	(878)	-	(878)	(855)	-	(855)
Net return before finance costs and taxation		11,281	140,876	152,157	9,372	183,579	192,951
Finance costs	6	(545)	-	(545)	(304)	-	(304)
Net return on ordinary activities before taxation		10,736	140,876	151,612	9,068	183,579	192,647
Taxation on ordinary activities	7	(1,199)	(11)	(1,210)	(1,028)	(162)	(1,190)
Net return on ordinary activities after taxation		9,537	140,865	150,402	8,040	183,417	191,457
Return per share	9	5.69p	84.06p	89.75p	4.77p	108.78p	113.55p

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 35 to 48 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 30 September 2017

	Called-up share capital £'000	Share redemption 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 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 shares	(143)	-	143	-	(3,905)	-	-	(3,905)
Net return on ordinary activities	-	-	-	-	-	183,417	8,040	191,457
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
Repurchase and cancellation of the Company's own shares	(23)	-	23	-	(821)	-	-	(821)
Net return on ordinary activities	-	-	-	-	-	140,865	9,537	150,402
Dividend paid in the year	-	-	-	-	-	-	(7,960)	(7,960)
At 30 September 2017	16,757	100,956	3,387	8,704	31,575	628,822	9,741	799,942

The notes on pages 35 to 48 form an integral part of these accounts.

Statement of Financial Position at 30 September 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	836,358	661,405
Current assets			
Debtors	11	1,009	1,654
Cash at bank and in hand		7,213	18,196
		8,222	19,850
Current liabilities			
Creditors: amounts falling due within one year	12	(44,638)	(22,934)
Net current liabilities		(36,416)	(3,084)
Total assets less current liabilities		799,942	658,321
Net assets		799,942	658,321
Capital and reserves			
Called-up share capital	13	16,757	16,780
Share premium	14	100,956	100,956
Capital redemption reserve	14	3,387	3,364
Warrant exercise reserve	14	8,704	8,704
Share purchase reserve	14	31,575	32,396
Capital reserves	14	628,822	487,957
Revenue reserve	14	9,741	8,164
Total equity shareholders' funds		799,942	658,321
Net asset value per share	15	477.38p	392.33p

These accounts were approved and authorised for issue by the Board of Directors on 6 December 2017 and signed on its behalf by:

Nicholas Smith
Chairman

The notes on pages 35 to 48 form an integral part of these accounts.

Registered in England as a public company limited by shares

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"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 updated in January 2017. 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 held at fair value through profit or loss.

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

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2016.

(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 for investments traded in active markets.

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

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 on page 42.

(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 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.

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.

Interest receivable from debt securities, together with any premium or discount on purchase, is recognised using the effective interest method.

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 39.

Notes to the Accounts

(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.

(h) Taxation

Taxation on ordinary activities 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 accounting 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 accounting 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 1600 hours on the accounting date.

(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 shares for cancellation

The cost of repurchasing the Company's own 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 share capital repurchased and cancelled is transferred out of "Called-up share capital" and into "Capital redemption reserve".

Notes to the Accounts

2. Gains on investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Gains on sales of investments based on historic cost	100,981	24,511
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(65,772)	(5,137)
Gains on sales of investments based on the carrying value at the previous balance sheet date	35,209	19,374
Net movement in investment holding gains and losses	103,867	167,486
Gains on investments held at fair value through profit or loss	139,076	186,860

3. Income

	2017 £'000	2016 £'000
Income from investments:		
Overseas dividends	17,347	14,938
UK dividends	769	157
Interest on government bonds	348	-
Scrip dividends	-	137
	18,464	15,232
Other interest receivable and similar income:		
Deposit interest	15	1
	18,479	15,233
Capital:		
Special dividend allocated to capital	86	220

4. Investment management fee

	2017 £'000	2016 £'000
Management fee	6,320	5,006

The basis for calculating the investment management fee is set out in the Directors' Report on page 19.

