Schroder
AsiaPacific Fund plc

Report and Accounts for the year ended 30 September 2013

Schroders

Investment Objective

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

Directors

The Hon. Rupert Carington (Aged 65) (Chairman)
was appointed as a director of the Company on 18 September 1995. He has run his own financial advisory business since leaving Morgan Grenfell, the merchant bank, in 1987 after a career of 17 years including a period as Chief Executive of the Hong Kong office. He has considerable experience of investment trust companies having been Chairman of the Korea Asia Fund for 10 years and Chairman of the Schroder Emerging Countries Fund for 7 years as well as a director of the Fleming Natural Resources Investment Trust. He currently sits on the board of Vietnam Infrastructure Limited and Alger Associates, the US fund management company and a number of corporate advisory boards around the world.

Robert Binyon (Aged 62)
was appointed as a director of the Company on 17 February 2000. Until March 2003, he was a Managing Director of CDC Capital Partners responsible for CDC's investments and operations in the Asia Pacific region. He continues to be based in the region and is a director on a number of funds and companies in Asia.

Anthony Fenn (Aged 71)
was appointed as a director on 1 June 2005. He 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.

Rosemary Morgan (Aged 59)
was appointed as a Director of the Company on 1 July 2012. She 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 Trustee of the London Library Pension Fund and a Director of the Landau Forte Charitable Trust.

Nicholas Smith (Aged 62)
was appointed as a Director of the Company on 28 May 2010. He was appointed as the Senior Independent Director on 1 April 2012. He 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 Ophir Energy plc and Aberdeen New Thai Investment Trust PLC.

Each Director is also a member of the Audit, Management Engagement and Nomination Committees.
The Hon. Rupert Carington is chairman of the Nomination Committee. Mr Smith is Senior Independent Director and chairman of the Audit Committee.
Mr Fenn is chairman of the Management Engagement Committee.

Advisers

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

Contents

Financial Highlights

	2013	2012	% Change
Total returns (including dividends reinvested) for the year ended 30 September			
Net asset value ("NAV") per share (based on ex-income NAV, diluted where applicable)[1]	1.9%	28.7%	
Share price[1]	3.0%	25.7%	
Benchmark[2]	5.3%	15.7%	
Shareholders' funds, NAV per share and share price at 30 September			
Shareholders' funds (£'000)	455,024	395,340	+15.1
Ordinary shares in issue	169,700,716	145,956,071	+16.3
NAV per share[3]	268.13p	266.64p	+0.6
Ordinary share price	240.70p	236.75p	+1.7
Revenue for the year ended 30 September			
Net revenue return after taxation (£'000)	5,000	4,916	+1.7
Revenue return per share	3.08p	3.37p	(8.6)
Dividends per share	3.35p	3.35p	0.0
(Net cash)/gearing[4]	(3.3)%	5.7%	
Ongoing Charges[5]	1.10%	1.18%	

[1]Source: Morningstar.
[2]Source: Thomson Financial Datastream. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index in Sterling terms.
[3]There was no diluted NAV at 30 September 2013 as there were no potentially dilutive shares in issue at that date. The NAV at 30 September 2012 assumes that all outstanding Subscription shares were converted into Ordinary shares at that date.
[4](Net cash)/gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[5]Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year.

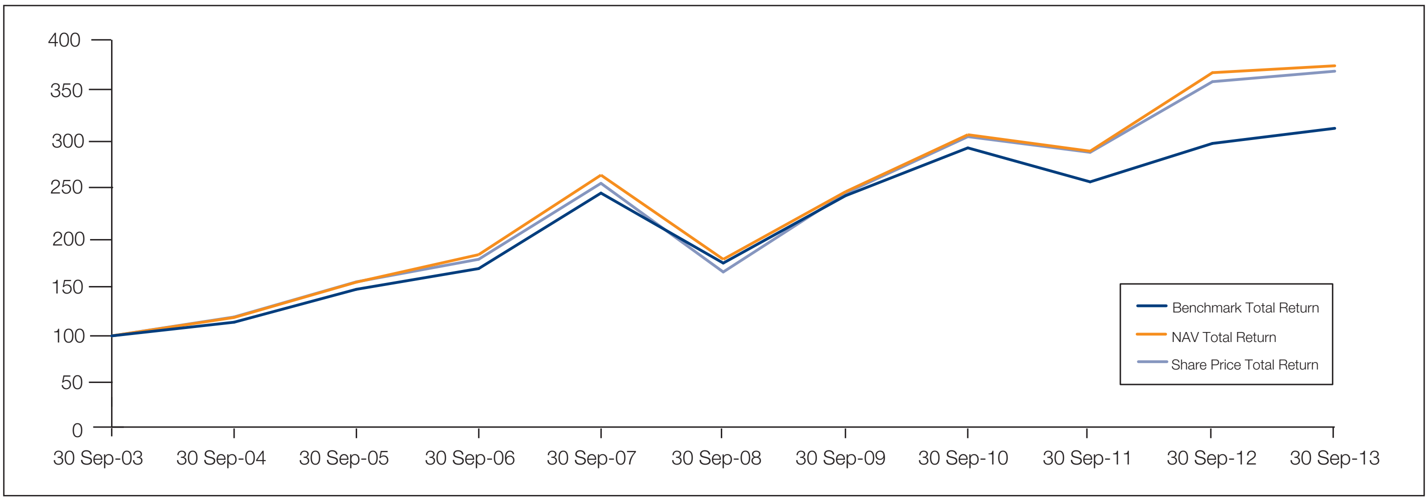
Ten-Year Financial Record

At 30 September	**2004**	**2005[1]**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Shareholders' funds (£'000)	125,235	170,876	233,372	335,763	224,321	307,435	388,113	307,280	395,340	455,024
NAV per Ordinary share, diluted where applicable (pence)	89.97	118.94	139.59	200.83	134.17	183.88	224.76	210.16	266.64	268.13
Ordinary share price (pence)	84.25	109.75	124.75	179.00	113.00	166.75	203.75	190.75	236.75	240.70
Gearing/(net cash)(%)[2]	6.7	2.6	4.5	7.4	4.0	(0.8)	(3.7)	4.4	5.7	(3.3)
Year ended 30 September										
Net revenue after taxation (£'000)	348	2,748	2,769	2,497	4,160	4,469	4,394	4,033	4,916	5,000
Net return per Ordinary share (pence)	1.35	1.97	1.76	1.49	2.49	2.67	2.62	2.59	3.37	3.08
Dividends per Ordinary share (pence)	1.10	1.90	1.70	1.50	2.40	2.65	2.65	2.75	3.35	3.35
Ongoing Charges (%)[3]	1.37	1.31	1.23	1.27	1.18	1.32	1.22	1.15	1.18	1.10

Performance[4]	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
NAV total return (based on ex-income NAV, diluted where applicable)	100.0	113.2	149.7	178.1	260.3	173.3	243.1	302.0	285.0	366.1	373.2
Share price total return	100.0	113.7	150.0	173.3	251.8	160.2	241.6	299.7	283.8	356.8	367.6
Benchmark[5]	100.0	108.3	142.3	163.7	241.7	169.4	239.0	288.4	253.3	293.0	308.6

[1]The results for the year ended 30 September 2005 have been restated, where necessary, in accordance with Financial Reporting Standards 21, 25 and 26. Years prior to 2005 have not been restated.
[2]Gearing/(net cash) represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[3]Ongoing Charges represents the management fee and all other operating expenses excluding finance 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.
[4]Source: Morningstar/Thomson Financial Datastream. Rebased to 100 at 30 September 2003.
[5]With effect from 31 January 2011, the Company's benchmark has been the MSCI All Countries Asia excluding Japan Index in Sterling terms. Prior to that date the benchmark was the MSCI All Countries Far East excluding Japan Index in Sterling terms.

Ten Year Performance of NAV, Share Price and Benchmark Total Returns[1]



[1]Source: Morningstar/Thomson Financial Datastream. Rebased to 100 at 30 September 2003.

Chairman's Statement

Investment Performance

The year to 30 September 2013 was challenging for Asian markets and the Company's net asset value produced a total return of 1.9%. Following several years of out-performance, the Company also under-performed its benchmark Index as the MSCI All Countries Asia ex. Japan Index produced a total return of 5.3% over the year. The Company's share price produced a total return of 3.0%.

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

Final Dividend

The Directors recommend the payment of a final dividend of 3.35 pence per share for the year ended 30 September 2013, unchanged from the 3.35 pence per share paid in respect of the previous financial year. Net revenue after taxation for the year remained static when compared to the previous year (2013: £5,000,000–2012: £4,916,000). If the resolution proposed at the Annual General Meeting to pay a final dividend is passed, the dividend will be paid on 4 February 2014 to shareholders on the Register on 3 January 2014.

Board Composition

Mr Robert Boyle decided to step down from the Board in June 2013. The Board would like to thank him for his valuable contribution to the Company during his tenure.

As part of the Board's succession planning, a search for a new Director has been instigated and it is the intention that an appointment will be made during the current financial year. Subject to this appointment, one of the longer-serving Directors will retire at the 2014 Annual General Meeting.

Gearing

At the beginning of the year, the Company's gearing stood at 5.7% and, whilst the Company continued to utilise borrowings, these were offset by cash balances at the end of the year with the effect that the Company had a net cash position at that time of 3.3%. The borrowings were obtained via a revolving credit facility in order to provide flexibility, and the facility was renewed on an unsecured basis in April 2013. The Board continues to review the gearing position on a regular basis and believes that the ability to gear will add value over the long term.

Final Subscription Share Exercise

As mentioned in my interim statement, the final date on which subscription shares could be exercised was 31 December 2012. A total of 28,443,527 Ordinary shares were issued following the final exercise date and the Company's issued share capital now consists of 169,700,716 ordinary shares of 10p each, with each share carrying the right to one vote.

Purchase of Shares for Cancellation

At the Company's last Annual General Meeting on 29 January 2013, the Company was given the authority to purchase up to 14.99% of its issued share capital for cancellation. During the year under review, a total of 4,700,000 Ordinary shares were purchased for cancellation in accordance with the Company's discount control policy. The Board continues to monitor the discount to which the Company's Ordinary shares trade on the market and to consider whether purchases of the Ordinary shares should be made on a regular basis. It therefore proposes that this authority be renewed at the forthcoming Annual General Meeting.

Over the last year, the longer term target maximum discount level was again set at approximately 10%. The Board monitored the discount at which the shares trade to the capital only net asset value which averaged 9.6% over the year ended 30 September 2013.

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

Chairman's Statement

However, the Board has made a revision to its discount control policy which will, in future, be monitored using the income-inclusive NAV as a base. This revision has been made following consultation with the Board's advisors. The Board will continue to target 10% as a maximum level but will review it quarterly and will amend the target in line with market conditions as necessary.

Articles of Association

The Company is seeking shareholder approval at the Annual General Meeting to update the Company's Articles of Association to remove references to the subscription shares, which are no longer in existence, and to reflect recent changes to the company law and tax regime in the UK applying to investment trust companies. Following a recent change in legislation, the Company is no longer required to include a prohibition on distributing capital profits in its Articles and the proposed Articles remove this prohibition. A summary of the other proposed amendments to the Articles of Association is set out in the Report of the Directors.

Outlook

For the first time in four years Asian markets have gone out of favour. There are good short-term reasons for this, as discussed in the Manager's Review, but the scale of underperformance compared to most developed markets is sufficient to query whether there are more fundamental problems in the region.

Nonetheless, your Board remains positive towards investment in Asia. The region faces two potentially painful long-term transitions: the eventual end of Western quantitative easing, and China's move towards a lower growth path. Both are well-known, however, and we believe that most Asian governments and companies face these challenges with stronger finances and better growth momentum than many other developing markets. The Manager's Review notes that the markets' underperformance has left share ratings below their historic averages. The Board continues to expect long-term out-performance by the region.

