

Schroder

AsiaPacific Fund plc

Report and Accounts for the year ended 30 September 2014



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 66) (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 63)

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 72)

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 60)

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 63)

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.

James Williams (Aged 49)

was appointed as a Director of the Company on 11 August 2014 and is currently co managing director of a private Hong Kong based investment company. He worked for 18 years in the investment banking industry for ING Barings, ABN AMRO and Commerzbank Securities including senior roles in Hong Kong, Bangkok and London. After leaving Commerzbank Securities in 2005 he became a partner at Saginaw Capital LLP until 2008.

Each Director is a member of the Audit, Management Engagement and Nomination Committees.

The Hon. Rupert Carington is chairman of the Nomination Committee. Mr Smith is chairman of the Audit Committee.

Mr Fenn is chairman of the Management Engagement Committee.

Alternative Investment Fund Managers (“AIFM”) Directive

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

Advisers

Alternative Investment Fund Manager (the “Manager”)

Schroder Unit Trusts Limited
31 Gresham Street, London EC2V 7QA

Investment Manager, Company Secretary and Registered Office

Schroder Investment Management Limited
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Lending Bank

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Depository and Custodian

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London E14 5HQ

Independent Auditors

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Chartered Accountants and
Statutory Auditors
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London SE1 2RT

Corporate Broker

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10 Paternoster Square
London EC4M 7LT

Registrar

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Aspect House
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West Sussex BN99 6DA

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

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Financial Highlights

	2014	2013	
Total returns (including dividends reinvested) for the year ended 30 September			
Net asset value ("NAV") per share (based on ex-income NAV) ¹	10.9%	1.9%	
Share price ¹	11.2%	3.0%	
Benchmark ²	8.4%	5.3%	
Shareholders' funds, NAV per share and share price at 30 September			% Change
Shareholders' funds (£'000)	495,527	455,024	+8.9
Ordinary shares in issue	169,225,716	169,700,716	(0.3)
NAV per share	292.82p	268.13p	+9.2
Ordinary share price	264.00p	240.70p	+9.7
Revenue for the year ended 30 September			
Net revenue return after taxation (£'000)	4,749	5,000	(5.0)
Revenue return per share	2.80p	3.08p	(9.1)
Dividends per share	2.75p	3.35p	(17.9)
Net cash³	(0.6)%	(3.3)%	
Ongoing Charges⁴	1.08%	1.10%	

¹Source: Morningstar.

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

³Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. At the current and comparative year end, cash exceeded borrowings and this is shown as a "Net cash" position. If borrowings were to exceed cash, this would be shown as "Gearing".

⁴Ongoing 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	2005¹	2006	2007	2008	2009	2010	2011	2012	2013	2014
Shareholders' funds (£'000)	170,876	233,372	335,763	224,321	307,435	388,113	307,280	395,340	455,024	495,527
NAV per Ordinary share, diluted where applicable (pence)	118.94	139.59	200.83	134.17	183.88	224.76	210.16	266.64	268.13	292.82
Ordinary share price (pence)	109.75	124.75	179.00	113.00	166.75	203.75	190.75	236.75	240.70	264.00
Gearing/(net cash)(%) ²	2.6	4.5	7.4	4.0	(0.8)	(3.7)	4.4	5.7	(3.3)	(0.6)
Year ended 30 September										
Net revenue after taxation (£'000)	2,748	2,769	2,497	4,160	4,469	4,394	4,033	4,916	5,000	4,749
Net return per Ordinary share (pence)	1.97	1.76	1.49	2.49	2.67	2.62	2.59	3.37	3.08	2.80
Dividends per Ordinary share (pence)	1.90	1.70	1.50	2.40	2.65	2.65	2.75	3.35	3.35	2.75
Ongoing Charges (%) ³	1.31	1.23	1.27	1.18	1.32	1.22	1.15	1.18	1.10	1.08
Performance⁴										
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NAV total return (based on ex-income NAV, diluted where applicable)										
100.0	132.2	157.3	230.0	153.1	214.8	266.8	251.8	323.5	329.2	365.2
Share price total return										
100.0	131.9	152.4	221.4	140.9	212.5	263.5	249.5	313.7	323.2	359.6
Benchmark ⁵										
100.0	131.4	151.2	223.2	156.4	220.7	266.3	233.9	270.5	284.9	308.9

¹The results for the year ended 30 September 2005 have been restated, where necessary, in accordance with Financial Reporting Standards 21, 25 and 26.