5. Administrative expenses

	2017 £'000	2016 £'000
Administration expenses	599	589
Directors' fees ¹	157	147
Company secretarial fee	99	97
Auditors' remuneration for audit services	21	20
Auditors' remuneration for taxation compliance services	2	2
	878	855

¹Full details are given in the remuneration report on pages 25 to 27.

Notes to the Accounts

6. Finance costs

	2017 £'000	2016 £'000
Interest on bank loans and overdrafts	545	304

7. Taxation on ordinary activities

(a) Analysis of tax charge for the year

	Revenue £'000	2017 Capital £'000	Total £'000	Revenue £'000	2016 Capital £'000	Total £'000
Irrecoverable overseas withholding tax	1,199	-	1,199	1,028	-	1,028
Overseas capital gains tax	-	11	11	-	162	162
Taxation on ordinary activities	1,199	11	1,210	1,028	162	1,190

The Company has no corporation tax liability for the year ended 30 September 2017 (2016: nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: lower) than the Company's applicable rate of corporation tax for the year of 19.5% (2016: 20.0%).

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

	Revenue £'000	2017 Capital £'000	Total £'000	Revenue £'000	2016 Capital £'000	Total £'000
Net return on ordinary activities before taxation	10,736	140,876	151,612	9,068	183,579	192,647
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 19.5% (2016: 20.0%)	2,094	27,471	29,565	1,814	36,716	38,530
Effects of:						
Capital returns on investments	-	(27,454)	(27,454)	-	(36,672)	(36,672)
Income not chargeable to corporation tax	(3,289)	(17)	(3,306)	(2,741)	(44)	(2,785)
Overseas withholding tax	1,199	-	1,199	1,028	-	1,028
Overseas capital gains tax	-	11	11	-	162	162
Unrelieved expenses	1,195	-	1,195	927	-	927
Taxation on ordinary activities	1,199	11	1,210	1,028	162	1,190

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £5,691,000 (2016: £4,923,000) based on a prospective corporation tax rate of 17% (2016: 18%). The reduction in the standard rate of corporation tax was substantively enacted in September 2016 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.

Notes to the Accounts

8. Dividends

Dividends paid and proposed

	2017 £'000	2016 £'000
2016 final dividend of 4.75p (2015: 4.20p) paid out of revenue profits	7,960	7,101
	2017 £'000	2016 £'000
2017 final dividend proposed of 5.60p (2016: 4.75p) to be paid out of revenue profits	9,384	7,970

The proposed final dividend amounting to £9,384,000. (2016: £7,970,000) 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 £9,537,000 (2016: £8,040,000).

The final dividend declared in respect of the year ended 30 September 2016 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 per share

	2017 £'000	2016 £'000
Revenue return	9,537	8,040
Capital return	140,865	183,417
Total return	150,402	191,457
Weighted average number of shares in issue during the year	167,581,798	168,605,440
Revenue return per share	5.69p	4.77p
Capital return per share	84.06p	108.78p
Total return per share	89.75p	113.55p

10. Investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Opening book cost	453,288	441,413
Opening investment holding gains	208,117	45,768
Opening valuation	661,405	487,181
Amortisation of premium on fixed interest securities	(9)	-
Purchases at cost	357,626	223,653
Sales proceeds	(321,740)	(236,289)
Gains on sales of investments based on the carrying value at the previous balance sheet date	35,209	19,374
Net movement in investment holding gains and losses	103,867	167,486
Closing valuation	836,358	661,405
Closing book cost	590,145	453,288
Closing investment holding gains	246,213	208,117
Total investments held at fair value through profit or loss	836,358	661,405

Notes to the Accounts

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

	2017 £'000	2016 £'000
On acquisitions	542	338
On disposals	707	531
	1,249	869

11. Current assets

Debtors

	2017 £'000	2016 £'000
Dividends and interest receivable	697	1,353
Taxation recoverable	256	272
Other debtors	56	29
	1,009	1,654

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

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.