Annual General Meeting

The Annual General Meeting will be held on Thursday 30 January 2014 at 11.30 a.m. and shareholders are encouraged to attend. As in previous years, Matthew Dobbs, on behalf of the Investment Manager, will give a presentation on the prospects for Asia and the Company's investment strategy.

The Hon Rupert Carington
Chairman

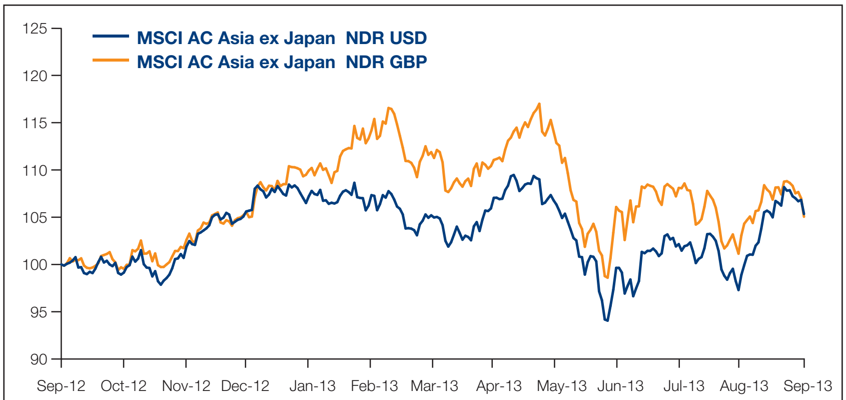
13 December 2013

Investment Manager's Review

The net asset value per share of the Company recorded a total return of 1.9% over the twelve months to end September 2013. This was below the performance of the benchmark, the MSCI All Country Asia ex Japan Index, which rose 5.3% over the same period.

Following a positive trend in the first half of the Company's financial year, the second half witnessed disappointing returns. For the period as a whole, regional markets offered a return of 5.3% in sterling terms over the full twelve months, having been over 10% up in the first six months. The correction through the summer reflected a number of factors including the anticipation of "tapering" of asset purchases by the US Federal Reserve, a stronger dollar and sizeable investor redemptions from emerging market equities and bonds. These factors inevitably impacted the Asian regional stock markets given the importance of global investor flows, and the monetary linkages between the regional currencies and the US dollar which tends to be a safe haven during periods of uncertainty in the region.

Performance of the MSCI AC Asia ex Japan Net Dividends Reinvested Index in GBP and USD – 30 September 2012 to 30 September 2013

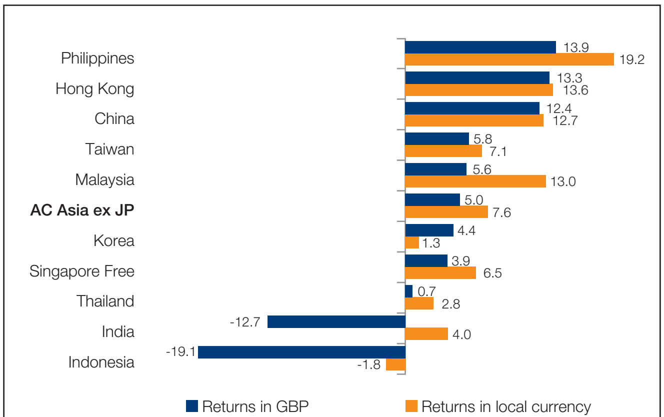


Source: Thomson Financial Datastream as at 30 September 2013

Worries about tighter liquidity conditions in Asia coincided with downward revisions in regional growth forecasts and deteriorating leading indicators. This happened despite the stabilization in the developed economies, and reflected slowing domestic confidence and continued caution in the corporate sector. The exception has been China where a relaxation in credit and selective infrastructure spending has stabilized growth, but at the expense of further increases in debt.

The shift in investor sentiment after Bernanke's May tapering statement was most dramatic in emerging ASEAN markets. These had seen some of the greatest declines in borrowing costs since the global financial crisis of 2008, and had been favourite destinations for foreign bond investors chasing returns in a low rate environment. Consequently, the unwinding of these exposures has hit these markets, and all except the Philippines registered poor returns over the year, with Indonesia down almost 20% in sterling terms due to the weakness in the local currency, the rupiah.

Country returns of the MSCI AC Asia ex Japan Net Dividends Reinvested Index in GBP – 30 September 2012 to 30 September 2013



Source: Factset

India was the other notable laggard in the region, with weakness in the rupee again the key factor. Current account and fiscal deficits left the country very vulnerable to a drying up in global liquidity. This along with stubbornly high inflation hampered attempts by the Reserve Bank of India to cut interest rates which would provide respite to bad debt and interest margin pressures in the banking sector and help arrest the slowdown in investment spending. A lack of clear policy leadership from central government dampened sentiment further.

Performance and Portfolio Activity

The Company generated a total return of 1.9% over the fiscal year, which lagged the benchmark index return of 5.3%. The main headwinds to performance were stock selection in Hong Kong, India (where the portfolio was more heavily weighted toward domestically oriented stocks) and, to a lesser extent, the Philippines. These adverse factors were partly offset by strong stock selection in Thailand and Indonesia. Country allocation was a small negative overall, with the underweight to China and Australian exposure more than offsetting the benefit of overweighting in Hong Kong and underweighting of Indonesia. Approximately 2% of the shortfall was due to dilution to the net asset value from the final subscription share exercise which took place during the year.

Investment Manager's Review

Through the year, the Company has moved from a modestly geared to net cash position, with the most significant reductions made in Singapore and Australia. We have added in China, but remain significantly underweight, and Hong Kong.

Outlook and Policy

There are some big questions facing Asia. There are doubts surrounding growth and some of the regional currencies, but the most significant is the pace and extent of a US led tightening in credit conditions. A stronger US dollar and perception of tighter money are never good for Asian asset values, and it is difficult to paint a positive near-term picture. The concern over tapering may have got ahead of itself in the short-term, but the regional markets will remain very much hostage to perceptions of global liquidity conditions and interest rate trends. We are in an uneasy market phase where the best of liquidity is behind us, but earnings growth support is unclear. However, one should not lose sight of the fact that if higher US treasury yields are harbinger of economic spring for the global economy, then plenty of Asian companies and markets stand to benefit.

A number of commentators have drawn parallels between now and the Asian crisis of 1997/98. We believe this ignores the very different fundamentals of the region. Most economies are in much healthier financial condition in terms of positive current accounts and trade balances, high foreign exchange reserves, lower external debt and strong government and corporate balance sheets. Those that do have some financial weaknesses such as India and Indonesia have already been punished fairly harshly by investors. Meanwhile, Asia's equity markets do not look expensive in terms of historical valuations. As the markets have corrected, we are seeing an increasing number of stocks at attractive discounts to analysts' fair value, while still conscious of the potential overhang from "hotter" money still sitting in the region.

Amid all the recent volatility, China has perhaps benefited from winning in the "least ugly" contest over the summer. A controlled capital account undoubtedly helps (at least in the short-term) during a time of dwindling global liquidity. Meanwhile, those looking for some kind of economic restructuring have drawn some modest comfort from recent pronouncements from the Chinese leadership on the need to promote consumption and services as key growth drivers. Those looking for growth have also responded to recent moves to institute some limited stimulus and a recovery in leading indicators. We remain concerned over the composition of growth, and still struggle to find stocks from a bottom-up point of view. We remain underweight in China and, while looking to add to strongly financed companies with attractive prospects for growth, we find more opportunities elsewhere in the region.

In terms of other opportunities in the region, we believe a number of financials in the region offer attractive fundamental value, particularly in Hong Kong and are reflecting fully the risks from potential tapering in the Untied States. We continue to look for opportunities in the domestic demand sensitive markets of Emerging ASEAN and India, while also finding good value in the region's exporters among industrials and information technology particularly in North Asia, where there is scope for better revenue momentum and an expansion in what are currently relatively depressed margins. However, the implications of the decline in the Japanese Yen will require close monitoring.

While we believe the Asian markets offer sound long term value, and stand at valuations generally associated with a much greater level of financial stress than we envisage over the coming year, there is plenty of scope for volatility given the still fragile state of the global economy and high debt levels in the developed world. Furthermore, some areas of credit excess need to be worked through within the region. Consequently, the Company is not geared at the current time so as to provide flexibility should general market weakness provide attractive opportunities to deploy liquidity.

Schroder Investment Management Limited
13 December 2013

Country Weights – Schroder AsiaPacific Fund plc vs MSCI AC Asia ex Japan Index

Market	Net Asset Value Weightings (%) 30-Sep-13	Net Asset Value Weightings (%) 30-Sep-12	Benchmark Index Weight (%) 30-Sep-13
HK	31.4	27.7	13.0
China	8.5	5.1	25.0
Korea	16.8	17.3	20.6
Taiwan	11.1	11.2	14.8
Singapore	8.2	15.2	6.8
Malaysia	–	–	4.8
Indonesia	1.6	3.1	3.0
Thailand	6.8	7.3	3.2
Australia/NZ	1.9	6.7	–
India	7.0	8.2	7.6
Philippines	2.4	1.9	1.2
Other	1.0	2.0	–
Other net assets	3.3	-5.7	–
Total	**100.0**	**100.0**	**100.0**

Source: Schroders, 30 September 30, 2013

Investment Portfolio

As at 30 September 2013

Company	Industrial Classification	Activity	Market Value of Holding £'000	% of Total Equity Shareholders' Funds
Samsung Electronics	Technology Hardware	South Korean electronics manufacturer	27,894	6.1
Taiwan Semiconductor	Technology Hardware	Taiwanese semiconductor manufacturer	23,625	5.2
Jardine Strategic	General Industrials	Hong Kong diversified investment company	21,906	4.8
Hyundai Motor Company	Automobiles and Parts	South Korean based vehicle producer	19,969	4.4
Sun Hung Kai Properties	Real Estate and Investment	Hong Kong real estate developer	16,645	3.7
Fortune Real Estate Investment Trust	Real Estate Investment Trusts	Owner operator of shopping malls in Hong Kong	13,833	3.0
Baidu	Software and Computer Services	Chinese web services provider	13,451	3.0
HSBC	Banks	International Banking Group	12,442	2.7
Kerry Properties	Real Estate and Investment	Hong Kong property developer	12,090	2.7
LG Chemical	Chemicals	Korean petrochemicals producer	12,049	2.6
China Petroleum & Chemical	Oil and Gas Producers	Chinese producer of oil and gas	11,200	2.5
AIA	Life Insurance	Asian regional life insurer	9,077	2.0
LG Household & Healthcare	Personal Goods	Korean manufacturer of household goods and cosmetics	8,689	1.9
Hang Lung	Real Estate and Investment	Property rental and development in Hong Kong	8,604	1.9
Iluka Resources	Mining	Australian mineral sands operator	8,523	1.9
Mediatek	Technology Hardware	Semiconductor designer	8,321	1.8
LPN Development	Real Estate and Investment	Real estate developer in Thailand	8,157	1.8
Hong Kong Land	Real Estate and Investment	Hong Kong commercial property developer	7,859	1.7
Yum Brands	Travel and Leisure	Fast food restaurant operator	7,631	1.7
Techtronic Industries	Household Goods	Hong Kong electrical and electronic products manufacturer	7,627	1.7
Top Twenty Holdings			**259,592**	**57.1**
Ayala Land	Real Estate and Investment	Philippines real estate developer	7,601	1.7
Kasikornbank	Banks	Thai bank	7,336	1.6
Bank Mandiri	Banks	Indonesian Bank	7,136	1.6
Total Access Communications	Telecommunications	Thai telecommunications provider	7,066	1.6
Idea Cellular	Mobile Telecommunications	Indian mobile network operator	7,037	1.5
Johnson Electric	Electronic and Electrical Equipment	Hong Kong listed manufacturer of micro motors	6,576	1.4
Hopewell	Real Estate and Investment	Property and toll roads operator in Hong Kong/China	6,458	1.4
Tata Motors	Industrial Engineering	Indian automotive manufacturing company	5,844	1.3
Asustek Computers	Technology Hardware	Taiwanese computer hardware and electronics manufacturer	5,681	1.2
CNOOC	Oil and Gas Producers	Chinese producer of oil and gas	5,633	1.2
Keppel Corporation	General Industrials	Marine, property and infrastructure business in Singapore	5,599	1.2
Bangkok Bank	Banks	Thai bank	5,409	1.2
Yue Yuen Industrial	Personal Goods	Hong Kong footwear manufacturer and distributor	5,357	1.2
Hon Hai Precision Industries	Electronic and Electrical Equipment	Taiwanese electronics manufacturer	5,304	1.2
Great Wall Automobiles	Automobiles and Parts	Chinese automobile producer	5,283	1.2
Hankook Tire	Automobiles and Parts	South Korean tyre producer	4,966	1.1
Dah Chong Hong	General Retailers	Hong Kong listed conglomerate	4,681	1.0
Swire Properties	Real Estate and Investment	Property developer in Hong Kong/China	4,557	1.0
Lung Yen Life Service	Real Estate and Investment	Taiwanese funeral services provider and property leasing	4,152	0.9

Investment Portfolio

As at 30 September 2013

Company	Industrial Classification	Activity	Market Value of Holding £'000	% of Total Equity Shareholders' Funds
Apollo Hospitals Enterprise	Healthcare Equipment and Services	Operator of speciality hospitals in India	4,099	0.9
Pacific Basin Shipping	Industrial Transportation	Hong Kong listed dry bulk ships operator	4,031	0.9
China Taiping Insurance	Life Insurance	Hong Kong listed life insurer	3,903	0.9
UOL	Real Estate and Investment	Singapore property developer	3,820	0.8
PCCW	Fixed Line Telecommunications	Hong Kong telecommunications provider	3,816	0.8
Jardine Matheson	General Industrials	Hong Kong diversified investment company	3,728	0.8
John Keells	General Industrials	Sri Lankan conglomerate	3,421	0.8
Gujarat Pipavav Port	Industrial Transportation	Indian port operator	3,335	0.7
Daelim Industrial	Construction and Materials	Korean construction and engineering group	3,284	0.7
Holcim Philippines	Construction and Materials	Philippines cement producer	3,192	0.7
Baoxin Auto	Automobiles and Parts	Hong Kong listed car dealer	3,170	0.7
Land and Houses	Real Estate and Investment	Real estate developer in Thailand	3,133	0.7
Shiram Transport Finance[1]	Financial Services	Indian hire purchase finance provider for trucks	3,099	0.7
Axis Bank	Banks	Indian bank	2,508	0.5
Keppel Land	Real Estate and Investment	Singapore property developer	2,307	0.5
Mapletree Industrial Trust	Real Estate Investment Trusts	Singapore-focused REIT with portfolio of industrial properties	2,234	0.5
China Lodging	Travel and Leisure	Economy hotels operator in China	2,225	0.5
Tripod Technology	Electronic and Electrical Equipment	Taiwanese manufacturer of printed circuit boards	2,222	0.5
Jardine Cycle and Carriage	General Retailers	Auto-distribution conglomerate in Singapore	2,159	0.5
IDFC	Financial Services	Indian finance company	1,804	0.4
Federal Bank	Banks	Indian commercial bank	1,682	0.4
Siliconware Precision	Technology Hardware	Taiwanese semiconductor packager	1,627	0.4
Charm Communications	Media	Advertising agency in China	1,561	0.3
Multi Commodity Exchange of India	Financial Services	Commodity exchange based in India	1,323	0.3
Vietnam Enterprise Investments	Country Fund	Vietnamese investment fund	1,150	0.3
Ping An Insurance[1]	Life Insurance	Insurance service provider in China	1,012	0.2
Ashok Leyland	Industrial Engineering	Commercial vehicle manufacturer in India	948	0.2
McLeod Russel India	Food Producers	Indian tea producer	608	0.1
Total investments			**442,669**	**97.3**
Net current assets			**12,355**	**2.7**
Total equity shareholders' funds			**455,024**	**100.0**

[1]Includes a holding of warrants.

The portfolio comprises entirely equity investments and warrants.

The twenty largest investments represent 57.1% (2012: 58.8%) of total equity shareholders' funds.

Strategic Report

Introduction

The Strategic Report contains a review of the Company's business including the business model, the principal risks and uncertainties it faces, an analysis of its performance during the financial year and its future development.

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 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 of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting of the Company in 2016 and thereafter at five yearly intervals.

Investment Objective

The principal investment objective of the Company 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, with the aim of achieving growth in excess of the MSCI All Countries Asia excluding Japan Index in Sterling terms over the longer term.

Relationship with the Investment Manager

Schroder Investment Management Limited (the "Manager" and/or "Schroders"), which is authorised and regulated by the Financial Conduct Authority ("FCA"), provides investment management, accounting and company secretarial services to the Company under the terms of an investment management agreement. Schroders 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 Company's assets are managed in line with appropriate restrictions placed on Schroders by the Board. These restrictions include limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, hedging, cash, derivatives and other financial instruments.

Schroders, in its capacity as Company Secretary, liaises with the Company's corporate broker to assist in the implementation of the Company's discount management policy. The Company Secretary also advises the Board on key relationships with other third party service providers and ensures regular review of the services provided by these parties.

All services carried out by Schroders are subject to regular reporting to and monitoring by the Board or its Committees.

Strategy

Investment Strategy

The Board has delegated management of the Company's portfolio to Schroders, who manages the portfolio with the aim of helping the Company to achieve its investment objective. Details of the Manager's strategy, and other factors that have affected performance during the year, are set out in the Investment Manager's Review on pages 6 and 7.

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.

Strategic Report

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. While the Articles 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.

Spread of Investment Risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that the portfolio retains an appropriate balance to meet the Company's investment objective. 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 companies; c) no more than 15% of the Company's total net assets may be invested in open-ended funds and; d) 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 2013, the Manager held 67 investments spread over several countries and in a range of industry sectors. The largest investment, Samsung Electronics, represented 6.1% of shareholders' funds at 30 September 2013. At the year end, the Company did not hold any unlisted investments, and did not hold any open-ended funds. The Company had an interest amounting to 3.5% of shareholders' funds in REITs, which are closed ended investment companies. The Board therefore believes that the objective of spreading risk has been achieved in this way.

Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as the outlook, is provided in the Chairman's Statement on pages 4 and 5 and the Investment Manager's Review on pages 6 and 7.

Gearing

The Company utilises a credit facility, currently in the amount of US$75 million (30 September 2012: US$75 million), which increases the funds available for investment through borrowing ("gearing").

Measuring Success – Key Performance Indicators

The Board has adopted long term key performance indicators ("KPIs") which assist it in measuring the development and success of the Company's business. The KPIs focus on the following areas: the measurement of the success of the Company's investment objective of providing growth in excess of the benchmark index; the management of the discount; and the rate of expenses incurred by shareholders in the running of the Company.

Investment Performance

In order to measure the Company's investment performance, quarterly reports, including commentary on its view of markets, the impact of stock selection decisions and other attribution analysis, portfolio activity and strategy and outlook for the portfolio and the markets are provided by the Manager and form the basis of discussions at every board meeting. On a regular basis, the Board also reviews the investment processes of the Manager and considers reports from its broker on the perception of shareholders and the market on the Manager's performance and the Company's strategy.

For the year ended 30 September 2013, the Company produced a total return on net asset value of 1.9% compared to a total return of 5.3% for the benchmark. A chart showing the Company's ten-year performance against the benchmark to 30 September 2013 can be found on page 3 of this Report. Country distribution can be found in the Investment Manager's Review on pages 6 and 7.

Strategic Report

Discount Management

The shares of the Company generally trade at a discount to net asset value and the management of this discount is a key factor for the Board. The Board has therefore adopted a second KPI, which measures the success of the Board's strategy to limit volatility in the discount.

As the discount is a function of the balance between the supply and demand for the Company's shares, a principal objective for the Board is to ensure that, through Schroders' marketing team and the Company's stockbrokers, potential shareholders and their advisers continue to be kept informed of the Company's progress and the ways they can invest in it.

Share buy-backs are a more direct way of managing the discount. The discount of the Company's share price to its underlying net asset value and the discounts of peer group companies are monitored. As more particularly described in the Chairman's Statement, the Board considers the use of its share buy-back authority on a regular basis and has adopted guidelines which outline circumstances in which the Company is prepared to buy back shares. During the year ended 30 September 2013, 4,700,000 (2012: nil) shares were repurchased and cancelled.

At 30 September 2013, the Company's share price stood at a discount of 9.2% to capital only net asset value. During the year under review the discount averaged 9.6%.

Control of Ongoing Charges

The Board has adopted a third KPI which assists it in keeping the ongoing charges of the Company under review.

An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting.

The Ongoing Charges figure for the year ended 30 September 2013 (representing the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year) was 1.10% (2012: 1.18%). The Ongoing Charges figure is calculated in accordance with guidance issued by the AIC in May 2012.

Principal Risks and Uncertainties

The Board has adopted a matrix of key risks which affect its business and a robust framework of internal control which is designed to monitor those risks to enable the Directors to mitigate them as far as possible and which assists in determining the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives. A full analysis of the Directors' system of internal control and its monitoring system is set out in the Corporate Governance Statement. The principal risks are considered to be as follows:

Financial Risk

The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in regional equity markets would have an adverse impact on the market value of the Company's underlying investments. The Board considers the portfolio's risk profile at each Board meeting and discusses with the Manager appropriate strategies to mitigate any negative impact of substantial changes in markets.

The Company invests in underlying assets which are denominated in a range of currencies and therefore has an exposure to changes in the exchange rate between Sterling and other currencies, which has the potential to have a significant effect on returns. While the Directors consider the Company's hedging policy on a regular basis, the Company did not engage in currency hedging to reduce the risk of currency fluctuations and the volatility of returns which might result from such currency exposure during the year ended 30 September 2013.

The Company may invest in put options on indices and equities in the region, to protect part of the capital value of the assets against market falls.

The Company utilises a credit facility, currently in the amount of US$75 million, which increases the funds available for investment through borrowing. Therefore, in falling markets, any reduction in the net asset value and, by implication, the consequent share price movement is amplified by the gearing. The Directors keep the Company's gearing under constant review and impose strict restrictions on borrowings to mitigate this risk. The Company's gearing continues to operate within pre-agreed limits so that gearing does not exceed 20% of shareholders' funds.

A full analysis of the financial risks facing the Company is set out in note 20 on pages 40 to 44.

Strategic Risk

Over time investment vehicles and asset classes can become out of favour with investors or may fail to meet their investment objectives. This may be reflected in a wide discount of the share price to underlying asset value. Directors periodically review whether the Company's investment remit remains appropriate and continually monitor the success of the Company in meeting its stated objectives. Further details may be found under "Investment Performance" and "Discount Management" above.

Strategic Report

Accounting, Legal and Regulatory Risk

In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the UK Corporation Tax Act 2010. Should the Company not comply with these requirements, it might lose investment trust status and capital gains within the Company's portfolio could, as a result, be subject to Capital Gains Tax.

Breaches of the UK Listing Rules, the Companies Acts or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes and damage the Company's reputation. Breaches of controls by service providers, including the Manager, could also lead to reputational damage or loss.

The Board's system of internal control seeks to mitigate the potential impact of these risks and it also relies on its advisers to assist it in ensuring continued compliance.

Gender Representation on the Board

The composition of the Board as at 30 September 2013 is set out in the Report of the Directors on page 14. The Board's approach to diversity is set out in the Corporate Governance Statement on page 23.