12. Current liabilities

Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loan	42,716	21,023
Securities purchased awaiting settlement	-	259
Other creditors and accruals	1,922	1,652
	44,638	22,934

The loan comprises US\$57.3 million (£42.7 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\$27.3 million (£21.0 million) drawn down on the facility. Further details of the facility are given in note 19 on page 45.

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

13. Called-up share capital

	2017 £'000	2016 £'000
Ordinary shares allotted, called up and fully paid:		
Ordinary shares of 10p each:		
Opening balance of 167,795,716 (2016: 169,225,716) shares	16,780	16,923
Repurchase and cancellation of 225,000 (2016: 1,430,000) shares	(23)	(143)
Closing balance of 167,570,716 (2016: 167,795,716) shares	16,757	16,780

Notes to the Accounts

During the year, the Company made market purchases of 225,000 of its own shares, nominal value £22,500, for cancellation, representing 0.13% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £821,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share.

14. Reserves

	Share premium ¹ £'000	Capital redemption reserve ² £'000	Warrant exercise reserve ³ £'000	Share purchase reserve ⁴ £'000	Capital reserves Gains and losses on sales of investments ⁵ £'000	Holding gains and losses ⁶ £'000	Revenue reserve ⁷ £'000
Opening balance	100,956	3,364	8,704	32,396	281,987	205,970	8,164
Gains on sales of investments based on the carrying value at the previous balance sheet date	-	-	-	-	35,209	-	-
Net movement in investment holding gains and losses	-	-	-	-	-	103,867	-
Transfer on disposal of investments	-	-	-	-	65,772	(65,772)	-
Realised exchange losses on cash and short-term deposits	-	-	-	-	(1,116)	-	-
Exchange gains on the credit facility	-	-	-	-	-	2,830	-
Capital gains tax	-	-	-	-	(11)	-	-
Special dividend allocated to capital	-	-	-	-	86	-	-
Repurchase and cancellation of the Company's own shares	-	23	-	(821)	-	-	-
Dividend paid	-	-	-	-	-	-	(7,960)
Retained revenue for the year	-	-	-	-	-	-	9,537
Closing balance	100,956	3,387	8,704	31,575	381,927	246,895	9,741

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 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 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 buy backs. 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 distributed as dividends or used to repurchase the Company's own shares.

15. Net asset value per share

	2017	2016
Net assets attributable to shareholders (£'000)	799,942	658,321
Shares in issue at the year end	167,570,716	167,795,716
Net asset value per share	477.38p	392.33p

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 Directors' Report on pages 18 and 21. Any investments

Notes to the Accounts

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 2017 amounted to £6,320,000 (2016: £5,006,000), of which £1,696,000 (2016: £1,141,000) was outstanding at the year end. The company secretarial fee payable in respect of the year ended 30 September 2017 amounted to £99,000 (2016: £97,000), of which £25,000 (2016: £24,000) 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 26 and details of Directors' shareholdings are given in the Remuneration Report on page 27. Details of transactions with the Manager are given in note 16 above. There have been no other transactions with related parties during the year (2016: 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. No derivative financial instruments were held at the year end (2016: nil).

FRS 102 requires financial instruments to be categorised into a hierarchy consisting of the three levels below. Note that the criteria used to categorise investments include an amendment to paragraph 34.22 of FRS 102, issued by the Financial Reporting Council in March 2016, and which the Company has early adopted.

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 35.

At 30 September 2017, the Company's investments were all categorised in Level 1 (2016: same).

There have been no transfers between Levels 1, 2 or 3 during the year (2016: 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, depositary receipts and government bonds 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 Scotiabank, the purpose of which is to assist in financing the Company's operations; and
- a multi-currency revolving credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations.

Notes to the Accounts

(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 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.