Future Developments

The future performance of the Company depends upon the success of the Company's investment strategy in the light of economic factors and equity market developments. Further comments on the outlook for the Company for the next twelve months are set out in both the Chairman's Statement on page 4 and the Investment Managers' Review on page 6.

Corporate Social and Environmental Policy

As an investment company, the Company has no direct social, environmental or human rights responsibilities; its policy is focused on ensuring that its portfolio is properly managed and invested. The Company has however adopted a Corporate Social and Environmental policy, details of which are set out in the Report of the Directors on page 15.

By Order of the Board
Schroder Investment Management Limited
Company Secretary

13 December 2013

Report of the Directors

The Directors present their annual Report and the audited financial statements for the year ended 30 September 2013. The Corporate Governance Statement on pages 21-25 forms part of this Report.

Information disclosed in the Strategic Report

The following matters required to be disclosed in this Report under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are covered in the Strategic Report on pages 10 to 13: the Company's financial risk management, objectives and policies as well as its exposure to price risk, credit risk and liquidity risk (by reference to note 20 to the accounts on page 40); and an indication of likely future developments in the Company's business.

Revenue and Earnings

The net revenue return for the year after taxation was £5,000,000 (2012: £4,916,000), equivalent to a return of 3.08 pence per share (2012: 3.37 pence per share) and the Directors recommend the payment of a final dividend for the year ended 30 September 2013 of 3.35 pence per share (2012: 3.35 pence per share), payable on 4 February 2014 to shareholders on the Register on 3 January 2014, subject to approval by shareholders at the Annual General Meeting.

Directors and their Interests

The Directors of the Company and their biographical details can be found on the inside front cover of this Report. All Directors held office throughout the year under review with the exception of Mr Robert Boyle, who resigned as a Director on 28 June 2013.

In accordance with the Company's Articles of Association, one third of the Company's Directors are required to retire by rotation each year. The Company's policy on tenure also requires annual retirement for Directors who have served more than nine years on the Board. Notwithstanding these provisions, the UK Corporate Governance Code requires all directors of FTSE 350 Companies to retire annually. Therefore all Directors will retire at the forthcoming AGM and, being eligible, offer themselves for re-election. The Board has assessed the independence of all Directors. The Hon. Rupert Carington and Mr Binyon are considered to be independent in character and judgement, notwithstanding that they have served on the Board for more than nine years.

The Board supports the re-elections of The Hon. Rupert Carington, Mr Robert Binyon, Mr Anthony Fenn, Mrs Rosemary Morgan and Mr Nicholas Smith, as it considers that each of these Directors continues to demonstrate commitment to his/her role and provides a valuable contribution to the deliberations of the Board through his/her knowledge of the Asia Pacific region and the investment industry. It therefore recommends that shareholders vote in favour of their re-election.

The Directors' interests in the Company's share capital at the beginning and end of the financial year ended 30 September 2013, including those of connected persons, all of which were beneficial, were as follows:

Director	**Ordinary shares of 10p each at 30 September 2013**	Ordinary shares of 10p each at 1 October 2012
The Hon. Rupert Carington	**94,960**	94,960
Robert Binyon	**48,000**	48,000
Robert Boyle*	**N/A**	15,000
Anthony Fenn	**12,000**	12,000
Rosemary Morgan	**2,579**	Nil
Nicholas Smith	**20,000**	20,000

*Mr Boyle resigned as a Director on 28 June 2013.

The information in the above table has been audited (see Independent Auditor's Report on pages 26 to 28).

There have been no changes in the above holdings between the end of the financial year and the date of this Report.

Share Capital

Details of changes in the Company's share capital during the year are set out in note 13 on page 38.

As at the date of this Report, the Company had 169,700,716 Ordinary shares of 10p each 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 169,700,716. Changes to share capital during the year under review are detailed in note 13 on page 38.

Report of the Directors

Substantial Share Interests

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

	Number of Ordinary shares	Percentage of total voting rights
City of London Investment Management Limited	28,669,541	16.89
Investec Wealth & Investment Limited	18,681,951	11.01
Lazard Asset Management LLC	11,831,078	6.97
Schroders plc	8,483,667	4.99

Investment Manager

Following their annual review, the Directors consider the continuing appointment of the Investment Manager on the terms of the existing investment management agreement to be in the best interests of the Company. Schroders provides the Company with considerable investment management resource and experience, thereby enhancing the ability of the Company to achieve its investment objective.

The investment management agreement 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. At the date of this Report no such notice had been given by either party. The Investment Manager is entitled to a fee at a rate of 1.00% per annum on assets up to and including £100 million, of 0.95% per annum on assets between £100 million and £300 million, 0.90% per annum on assets between £300 and £400 million and of 0.85% per annum on assets above £400 million, payable quarterly in arrears and calculated by reference to the value of the Company's assets under management (net of current liabilities other than short term borrowings) at the end of the preceding quarter. The Manager's periodic charge, in respect of Schroder funds in which the Company invests, are rebated to the Company so that no double charging occurs. No investments in Schroders funds were held during the year ended 30 September 2013. The investment management fee payable in respect of the year ended 30 September 2013 is shown in note 4 to the accounts on page 35.

Schroder Investment Management Limited was entitled to receive a fee of £91,000 per annum (plus VAT) for corporate secretarial services provided to the Company for the year ended 30 September 2013 (30 September 2012: £89,000 (plus VAT)). The fee continues to be subject to annual adjustment in line with changes in the Retail Prices Index.

Corporate Social and Environmental Policy

The Company's primary investment objective is to achieve optimal financial returns for shareholders, within established risk parameters and regulatory constraints. Provided that this objective is not compromised in the process the Board does, however, believe that it is also possible to develop a framework that, in the interests of our shareholders, allows a broader range of considerations, including environmental and social issues, to be taken into account when selecting and retaining investments. The investment process therefore contains a review of research into the environmental, social and ethical stance of companies. Where potential financial or reputational risks are identified, their materiality is assessed and given due consideration by the Manager when selecting or retaining investments.

Greenhouse Gas Emissions

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 they have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 profit 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 judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively.

Report of the Directors

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.

Each of the Directors, whose names and functions are set out in the inside front cover of this Report, confirms 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 Report of the Directors 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
- Considers that 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 performance, business model and strategy.

Going Concern

The Directors believe that, having considered the Company's investment objective (see inside front cover), risk management policies (see note 20 to the accounts on pages 40 to 44), capital management policies and procedures (see note 21 to the accounts on page 44), expenditure projections and the fact that the Company's investments comprise readily realiseable securities which can be sold to meet funding requirements if necessary, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Independent Auditors

The Company's Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to remain in office and resolutions to re-appoint them as Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

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 ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Anti-Bribery Policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and continues to operate an anti-bribery policy which aims to prevent bribery being committed by Directors and persons associated with the Company on the Company's behalf and to ensure compliance with the Bribery Act 2010.

Annual General Meeting ("AGM")

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.

The AGM will be held on Thursday, 30 January 2014 at 11.30 a.m. The formal notice of the AGM is set out on page 45.

Special Business to be proposed at the AGM

Resolutions relating to the following items of special business will be proposed at the AGM.

Resolution 12 – Authority to Make Market Purchases of the Company's own Ordinary shares (Special Resolution)

At the AGM held on 29 January 2013, the Company was granted authority to make market purchases of up to 21,174,452 Ordinary shares of 10p each for cancellation. No shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 21,174,452 Ordinary Shares. This authority will expire at the AGM.

Report of the Directors

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 on 13 December 2013. 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. The authority to be given at the 2014 AGM will lapse at the conclusion of the AGM in 2015 unless renewed or revoked earlier.

The maximum purchase price that may be paid for an Ordinary share will not be more than the greater of 5% above the average of the middle market values of the shares, as taken from the London Stock Exchange Daily Official List, for the five business days preceding the date of purchase and the higher of the price of the last independent trade in the shares and the highest then current independent bid for the shares on the London Stock Exchange. The minimum price will be 10p, being the nominal value per Ordinary share.

Resolution 13 – Amendments to the Company's Articles of Association (Special Resolution)

Set out below is a summary of the main differences between the current Articles and the amended Articles, which will take effect in the event that the Shareholders approve the special resolution numbered 13 in the Notice of the AGM to amend the Articles:

- The Company is no longer required to include a prohibition on distributing capital profits in its Articles, following HM Government's reform of the tax and company law rules affecting investment trusts. This prohibition has been removed in the New Articles.
- It is no longer necessary for a company to have an authorised share capital and the Company is therefore taking the opportunity to remove the upper limit of the Company's share capital included in its current Articles and all references to authorised share capital have therefore been removed.
- The existing Articles give the Company authority to consolidate and/or sub-divide its shares by ordinary resolution. Under the Companies Act 2006 it is no longer necessary for this authority to be given in a company's articles of association. This provision has therefore been removed.
- The Companies Act 2006 has changed the requirements for calling a general meeting on short notice, for making such a notice available on a website and for the content of a notice calling a general meeting. The New Articles include these requirements of the Companies Act 2006.
- The Companies Act 2006 requires a Company that is listed on the Official List to publish the results of a poll on its website. The New Articles reflect these provisions of the Companies Act 2006.
- All references to the Subscription Shares have been removed following the final exercise date on 31 December 2012.
- The Articles have been amended, so that the Board may authorise a depositary appointed by or in respect of the Company on the terms and conditions prescribed in the rules implementing the Alternative Investment Fund Managers Directive (2011/61/EU) in the United Kingdom (the "AIFM Rules"), together with any further requirements that may be prescribed by the Board, to discharge itself of liability, where the Company holds assets in a country other than the United Kingdom, and the law of that country does not satisfy certain delegation requirements that are specified in the AIFM Rules.
- Other technical changes have been made so that the Articles conform to the Companies Act 2006 and other legislation applicable to companies, as currently in force and current best practice.

Copies of the Amended Articles are available from the Company Secretary and will be on display at the registered office of the Company during normal business hours on any weekday (English public holidays excepted). They will also be available for inspection by any person attending the AGM.

Recommendation

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

By Order of the Board
Schroder Investment Management Limited
Company Secretary

13 December 2013

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 Report is presented in a different format this year in order to comply with new legislative requirements. Both the Directors' Remuneration Policy and the Directors' Annual Report on Remuneration are subject to shareholder approval at the forthcoming Annual General Meeting ("AGM") as described below.

Directors' Remuneration Policy

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

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 limit of fees set out in the Company's Articles of Association. This aggregate level of Directors' 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 Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not, and does not intend to, award any share options or long term performance incentives to any Director. No element of Directors' remuneration is performance-related. No Director has a service contract with the Company however directors have a letter of appointment with the Company under which they are entitled to one month's notice in the event of termination. 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 expenses incurred in carrying out business for the Company.

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.

Component Parts of the Directors' Remuneration

The elements which comprise the basis of remuneration paid to Directors are set out in the table below (see also related notes below the table).

Salary/fees	Taxable benefits	Amounts receivable during the financial year in respect of of one-year performance targets	Amounts receivable during the financial year in respect of performance targets of more than one year	Pensions related benefits
Fees only payable	Reimbursement of expenses	N/A	N/A	N/A

Notes

1 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 more onerous roles. In addition, fees are paid for membership of each of the Board's Audit, Management Engagement and Nomination Committees for members' contributions to the deliberations of such Committees. The Board reserves the right to cease the payment of any additional fees for membership of its Committees if considered appropriate.

2 The fees payable to Directors are not performance-related. They 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.

3 The maximum that may be paid in respect of Directors' aggregate fees is limited by the provisions of the Company's Articles of Association, as amended from time to time with the approval of shareholders.

4 As the Company has no employees, there are no comparisons to be made between this Directors' Remuneration Policy and a policy on the remuneration of employees.

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

Remuneration Report

Directors' Annual Report on Remuneration

This Report sets out how the Directors' Remuneration Policy was implemented during the year ended 30 September 2013.

Fees Paid to Directors

During the year ended 30 September 2013, the Chairman was paid a fee of £26,000, and the other members of the Board were each paid a fee of £19,000. The Senior Independent Director, who is also the Chairman of the Audit Committee, received an additional £2,000. In addition, £2,000 per annum is paid to each member of the Audit Committee, and £1,000 per annum is paid to members of each of the Management Engagement and Nomination Committees.

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 2013 and the previous financial year:

Director	Salary/Fees		Taxable Benefits[1]		Amounts receivable during the year ended 30 September 2013 in respect of one-year performance targets		Amounts receivable during the year ended 30 September 2013 in respect of performance targets of more than one year		Pensions-Related Benefits		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	1012
The Hon. Rupert Carington	30,000	27,500	430	–	–	–	–	–	–	–	30,430	27,500
Robert Binyon[2]	23,000	21,500	17,647	7,386	–	–	–	–	–	–	40,647	28,886
Robert Boyle[3]	17,250	21,500	–	–	–	–	–	–	–	–	17,250	21,500
Anthony Fenn	23,000	21,500	566	–	–	–	–	–	–	–	23,566	21,500
Rosemary Morgan	23,000	5,750	566	–	–	–	–	–	–	–	23,566	5,750
Nicholas Smith	25,000	22,500	656	71	–	–	–	–	–	–	25,656	22,571

[1] Comprises amounts reimbursed for expenses incurred in carrying out business for the Company.
[2] Robert Binyon is resident in Thailand and his taxable benefits comprise reimbursements amounting to £14,118 (2012: £5,908) for travelling expenses incurred attending 4 board meetings in London. These amounts have been grossed up for income tax to arrive at the figures shown in the table above.
[3] Resigned from the Board on 28 June 2013.
[4] The information in the above table has been audited (see Independent Auditor's Report on pages 26 to 28).

Consideration of Matters Relating to Directors' Remuneration

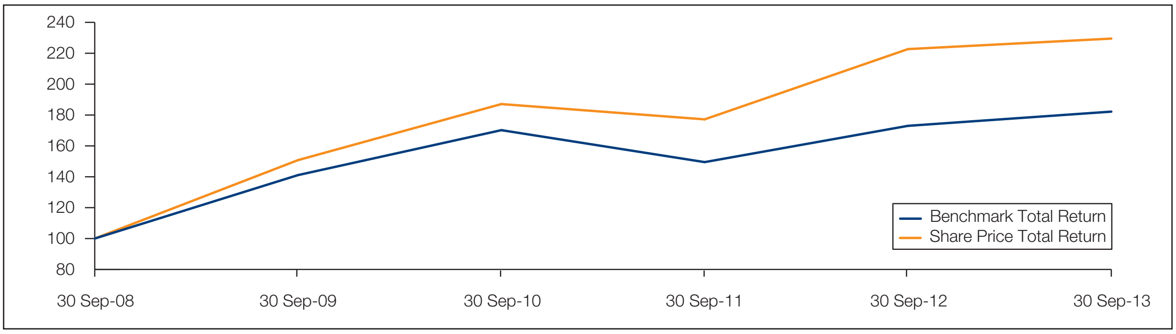
Directors' remuneration levels were reviewed by the Management Engagement Committee and Board during the year under review. The members of the Committee at the time that remuneration levels were considered were as set out in the inside front cover of this Report. No external advice was sought in considering Directors' fee levels, however information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies provided by the Company's Investment Manager and corporate broker was taken into consideration.

Following consideration, the Management Engagement Committee did not make any recommendations to the Board to change Directors' remuneration.

Performance Graph

A graph showing the Company's share price total return compared with its Benchmark over the last five years is shown below. With effect from 31 January 2011, the Company's benchmark has been the MSCI All Countries Asia excluding Japan Index in Sterling terms. Prior to that date the Benchmark was the MSCI All Countries Far East excluding Japan Index in Sterling terms. The return for the year ended 30 September 2011 was based on a combination of both of these indices, calculated on a pro-rata basis.

Remuneration Report



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

Expenditure by the Company on Directors' Remuneration compared with 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 principle investment objective of achieving capital growth.

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000	% Change
Remuneration paid to Directors	**161**	128	+25.8
Distributions to shareholders			
– Dividends	**4,732**	4,014	+17.9
– Share buy-backs	**11,063**	–	N/A
Total distributions to shareholders	**15,795**	4,014	+293.5

Directors' Share Interests

The Company's Articles of Association do not contain provision for Directors to own shares in the Company. The shareholdings of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out in the Report of the Directors on page 14. Such information has been audited.

The Company does not operate a share scheme for Directors nor does it award Directors share options.

Implementation of the Directors' Remuneration Policy for the year ending 30 September 2014

The Board does not intend to make any significant changes to the implementation of the Directors' Remuneration Policy as set out in this Report for the year ending 30 September 2014.

Shareholder Approval

Directors' Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. An ordinary resolution to approve this Policy will be put to shareholders at the forthcoming AGM, following which the full Policy provisions will continue to apply until the AGM to be held in 2017 unless a revised Remuneration Policy is approved prior to such AGM.

Director's Annual Report on Remuneration

The above Report on Directors' 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 Annual General Meeting held on 29 January 2013, 99.99% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Report for the year ended 30 September 2012 were in favour while 0.01% were against. 1,002,880 votes were withheld.

The Hon. Rupert Carington
Chairman
13 December 2013

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 company in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2012 (the "Code") which applies to accounting periods beginning on or after 1 October 2012 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 and Going Concern statement set out on pages 15 and 16, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

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

Application of the Code's Principles

Role of the Chairman

The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and promoting a culture of openness and debate by facilitating the effective contribution of Directors, setting the Board's agenda and for ensuring that adequate time is available for discussion of all agenda items, including strategy.

Senior Independent Director

The Senior Independent Director leads the evaluation of the performance of the Chairman and is available to the Directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Role of the Board

The Board is collectively responsible for the long-term success of the Company.

The Board determines and monitors the Company's investment objectives and policy, and considers the future strategic direction of the Company. Matters specifically reserved for decision by the Board have been adopted. The Board is responsible for presenting a balanced and understandable assessment of the Company's position and, where appropriate, prospects in annual and half-yearly accounts and other forms of public reporting. It monitors and reviews the shareholder base of the Company, marketing and shareholder communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative, who is responsible to the Board, inter alia, for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

Composition and Independence

The Board currently consists of five non-executive Directors. Profiles of each of the Directors, including their age and length of service, may be found on the inside front cover of this Report. The Board considers each of the Directors to be independent. The independence of each Director is considered on a continuing basis.

The Board has no executive Directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of the Company's investment portfolio, the arrangement of custodial services and the provision of accounting and company secretarial services. The Company has no employees. Details of the relationship with the Investment Manager may be found in the Report of the Directors on page 10 of this Report.

The Board is satisfied that it is of sufficient size with an appropriate balance of skills and experience, independence and knowledge of both the Company and the wider investment company industry to enable Directors to discharge their respective duties and responsibilities effectively and that no individual or group of individuals is, or has been, in a position to dominate decision making.

Board Committees and their Activities

The Board has delegated certain responsibilities and functions to Committees. Terms of Reference for each of these Committees, which are reviewed annually, are available on the Company's website at www.schroderasiapacificfund.com. Details of membership of the Committees at 30 September 2013 may be found on the inside front cover of this Report and information regarding attendance at Committee meetings during the year under review may be found on page 24.

Corporate Governance Statement

Audit Committee

The role of the Audit Committee, chaired by Mr Smith, is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The Board considers each member of the Committee to be independent. The Board also considers that members of the Committee have recent and relevant financial experience.

To discharge its duties, the Committee met on two occasions during the year ended 30 September 2013 to consider the annual and half-year report and accounts, the external Auditors' year-end report, management representation letters, the effectiveness of the audit process, the independence and objectivity of the external Auditor and internal controls operating within the Manager and custodian.

During its review of the Company's financial statements for the year ended 30 September 2013, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Issue considered	How the issue was addressed
Overall accuracy of the annual report and accounts	Consideration of draft annual report, letters of representation to the Auditor and the audit plan.
Directors' statement on going concern	Consideration of investments, risk management policies, capital management policies and procedures and expenditure projects.
Principal risks and uncertainties	Consideration of principal risks and uncertainties as part of the Board's overall internal controls monitoring.
Compliance with S1158 of the Corporation Tax Act 2010	Consideration of compliance criteria.
Valuation and existence of holdings	Review of portfolio holdings.

Effectiveness of the External Audit Process

The Audit Committee evaluated the effectiveness of the external audit firm and process prior to making a recommendation on the re-appointment of the external auditors at the forthcoming Annual General Meeting. 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 Investment Manager on the audit process and the year-end report from the Auditors, which details compliance with regulatory requirements, on safeguards that have been established, and on their own internal quality control procedures.

Having reviewed the criteria and satisfied itself with the effectiveness of the external audit process, the Audit Committee remains satisfied with the effectiveness of the audit provided by PricewaterhouseCoopers LLP and therefore has not considered it necessary to require an independent tender process. PricewaterhouseCoopers LLP has been engaged as the Company's Auditors since the Company's launch. Since launch the performance of the Auditors has been considered on an annual basis as part of the audit process. The audit contract has not been put out to tender. The Audit Committee determines whether the contract should be put to tender as part of the annual consideration of re-appointment of the Auditors.

The Auditors are required to rotate the Senior Statutory Auditor every five years. The previous Senior Statutory Auditor stepped down following the audit of the Company's 2012 financial statements and, following review by the Audit Committee, a successor Senior Statutory Auditor was appointed to conduct the audit of the Company's financial statements for the year under review.

Representatives of the Company's Auditors attend the Audit Committee meeting at which the draft Annual Report and Accounts are considered. Having reviewed the performance of the external Auditors as described above, the Committee considered it appropriate to recommend their re-appointment. The Company's Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to remain in office and resolutions to re-appoint them as Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Provision of Non-Audit Services

The Audit Committee has adopted a policy on the engagement of the Company's Auditors to supply non-audit services to the Company. £2,000 is payable to the Auditors for non-audit services provided in respect of taxation compliance for the year under review (2012: £2,000). The Committee ensures that auditor objectivity and independence are safeguarded by a policy requiring pre-approval by the Committee for all non-audit services, which

Corporate Governance Statement

takes into consideration confirmation from the Auditors that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject; the fees to be incurred, relative to the audit fees; the nature of the non-audit services; and whether the Auditors' skills and experience make it the most suitable supplier of such services and whether they are in a position to provide them.

Nomination Committee

The role of the Nomination Committee, chaired by The Hon. Rupert Carington, is to consider and make recommendations to the Board on its composition so as to maintain an appropriate balance of skills, experience and diversity, including gender, and to ensure progressive refreshing of the Board. On individual appointments, the Committee leads the process and makes recommendations to the Board. The Board considers each member of the Committee to be independent.

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 person for the role, it aims to promote diversification and 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 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.

When considering whether to replace a Director, the Company's policy on tenure is also taken into account. In the light of this evaluation, the Nomination Committee will consider a range of candidates sourced either from recommendation from within the Company or by using external consultants. The Chairman of the Nomination Committee is primarily responsible for interviewing suitable candidates and a recommendation is made to the Board for final approval.

To discharge its duties, the Committee met on one occasion during the year ended 30 September 2013 to consider the composition of the Board and its refreshment policy.

Management Engagement Committee

The role of the Management Engagement Committee, chaired by Mr Fenn, is to ensure that the Company's Investment 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. In addition, the Committee reviews fees paid to Directors and makes recommendations to the Board in this regard. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year ended 30 September 2013 and considered the performance and suitability of the Investment Manager, the terms and conditions of the management contract and the fees paid to Directors.