	2017									
	Hong Kong Dollars £'000	US Dollars £'000	South Korean Won £'000	Taiwan Dollars £'000	Singapore Dollars £'000	Thai Baht £'000	Indian Rupees £'000	Chinese Yuan £'000	Other £'000	Total £'000
Current assets	265	83	10	477	2	-	171	6,279	10	7,297
Current liabilities										
Creditors: amounts falling due within one year	-	(42,718)	-	(48)	-	-	-	-	-	(42,766)
Foreign currency exposure on net monetary items	265	(42,635)	10	429	2	-	171	6,279	10	(35,469)
Investments held at fair value through profit or loss	269,901	152,807	121,421	85,383	27,501	35,015	73,995	11,722	26,551	804,296
Total net foreign currency exposure	270,166	110,172	121,431	85,812	27,503	35,015	74,166	18,001	26,561	768,827
	2016									
	Hong Kong Dollars £'000	US Dollars £'000	South Korean Won £'000	Taiwan Dollars £'000	Singapore Dollars £'000	Thai Baht £'000	Indian Rupees £'000	Chinese Yuan £'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

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

Notes to the Accounts

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 accounting date and assumes a 10% (2016: 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:

	2017 £'000	2016 £'000
Income Statement – return after taxation		
Revenue return	1,595	1,361
Capital return	(3,547)	(409)
Total return after taxation	(1,952)	952
Net assets	(1,952)	952

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

	2017 £'000	2016 £'000
Income Statement – return after taxation		
Revenue return	(1,595)	(1,361)
Capital return	3,547	409
Total return after taxation	1,952	(952)
Net assets	1,952	(952)

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 46.

(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. The fair value of the government bonds held in the Company's portfolio may be affected by interest rate movements or the expectation of such movements in the future. However, it is not possible to assess the impact of interest rate movements on the value of this investment accurately and therefore the exposure has been included in other price risk in part (iii) to this note.

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.

Notes to the Accounts

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:

	2017 £'000	2016 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	7,213	18,196
Creditors: amounts falling due within one year – borrowings on the credit facility	(42,716)	(21,023)
Net exposure	(35,503)	(2,827)

Interest receivable on cash balances is at a margin below LIBOR (2016: same).

During the year, the Company extended its £50 million, 364 day, multi-currency credit facility with Scotiabank to 27 April 2018. 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 2017, the Company had drawn down US\$57.3 million (£42.7 million) at an interest rate of 1.89% per annum.

At the prior year end, the Company had drawn down US\$27.3 million (£21.0 million) at an interest rate of 0.76% 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:

	2017 £'000	2016 £'000
Maximum debit interest rate exposure during the year – net debt	(37,730)	(27,630)
Maximum credit/minimum debit interest rate exposure during the year – net cash/(debt)	2,147	(2,477)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2016: 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 accounting date with all other variables held constant.

	2017		2016	
	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	(178)	178	(14)	14
Capital return	-	-	-	-
Total return after taxation	(178)	178	(14)	14
Net assets	(178)	178	(14)	14

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.

Notes to the Accounts

(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 Manager 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:

	2017 £'000	2016 £'000
Investments held at fair value through profit or loss	836,358	661,405

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 8 and 9. This shows that the portfolio comprises investments trading in Asian countries. Accordingly there is a concentration of exposure to that region.

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% (2016: 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.

	2017		2016	
	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	(1,255)	1,255	(1,058)	1,058
Capital return	167,272	(167,272)	132,281	(132,281)
Total return after taxation and net assets	166,017	(166,017)	131,223	(131,223)
Percentage change in net asset value	20.8%	(20.8%)	19.9%	(19.9%)

(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 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.

Notes to the Accounts

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 2017 £'000	Three months or less 2016 £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	42,718	21,023
Securities purchased awaiting settlement	-	259
Other creditors and accruals	1,920	1,652
	44,638	22,934

(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 Aa3 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.