Tenure

The Directors have adopted a policy on tenure that is considered appropriate for an investment company. The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager, or that it necessarily affects a Director's independence of character or judgment. Therefore, the independence of Directors is assessed on a case by case basis. In order to give shareholders the opportunity to endorse this policy, and in accordance with the provisions of the Code, any Director who has served for more than nine years will thereafter be subject to annual re-election by shareholders.

Induction and Training

The Board has adopted a full, formal and tailored induction programme for new Directors, which is administered by the Company Secretary. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice. Advisers to the Company also prepare reports for the Board from time to time. In addition, the Chairman reviews the training and development needs of each Director annually, as part of the evaluation process outlined below.

Board Evaluation

The Board has adopted a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The evaluation takes place in two stages. First, the evaluation of individual Directors is led by the Chairman, and the evaluation of the Chairman's performance is led by the Senior Independent Director.

Corporate Governance Statement

Secondly, the Board evaluates its own performance and that of its Committees. The Directors meet at least once a year without the Chairman present and the Senior Independent Director chairs this meeting.

Evaluation is conducted utilising a questionnaire combined with one to one meetings if appropriate. The Board has developed criteria for use at the evaluation, which focuses on the individual contribution to the Board and its Committees made by each Director, an analysis of the time which Directors are able to allocate to the Company to discharge their duties effectively and the responsibilities, composition and agenda of the Committees and of the Board itself. The evaluation also focuses on the operation of the Board as a whole and its diversity, taking into account factors such as the overall skills, knowledge and experience possessed by its members and their knowledge of the Company and the significant issues which it faces. The last evaluation took place in May 2013.

The last external evaluation of the Board was commissioned in December 2011, facilitated by Trust Associates.

Meetings and Attendance

The Board meets at least four times each year and, in addition, meets specifically to discuss strategy once each year. Additional meetings are also arranged as required and regular contact between Directors, the Investment Manager and the Company Secretary is maintained throughout the year. Representatives of the Investment Manager and Company Secretary attend each meeting and other advisers also attend when requested to do so by the Board. Attendance at the four scheduled Board meetings and at Committee meetings held during the year under review was as follows.

Director	Board	Nomination Committee	Audit Committee	Management Engagement Committee
The Hon. Rupert Carington	4/4	1/1	2/2	1/1
Robert Binyon	4/4	1/1	2/2	1/1
Robert Boyle*	3/3	1/1	2/2	1/1
Anthony Fenn	4/4	1/1	2/2	1/1
Nicholas Smith	3/4	1/1	2/2	1/1
Rosemary Morgan	4/4	1/1	2/2	1/1

*Mr Boyle resigned as a Director on 28 June 2013.

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

Information Flows

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

Directors' and Officers' Liability Insurance

During the year, the Company maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy.

Directors' Indemnities

The Company provides a Deed of Indemnity to each Director to the extent permitted by United Kingdom law whereby the Company is able to indemnify such Director against any liability incurred in proceedings in which the Director is successful, and for costs in defending a claim brought against the Director for breach of duty where the Director acted honestly and reasonably. The Deeds of Indemnity were in place throughout the year under review.

Conflicts of Interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, the 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.

Substantial Share Interests

Interests of 3% or more of the voting rights attaching to the Company's issued share capital, which have been notified to the Company, are set out in the Report of the Directors on page 15.

Corporate Governance Statement

Relations with Shareholders

The Board believes that the maintenance of good relations with both institutional and retail shareholders is important for the long-term prospects of the Company. It has since its launch, sought engagement with investors. The Chairman, and other Directors where appropriate, discuss governance and strategy with major shareholders and the Chairman ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its corporate broker and the Investment Manager.

The Board believes that the Annual General Meeting ("AGM") provides an appropriate forum for investors to communicate with the Board, and encourages participation. The Annual Report and Accounts is, when possible, sent to shareholders at least 20 business days before the AGM. The AGM is typically attended by all Directors and proceedings include a presentation by the Investment Manager. There is an opportunity for individual shareholders to question the Chairmen of the Board and its Committees and the Senior Independent Director at the AGM. Details of proxy votes received in respect of each resolution are made available to shareholders at the Meeting and on the Company's website as soon as practicable after the meeting.

The Board believes that the Company's policy of reporting to shareholders as soon as possible after the Company's year end, and holding the earliest possible AGM, is valuable. The Notice of Meeting on page 45 sets out the business of the AGM.

Exercise of Voting Rights and the UK Stewardship Code

The Company has delegated responsibility for voting to Schroders, which votes in accordance with its corporate governance policy. A copy of this policy is available on the Company's website. The Board considers the UK Stewardship Code to be an important tool in shareholder engagement and monitors the voting policy of the Manager to ensure compliance. Schroders' compliance with the principles of the UK Stewardship Code, as revised in September 2012, is reported on its website, www.schroders.com.

Internal Control

The Code requires the Board to conduct at least annually a review of the adequacy of the Company's systems of internal control, including its risk management system, and report to shareholders that it has done so. The Board has undertaken a full review of all the aspects of the Turnbull Guidance as revised in October 2005 (the "Turnbull Guidance"), under which the Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has approved a detailed Risk Map identifying significant strategic, investment-related, operational and service provider-related risks and has in place a monitoring system to ensure that risk management and all aspects of internal control are considered on a regular basis, and fully reviewed at least annually. The monitoring system assists in determining the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives.

The Board believes that the key risks identified and the implementation of a continuing system to identify, evaluate and manage these risks are based upon and relevant to the Company's business as an investment company. Risk assessment, which has been in place throughout the financial year and up to the date of this report, includes consideration of the scope and quality of the systems of internal control, including any whistleblowing policies where appropriate, adopted by the Investment Manager and other major service providers, and ensures regular communication of the results of monitoring by third parties to the Board, 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 during the course of the year and up to the date of this report, from the Board's on-going risk assessment.

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

The Company does not have an internal audit function as it employs no staff and contracts to third parties most of its operations. The Board will continue to monitor its system of internal control and will continue to take steps to embed the system of internal control and risk management into the operations of the Company. In doing so, the Audit Committee will review at least annually whether a function equivalent to an internal audit is needed.

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 30 September 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements, which are prepared by Schroder AsiaPacific Fund plc (the "Company"), comprise:

- the balance sheet as at 30 September 2013;
- the income statement for the year then ended;
- the cash flow statement and the reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

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

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

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined an overall materiality for the financial statements as a whole of £4.5 million which is approximately 1% of Net Assets.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Company is a standalone Investment Trust Company managed by an independent investment manager, Schroder Investment Management Limited (the "Investment Manager").

The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Investment Manager. The Investment Manager has, with the consent of the Directors, delegated the provision of certain administrative functions to HSBC Securities Services (UK) Limited (the 'Company Administrator').

In establishing the overall approach to our audit we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Investment Manager and Company Administrator, and we assessed the control environment in place at both entities, to the extent relevant to our audit of the Company.

Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

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

Areas of particular audit focus

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 22.

Area of focus	How the scope of our audit addressed the area of focus
Valuation and existence of investments We focused on this area because investments represent the principal element of the financial statements	The investment portfolio comprises listed equity investments. We tested the valuation of the investment portfolio by agreeing the valuation of investments to independent third party sources. We tested the existence of the investment portfolio by agreeing the holdings to an independent custodian confirmation.
Risk of management override of internal controls ISAs (UK & Ireland) require we consider management override of controls.	We tested a sample of journal entries to determine whether adjustments were supported by evidence and appropriately authorised. We built an element of unpredictability into our detailed testing by testing immaterial expense items.

Going Concern

Under the Listing Rules we are required to review the directors' statement, set out on page 16, in relation to going concern. We have nothing to report having performed our review.

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

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

Opinions on matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Corporate Governance Statement set out on pages 21 to 25 in the Annual Report with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

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

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made, and under the Listing Rules we are required to review certain elements of the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from these responsibilities.

Corporate Governance Statement

Under the Companies Act 2006, we are required to report to you if, in our opinion a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

On page 16 of the Annual Report, as required by the Code Provision C.1.1, the directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy. On page 22, as required by C3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the directors is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Report and Accounts

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 15 and 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

13 December 2013

Notes:

* The maintenance and integrity of the Schroder AsiaPacific Fund plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

* Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 30 September 2013

	Note	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Gains on investments held at fair value through profit or loss	2	–	1,130	1,130	–	86,326	86,326
Net foreign currency (losses)/gains		–	(351)	(351)	–	809	809
Income from investments	3	10,879	–	10,879	9,897	–	9,897
Other interest receivable and similar income	3	139	–	139	229	–	229
Gross return		11,018	779	11,797	10,126	87,135	97,261
Investment management fee	4	(4,319)	–	(4,319)	(3,617)	–	(3,617)
Administrative expenses	5	(796)	–	(796)	(699)	–	(699)
Net return before finance costs and taxation		5,903	779	6,682	5,810	87,135	92,945
Finance costs	6	(621)	–	(621)	(456)	–	(456)
Net return on ordinary activities before taxation		5,282	779	6,061	5,354	87,135	92,489
Taxation on ordinary activities	7	(282)	–	(282)	(438)	(52)	(490)
Net return on ordinary activities after taxation		5,000	779	5,779	4,916	87,083	91,999
Return per Ordinary share	9	3.08p	0.48p	3.56p	3.37p	59.67p	63.04p

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 Total column includes all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ("STRGL"). For this reason a STRGL has not been presented.

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 33 to 44 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2013

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2011	14,877	33,744	2,704	48,479	8,704	194,278	4,494	307,280
Issue of Ordinary shares on exercise of Subscription shares	3	72	–	–	–	–	–	75
Net return on ordinary activities	–	–	–	–	–	87,083	4,916	91,999
Ordinary dividend paid in the year	–	–	–	–	–	–	(4,014)	(4,014)
At 30 September 2012	14,880	33,816	2,704	48,479	8,704	281,361	5,396	395,340
Issue of Ordinary shares on exercise of Subscription shares	2,560	67,140	–	–	–	–	–	69,700
Repurchase and cancellation of the Company's own Ordinary shares	(470)	–	470	(11,063)	–	–	–	(11,063)
Net return on ordinary activities	–	–	–	–	–	779	5,000	5,779
Ordinary dividend paid in the year	–	–	–	–	–	–	(4,732)	(4,732)
At 30 September 2013	**16,970**	**100,956**	**3,174**	**37,416**	**8,704**	**282,140**	**5,664**	**455,024**

The notes on pages 33 to 44 form an integral part of these accounts.

Balance Sheet

at 30 September 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	442,669	417,326
Current assets			
Debtors	11	830	1,775
Cash and short term deposits		35,303	11,493
		36,133	13,268
Current liabilities			
Creditors: amounts falling due within one year	12	(23,778)	(35,254)
Net current assets/(liabilities)		12,355	(21,986)
Net assets		455,024	395,340
Capital and reserves			
Called-up share capital	13	16,970	14,880
Share premium	14	100,956	33,816
Capital redemption reserve	14	3,174	2,704
Share purchase reserve	14	37,416	48,479
Warrant exercise reserve	14	8,704	8,704
Capital reserves	14	282,140	281,361
Revenue reserve	14	5,664	5,396
Total equity shareholders' funds		455,024	395,340
Net asset value per Ordinary share			
Undiluted	15	268.13p	270.86p
Diluted	15	N/A	266.64p

These accounts were approved and authorised for issue by the Board of Directors on 13 December 2013 and signed on its behalf by:

Rupert Carington
Chairman

The notes on pages 33 to 44 form an integral part of these accounts.

Registered in England and Wales.
Company Number: 3104981

Cash Flow Statement

for the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	**16**	**8,337**	5,769
Servicing of finance			
Interest paid		**(612)**	(488)
Net cash outflow from servicing of finance		**(612)**	(488)
Taxation			
Overseas taxation paid		**(300)**	(442)
Investment activities			
Purchases of investments		**(268,756)**	(251,005)
Sales of investments		**245,414**	240,132
Net cash outflow from investment activities		**(23,342)**	(10,873)
Dividend paid		**(4,732)**	(4,014)
Net cash outflow before financing		**(20,649)**	(10,048)
Financing			
Issue of Ordinary shares on exercise of Subscription shares		**69,700**	75
Repurchase and cancellation of the Company's own Ordinary shares		**(11,063)**	–
Bank loan (repaid)/drawn down		**(12,997)**	9,482
Net cash inflow from financing		**45,640**	9,557
Net cash inflow/(outflow) in the year	**17**	**24,991**	(491)

The notes on pages 33 to 44 form an integral part of these accounts.

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

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

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

The policies applied in these accounts are consistent with those applied in the preceding year.

(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 strategy 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.

(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.

(d) Income

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

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

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

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

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement except that expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transactions costs are given in note 10 on page 37.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 25 "Financial Instruments: Presentation" and FRS 26 "Financial Instruments: Measurement".

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

(g) Financial instruments

Cash and short term deposits 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 measured at amortised cost. They are recorded at the proceeds received net of direct issue 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.

(h) Taxation

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

Deferred tax is accounted for in accordance with FRS 19: "Deferred Tax".

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Notes to the Accounts

Tax relief is allocated to expenses charged to the capital column of the Income Statement on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

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

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 23: "The effects of changes in Foreign Currency Exchange Rates" 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. Sterling is also 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 are translated at the rates of exchange prevailing at the year end.

(k) Dividends payable

In accordance with FRS 21: "Events after the Balance Sheet Date", dividends are included in the accounts in the year in which they are paid.

(l) Repurchases of Ordinary shares for cancellation

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

(m) Conversion of Subscription shares

When the holders of Subscription shares exercise their right to convert their shares into Ordinary shares, the nominal value of those Subscription shares is debited to Called-up share capital and the nominal value of the Ordinary shares into which the Subscription shares convert is credited to Called-up share capital. The balance of the consideration received is credited to Share premium.

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

	2013 £'000	2012 £'000
Gains on sales of investments based on historic cost	**13,663**	17,080
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**(9,965)**	13,312
Gains on sales of investments based on the carrying value at the previous balance sheet date	**3,698**	30,392
Net movement in investment holding gains and losses	**(2,568)**	55,934
Gains on investments held at fair value through profit or loss	**1,130**	86,326

3. Income

	2013 £'000	2012 £'000
Income from investments:		
Overseas dividends	**10,388**	9,772
UK dividends	**426**	125
Scrip dividends	**65**	–
	10,879	9,897
Other interest receivable and similar income:		
Stock lending fees	**86**	181
Deposit interest	**53**	48
	139	229
	11,018	10,126

Notes to the Accounts

4. Investment management fee

	2013 £'000	2012 £'000
Management fee	**4,319**	3,617

The basis for calculating the investment management fee is set out in the Report of the Directors on page 15.

5. Administrative expenses

	2013 £'000	2012 £'000
Administration expenses	**543**	469
Directors' fees	**141**	120
Secretarial fee	**91**	89
Auditors' remuneration for audit services	**19**	19
Auditors' remuneration for taxation compliance services	**2**	2
	796	699

6. Finance costs

	2013 £'000	2012 £'000
Interest on bank loans and overdrafts	**621**	456

7. Taxation

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
(a) Analysis of charge in the year:						
Irrecoverable overseas tax	**282**	**–**	**282**	438	–	438
Capital gains tax	**–**	**–**	**–**	–	52	52
Current tax charge for the year	**282**	**–**	**282**	438	52	490

The Company has no corporation tax liability for the year ended 30 September 2013 (2012: £nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2012: lower) than the Company's applicable rate of corporation tax for the year of 23.5% (2012: 25.0%).

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

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Net return on ordinary activities before taxation	**5,282**	**779**	**6,061**	5,354	87,135	92,489
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 23.5% (2012: 25.0%)	**1,241**	**183**	**1,424**	1,339	21,784	23,123
Effects of:						
Capital returns on investments	**–**	**(183)**	**(183)**	–	(21,784)	(21,784)
Income not chargeable to corporation tax	**(2,309)**	**–**	**(2,309)**	(2,164)	–	(2,164)
Overseas withholding tax	**282**	**–**	**282**	438	–	438
Overseas withholding tax allowed as a deductible expense	**(5)**	**–**	**(5)**	(9)	–	(9)
Capital gains tax	**–**	**–**	**–**	–	52	52
Expenses not deductible for tax purposes	**–**	**–**	**–**	(1)	–	(1)
Unrelieved expenses	**1,073**	**–**	**1,073**	835	–	835
Current tax charge for the year	**282**	**–**	**282**	438	52	490

Notes to the Accounts

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £2,863,000 (2012: £2,243,000) based on a prospective corporation tax rate of 20% (2012: 23%). The reduction in the standard rate of corporation tax was substantively enacted in July 2013 and is effective from 1 April 2015.

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 continue to meet the conditions required to obtain approval as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and declared

	2013 £'000	2012 £'000
2012 final dividend paid of 3.35p (2011: 2.75p)	**4,732**	4,014

	2013 £'000	2012 £'000
2013 final dividend proposed of 3.35p (2012: 3.35p)	**5,685**	4,890

The 2012 final dividend proposed amounted to £4,890,000. However, the actual amount paid was £4,732,000 due to shares repurchased and cancelled after the balance sheet date but prior to the dividend record date.

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ("Section 1158")

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £5,000,000 (2012: £4,916,000).

	2013 £'000	2012 £'000
2013 final dividend proposed of 3.35p (2012: 3.35p)	**5,685**	4,890

9. Return per Ordinary share

	2013 £'000	2012 £'000
Revenue return	**5,000**	4,916
Capital return	**779**	87,083
Total return	**5,779**	91,999
Weighted average number of Ordinary shares in issue during the year	**162,538,879**	145,950,002
Revenue return per share	**3.08p**	3.37p
Capital return per share	**0.48p**	59.67p
Total return per share	**3.56p**	63.04p

There was no dilution to the return per Ordinary share for the current and comparative year.

Notes to the Accounts

10. Investments held at fair value through profit or loss

	2013 £'000	2012 £'000
Opening book cost	**357,482**	329,921
Opening investment holding gains/(losses)	**59,844**	(9,402)
Opening valuation	**417,326**	320,519
Purchases at cost	**268,806**	248,050
Sales proceeds	**(244,593)**	(237,569)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**3,698**	30,392
Net movement in investment holding gains and losses	**(2,568)**	55,934
Closing valuation	**442,669**	417,326
Closing book cost	**395,358**	357,482
Closing investment holding gains	**47,311**	59,844
Total investments held at fair value through profit or loss	**442,669**	417,326

During the year, prior year investment holding gains amounting to £9,965,000 have been transferred to gains and losses on sales of investments as disclosed in note 14 on page 38.

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

	2013 £'000	2012 £'000
On acquisitions	**456**	427
On disposals	**573**	509
	1,029	936

11. Debtors

	2013 £'000	2012 £'000
Securities sold awaiting settlement	**–**	821
Dividends and interest receivable	**747**	873
Taxation recoverable	**60**	52
Other debtors	**23**	29
	830	1,775

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

12. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank loan	**20,233**	34,060
Securities purchased awaiting settlement	**–**	15
Other creditors and accruals	**3,545**	1,179
	23,778	35,254

The loan comprises US$15.0 million (£9.2 million) and Australian $19.0 million (£11.0 million) drawn down on the Company's US$75 million, one year, multicurrency credit facility with Scotiabank which expires in May 2014. 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. Further details of the facility are given note 20 on page 42. The loan at the prior year end comprises US$55 million drawn down on the preceding facility with Scotiabank.

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

Notes to the Accounts

13. Called-up share capital

	2013 £'000	2012 £'000
Ordinary shares allotted, called up and fully paid:		
Ordinary shares of 10p each:		
Opening balance of 145,956,071 (2012: 145,921,120) Ordinary shares	**14,596**	14,592
Repurchase and cancellation of 4,700,000 (2012: Nil) Ordinary shares	**(470)**	–
Issue of 28,444,645 (2012: 34,951) Ordinary shares on exercise of Subscription shares	**2,844**	4
Closing balance of 169,700,716 (2012: 145,956,071) Ordinary shares	**16,970**	14,596
Subscription shares of 1p each:		
Opening balance 28,444,645 (2012: 28,479,596) Subscription shares	**284**	285
Exercise of 28,444,645 (2012: 34,951) Subscription shares into Ordinary shares	**(284)**	(1)
Closing balance of Nil (2012: 28,444,645) Subscription shares[1]	**–**	284
Total called-up share capital	**16,970**	14,880

During the year, the Company made market purchases of 4,700,000 of its own Ordinary shares, nominal value £470,000, for cancellation, representing 3.22% of the Ordinary shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £11,063,000.

[1]The Subscription shares were issued as a bonus issue to the Ordinary shareholders on 13 October 2009 on the basis of one Subscription share for every five Ordinary shares. Each Subscription share conferred the right (but not the obligation) to subscribe for one Ordinary share on 31 December, 31 March, 30 June, and 30 September until 31 December 2012 when the rights under the Subscription shares lapsed. During the period from 1 October 2012 to 31 December 2012, holders of 3,777,354 Subscription shares exercised their right to convert those shares into Ordinary shares at a price of 245.0 pence per share. Following the subsequent appointment of a trustee, pursuant to paragraph 8(g) of Part 4 of the Particulars and Procedures in respect of the Subscription shares (set out in the prospectus of the Company dated 18 September 2009), the remaining 24,667,291 Subscription shares were exercised on the same terms and sold in the market.

14. Reserves

					Capital reserves		
	Share premium[1] £'000	Capital redemption reserve[2] £'000	Share purchase reserve[3] £'000	Warrant exercise reserve[4] £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve £'000
Opening balance	33,816	2,704	48,479	8,704	221,588	59,773	5,396
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	3,698	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	(2,568)	–
Transfer on disposal of investments	–	–	–	–	9,965	(9,965)	–
Realised exchange losses on cash and short term deposits	–	–	–	–	(1,181)	–	–
Exchange (losses)/gains on credit facility	–	–	–	–	(604)	1,434	–
Repurchase and cancellation of ordinary shares	–	470	(11,063)	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	67,140	–	–	–	–	–	–
Dividend paid	–	–	–	–	–	–	(4,732)
Retained revenue for the year	–	–	–	–	–	–	5,000
Closing balance	**100,956**	**3,174**	**37,416**	**8,704**	**233,466**	**48,674**	**5,664**

[1]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.

[2]Represents the accumulated nominal value of Ordinary shares repurchased for cancellation.

[3]Arose following the cancellation of the balance of share premium in 1998 and was created for the purpose of financing share buy-backs.

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

Notes to the Accounts

15. Net asset value per Ordinary share

	2013	2012
Undiluted:		
Net assets attributable to the Ordinary shareholders (£'000)	**455,024**	395,340
Ordinary shares in issue at the year end	**169,700,716**	145,956,071
Undiluted net asset value per Ordinary share	**268.13p**	270.86p
Diluted:		
Net assets attributable to the Ordinary shareholders assuming exercise of Subscription shares (£'000)	**N/a**	465,029
Ordinary shares in issue at the year end assuming exercise of Subscription shares	**N/a**	174,400,716
Diluted net asset value per Ordinary share	**N/a**	266.64p

The diluted net asset value per Ordinary share at 30 September 2012 assumes that all outstanding Subscription shares, were converted into Ordinary shares at 245.0 pence per share which was the price available at that date.

16. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2013 £'000	2012 £'000
Total return on ordinary activities before finance costs and taxation	**6,682**	92,945
Less capital return on ordinary activities before finance costs and taxation	**(779)**	(87,135)
Scrip dividends received as income	**(65)**	–
Decrease/(increase) in accrued dividends and interest receivable	**126**	(216)
Decrease/(increase) in other debtors	**6**	(15)
Increase in accrued expenses	**2,367**	190
Net cash inflow from operating activities	**8,337**	5,769

17. Analysis of changes in net funds/debt

	2012 £'000	Cash flow £'000	Exchange movements £'000	2013 £'000
Cash and short term deposits	11,493	24,991	(1,181)	**35,303**
Bank loan	(34,060)	12,997	830	**(20,233)**
Net (debt)/funds	(22,567)	37,988	(351)	**15,070**

18. Transactions with the Manager

The Company has appointed Schroder Investment Management Limited, a wholly owned subsidiary of Schroders plc, to provide investment management, accounting, company secretarial and administration services. If the Company invests in funds managed or advised by the Manager or any of its associated companies, those funds are excluded from the assets used for the purposes of the management fee calculation and therefore attract no fee. Under the terms of the Investment Management Agreement, the Manager is also entitled to receive a company secretarial fee.

Details of the Investment Management Agreement are given in the Report of the Directors on page 15.

The management fee payable in respect of the year ended 30 September 2013 amounted to £4,319,000 (2012: £3,617,000), of which £3,330,000 (2012: £993,000) was outstanding at the year end. The company secretarial fee payable to Schroders in respect of the year ended 30 September 2013 amounted to £91,000 (2012: £89,000), of which £68,000 (2012: £51,000) was outstanding at the year end.

Current account facilities were provided during the year by Schroder & Co Limited. At 30 September 2013, the balance held at Schroder & Co Limited was £500,000 (2012: £499,000).

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

Notes to the Accounts

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 29 that are held at fair value comprise its investment portfolio. The Company currently holds no derivative financial instruments and its liabilities are not held at fair value.

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

Level 1 – valued using quoted prices in active markets.

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

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(b) on page 33.

At 30 September 2013, the Company's investment portfolio comprised entirely equity investments and warrants included in Level 1 (2012: same).

There have been no transfers between Levels 1, 2 or 3 during the year (2012: Nil).

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

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, with the aim of achieving growth in excess of the MSCI All Countries Asia excluding Japan Index in Sterling terms (Benchmark Index) over the longer term. 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 are as follows:

- investments in shares and warrants which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations; and
- a multicurrency credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations.

(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.

Notes to the Accounts

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.

2013

	Hong Kong Dollars £'000	**US Dollars £'000**	**South Korean Won £'000**	**Taiwan Dollars £'000**	**Singapore Dollars £'000**	**Thai Baht £'000**	**Indian Rupees £'000**	**Other £'000**	**Total £'000**
Current assets	**16,776**	**508**	**1**	**351**	**8,248**	**2**	**42**	**5,955**	**31,883**
Current liabilities	**–**	**(9,269)**	**–**	**(13)**	**–**	**–**	**–**	**(10,995)**	**(20,277)**
Foreign currency exposure on net monetary items	**16,776**	**(8,761)**	**1**	**338**	**8,248**	**2**	**42**	**(5,040)**	**11,606**
Investments held at fair value through profit or loss	**144,983**	**61,086**	**76,852**	**50,933**	**16,118**	**31,100**	**31,724**	**29,873**	**442,669**
Total net foreign currency exposure	**161,759**	**52,325**	**76,853**	**51,271**	**24,366**	**31,102**	**31,766**	**24,833**	**454,275**

2012

	Hong Kong Dollars £'000	US Dollars £'000	South Korean Won £'000	Taiwan Dollars £'000	Singapore Dollars £'000	Thai Baht £'000	Indian Rupees £'000	Other £'000	Total £'000
Current assets	2,496	239	758	51	4,001	7	48	2,661	10,261
Current liabilities	–	(34,082)	–	–	–	–	(15)	–	(34,097)
Foreign currency exposure on net monetary items	2,496	(33,843)	758	51	4,001	7	33	2,661	(23,836)
Investments held at fair value through profit or loss	113,911	57,206	68,197	44,350	22,331	28,852	27,414	55,065	417,326
Total net foreign currency exposure	116,407	23,363	68,955	44,401	26,332	28,859	27,447	57,726	393,490

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2012: 10%) appreciation or depreciation in Sterling against 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:

	2013 £'000	2012 £'000
Income Statement – return after taxation		
Revenue return	**962**	911
Capital return	**1,161**	(2,384)
Total return after taxation	**2,123**	(1,473)
Net assets	**2,123**	(1,473)

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

	2013 £'000	2012 £'000
Income Statement – return after taxation		
Revenue return	**(962)**	(911)
Capital return	**(1,161)**	2,384
Total return after taxation	**(2,123)**	1,473
Net assets	**(2,123)**	1,473

Notes to the Accounts

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 43.

(ii) Interest rate risk

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

Management of interest rate risk

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

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

Interest rate exposure

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

	2013 **£'000**	2012 £'000
Exposure to floating interest rates:		
Cash at bank and short term deposits	**35,303**	11,493
Creditors: amounts falling due within one year – borrowings on the credit facility	**(20,233)**	(34,060)
Total exposure	**15,070**	(22,567)

Interest receivable on cash balances is at a margin below LIBOR (2012: same).

During the year, the Company extended the US$75 million credit facility with Scotiabank to May 2014. Interest is payable at a rate of LIBOR as quoted in the market for the loan 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 2013, the Company had drawn down US$15.0 million (£9.2 million) at an interest rate of 0.98% per annum and Australian $19.0 million (£11.0 million) at an interest rate of 3.40% per annum, on this facility. At the prior year end, the Company had drawn down US$55 million (£34.1 million) on the preceding US$75 million credit facility with Scotiabank.

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/(loan) balances during the year are as follows:

	2013 **£'000**	2012 £'000
Maximum debit interest rate exposure during the year – net loan balances	**(30,520)**	(29,523)
Maximum credit/minimum debit interest rate exposure during the year – net cash/(loan) balances	**15,070**	(3,828)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2012: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2013		2012	
	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	**75**	**(75)**	(113)	113
Capital return	**–**	**–**	–	–
Total return after taxation	**75**	**(75)**	(113)	113
Net assets	**75**	**(75)**	(113)	113

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 equity investments.

Management of market price risk

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

Market price risk exposure

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

	2013 £'000	2012 £'000
Investments held at fair value through profit or loss	**442,669**	417,326

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 quoted on Asian stockmarkets. Accordingly there is a concentration of exposure to that region. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

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% (2012: 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.

	2013		2012	
	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	**(753)**	**753**	(751)	751
Capital return	**88,534**	**(88,534)**	83,465	(83,465)
Total return after taxation and net assets	**87,781**	**(87,781)**	82,714	(82,714)
Percentage change in net asset value	**19.3%**	**(19.3%)**	20.9%	(20.9%)

(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.

The Board's policy is for the Company to remain fully invested in normal market conditions and that the credit facility be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

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

	Three months or less 2013 £'000	Three months or less 2012 £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	**20,274**	34,093
Securities purchased awaiting settlement	**–**	15
Other creditors and accruals	**3,514**	1,157
	23,788	35,265

Notes to the Accounts

(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

JPMorgan Chase is the Custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets and are therefore protected from creditors in the event that JPMorgan Chase were to cease trading.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash and short term deposits represent the maximum exposure to credit risk at the current and comparative year ends. No debtors are past their due date or deemed to be impaired.

The value of securities on loan at 30 September 2013 amounted to £3,009,000 (2012: £9,535,000). The highest value of securities on loan during the year ended 30 September 2013 amounted to £11,710,000 (2012: £15,522,000). Collateral is obtained by the Manager and is called in on a daily basis to a value of 102% of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency. Collateral acceptable under the Stock Lending Agreement may comprise Eurozone, UK, or US government securities.

(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.

21. 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:

	2013 £'000	2012 £'000
Debt		
Bank loan	**20,233**	34,060
Equity		
Called-up share capital	**16,970**	14,880
Reserves	**438,054**	380,460
	455,024	395,340
Total debt and equity	**475,257**	429,400

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.

	2013 £'000	2012 £'000
Borrowings used for investment purposes, less cash	**(15,070)**	22,567
Net assets	**455,024**	395,340
(Net cash)/gearing	**(3.3%)**	5.7%

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 dividend to be paid, in excess of that which is required to be distributed.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Schroder AsiaPacific Fund plc will be held at 11.30 a.m. on Thursday, 30 January 2014 at 31 Gresham Street, London EC2V 7QA, to consider and, if thought fit, pass 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 2013.
2. To approve a final dividend of 3.35p per share for the financial year ended 30 September 2013.
3. To approve the Company's Directors' Remuneration Policy.
4. To approve the Directors' Annual Report on Remuneration for the year ended 30 September 2013.
5. To re-elect The Hon. Rupert Carington as a Director of the Company.
6. To re-elect Mr Robert Binyon as a Director of the Company.
7. To re-elect Mrs Rosemary Morgan as a Director of the Company.
8. To re-elect Mr Anthony Fenn as a Director of the Company.
9. To re-elect Mr Nicholas Smith as a Director of the Company.
10. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company.
11. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors of the Company.
12. 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 693 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of section 693(4) 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 hereby authorised to be purchased shall be 25,438,137, representing 14.99% of the issued Ordinary share capital as at 13 December 2013;
    (b) the minimum price which may be paid for a share is 10p;
    (c) the maximum price which may be paid for a share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased and (ii) the higher of the price of the last independent trade in the shares of that class and the highest then current independent bid for the shares of that class on the London Stock Exchange;
    (d) purchases may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to net asset value;
    (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed or revoked prior to such time; and
    (f) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority 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."
13. To consider and, if thought fit, to pass the following resolution as a special resolution:
    "That the draft Articles of Association set out in the document produced to this meeting and signed by the Chairman of the meeting for the purposes of identification be and hereby are approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company."

By Order of the Board
Schroder Investment Management Limited
Company Secretary

Registered Office:
31 Gresham Street
London EC2V 7QA

Registered Number: 3104981
13 December 2013

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 http://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 11.30 a.m. on 28 January 2014. 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 6.00 p.m. on 28 January 2013, or 6.00 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 6.00 p.m. on 28 January 2013 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for re-election are set out on the inside front cover of the Company's Annual Report and Accounts for the year ended 30 September 2013.

7. As at 13 December 2013, 169,700,716 Ordinary shares of 10 pence each were in issue (no shares were held in Treasury). The Subscription shares carry no voting rights, therefore the total number of voting rights of the Company as at 13 December 2013 was 169,700,716.

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 Company's website, www.schroderasiapacificfund.com.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

10. Copies of the proposed amended Articles of Association are available from the Company Secretary and will be on display at the registered office of the Company during normal business hours on any weekday (English public holidays excepted). They will also be available for inspection by any person attending the Meeting for at least 15 minutes prior to, and during, the Meeting. The proposed amendment is explained in the Report of the Directors on page 17 of the Annual Report.

Company Summary and Shareholder Information

The Company

Schroder AsiaPacific Fund plc was established in 1995. It is an independent investment trust whose shares are listed on the London Stock Exchange. As at 13 December 2013, the Company had 169,700,716 Ordinary shares of 10p each in issue (no shares were held in treasury). The Company's assets are managed and it is administered by Schroders. The Company measures its performance on a total return basis against the MSCI All Countries Asia ex Japan Index in Sterling terms.

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 of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting of the Company in 2016 and thereafter at five yearly intervals.

Website and Price Information

The Company has a dedicated website, which may be found at www.schroderasiapacificfund.com. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's share price (subject to a delay of 15 minutes) and copies of Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest" which provides details of the Schroder ISA.

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

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

Registrar Services

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 Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The helpline telephone number of Equiniti Registrars is 0800 032 0641. Calls to this number are free of charge from UK landlines.

Equiniti maintain a web-based enquiry service for shareholders. Currently the "Shareview" site (address below) contains information available on public registers.

Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Visit www.shareview.co.uk for more details.

Association of Investment Companies

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

www.schroderasiapacificfund.com

Schroders