Notes to the Accounts

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:

	2017 £'000	2016 £'000
Debt		
Bank loan	42,716	21,023
Equity		
Called-up share capital	16,757	16,780
Reserves	783,185	641,541
	799,942	658,321
Total debt and equity	842,658	679,344

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%. Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	2017 £'000	2016 £'000
Borrowings used for investment purposes, less cash	35,503	2,827
Net assets	799,942	658,321
Gearing	4.4%	0.4%

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 Tuesday, 30 January 2018 at 12.00 noon. The formal Notice of Meeting is set out on page 50.

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 11 – Directors’ authority to allot shares (ordinary resolution) and Resolution 12 – 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 (excluding any shares held in Treasury) 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 (excluding any shares held in Treasury) 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 2019 unless renewed, varied or revoked earlier.

Resolution 13: Authority to make market purchases of the Company’s own shares (special resolution)

At the AGM held on 25 January 2017, the Company was granted authority to make market purchases of up to

25,118,850 ordinary shares of 10p each for cancellation or holding in treasury. A total of 225,000 shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 24,893,850 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 2018 AGM will lapse at the conclusion of the AGM in 2019 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 Tuesday, 30 January 2018 at 12.00 noon to consider the following resolutions of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited Accounts for the year ended 30 September 2017.
2. To approve a final dividend of 5.60 pence per share for the financial year ended 30 September 2017.
3. To approve the Directors' Annual Report on Remuneration for the year ended 30 September 2017.
4. To elect Martin Porter as a Director of the Company.
5. To re-elect Keith Craig as a Director of the Company.
6. To re-elect Rosemary Morgan as a Director of the Company.
7. To re-elect Nicholas Smith as a Director of the Company.
8. To re-elect James Williams as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company.
10. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors to the Company.
11. 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."

12. To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, subject to the passing of Resolution 11 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 11 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."

13. 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 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 2019 (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

6 December 2017

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 28 January 2018. 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 28 January 2018, 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 28 January 2018 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

Explanatory Notes to the Notice of Meeting

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 election and re-election are set out on pages 16 and 17 of the Company's Annual Report and Accounts for the year ended 30 September 2017.
7. As at 6 December 2017, 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 6 December 2017 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.schroders.co.uk/asiapacific.
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

Webpages and share price information

The Company has dedicated webpages, which may be found at www.schroders.co.uk/asiapacific. The webpages have 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 webpages contain 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 NAV per share 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 the Company's webpage.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on the Association can be found on its website, www.theaic.co.uk.

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 Directive ("AIFMD") disclosures

The AIFMD, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in Alternative Investment Funds (such as the Company) and also that certain regular and periodic disclosures are made. This information and these disclosures may be found either below, elsewhere in this annual report, or in the Company's AIFMD information disclosure document published on the website www.schroders.co.uk/its.

Leverage

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the website www.schroders.co.uk/its. The Company is also required to periodically publish its actual leverage exposures. As at 31 August 2017 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross method	2.0	1.1
Commitment method	2.0	1.1

Illiquid assets

As at the date of this Report, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

Remuneration disclosures

Quantitative remuneration disclosures to be made in this annual report in accordance with FCA Handbook rule FUND3.3.5 may also be found in the Company's AIFMD information disclosure document published on the website www.schroders.co.uk/its.

Publication of Key Information Document ("KID")

Pursuant to the Packaged Retail and Insurance Based Products ("PRIIPs") Regulation, the Manager, as the Company's AIFM, will soon be required to publish a short KID on the Company. KIDs are designed to provide important information to retail investors, including details of potential returns under different performance scenarios and a risk/reward indicator. The Company's KID will be published via a Regulatory Information Service and made available on its webpage, www.schroders.co.uk/asiapacific, from 1 January 2018.

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

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending Bank

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

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

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

Legal Entity Identifier (LEI)

549300A71N7LE35KWU14