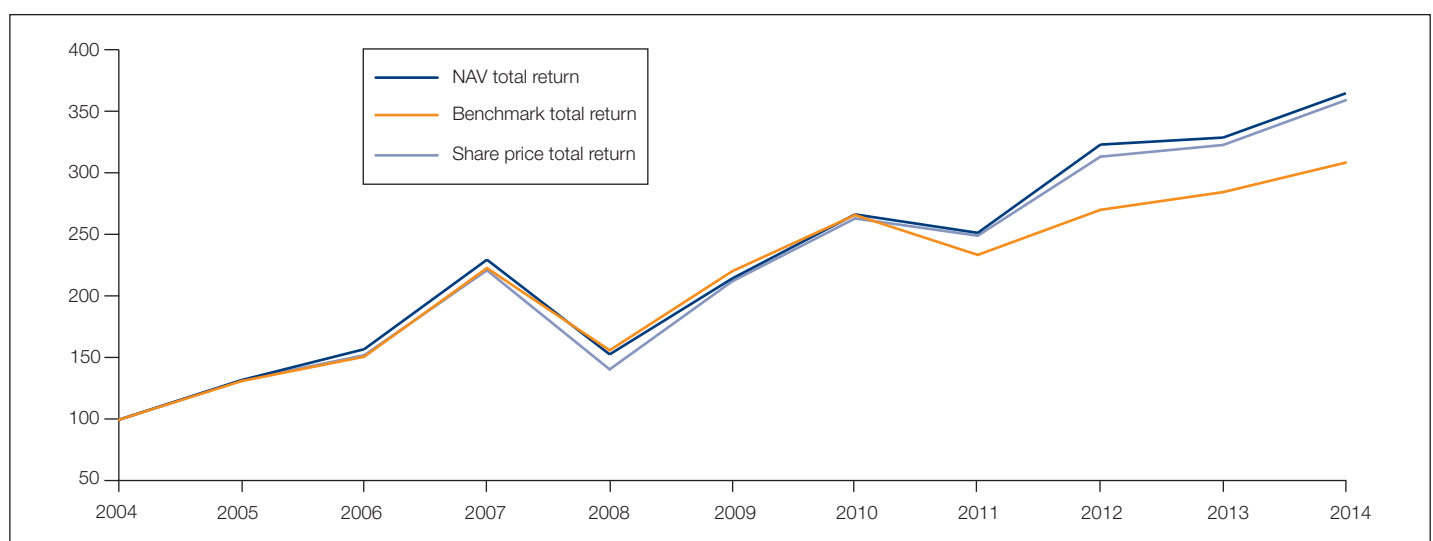
²Gearing/(net cash) represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

³Ongoing 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.

⁴Source: Morningstar/Thomson Financial Datastream. Rebased to 100 at 30 September 2004.

⁵With effect from 31 January 2011, the Company's benchmark was changed to 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 Share Price, Benchmark and NAV Performance to 30 September 2014



Source: Morningstar/Thomson Financial Datastream Rebased to 100 at 30 September 2004.

Chairman's Statement

Investment Performance

The year to 30 September 2014 was positive for Asian markets and the Company's net asset value produced a total return of 10.9%. The Company also outperformed its benchmark Index as the MSCI All Countries Asia ex. Japan Index produced a total return of 8.4% over the year. The Company's share price produced a total return of 11.2%.

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

Final Dividend

The Directors recommend the payment of a final dividend of 2.75 pence per share for the year ended 30 September 2014. Net revenue after taxation for the year dropped only slightly when compared to the previous year (2014: £4,749,000 - 2013: £5,000,000). However, the number of shares in issue increased substantially in January 2013 following the final exercise of subscription shares. If the resolution proposed at the Annual General Meeting to pay a final dividend is passed, the dividend will be paid on 31 January 2015 to shareholders on the Register on 9 January 2015.

Board Composition

Your Board continues to consider its balance of skills and experience, its diversity and its long term succession plan. Mr James Williams was appointed as a non-executive Director of the Company on 11 August 2014 and his election will be proposed at the Annual General Meeting. A summary of his experience and background may be found on the inside front cover of this Annual Report.

As part of the Board's planned refreshment, Mr Robert Binyon will step down from the Board at the Annual General Meeting in January 2015. The Board would like to thank him for his invaluable contribution to the Company during his 14 year tenure as a Director.

Alternative Investment Fund Managers ("AIFM") Directive

In accordance with the AIFM Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund and has appointed Schroder Unit Trusts Limited ("SUTL"), a wholly owned subsidiary of Schroders plc, as the Alternative Investment Fund Manager (the "Manager") to provide portfolio management, risk management, accounting and company secretarial services to the Company in accordance with an Alternative Investment Fund Manager Agreement. SUTL has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited.

Notwithstanding the additional responsibilities of the Manager under the AIFM Directive, fees paid to the Manager were reduced with effect from 1 April 2014 in order to ensure that the Company remained competitive when compared with both closed ended and open ended peer group funds. Further details of the fee reduction may be found in the Report of the Directors on page 15 of the Annual Report.

The Company has appointed HSBC Bank plc as its Depositary, as required by the AIFM Directive, also with effect from 17 July 2014. An additional fee of 0.01% of net assets will be payable for Depositary Services.

Further details of both the AIFM Agreement and the Depositary Agreement may be found in the Report of the Directors.

Gearing Policy and AIFM Directive Leverage Limit

During the year, the Company extended its US\$75 million revolving credit facility for a further twelve months.

At the beginning of the year, the Company held net cash of 3.3% and, whilst the Company continued to utilise borrowings during the year these were offset by cash balances and, at the end of the year the Company had a net cash position of 0.6%.

The Company's gearing continues to operate within pre-agreed limits so that net effective gearing does not represent more than 20% of shareholders' funds.

The AIFM Directive has introduced a requirement for the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. Full details of this leverage limit may be found on the Manager's website at www.schroders.co.uk/its and in the Strategic Report on page 11 of the Annual Report.

Chairman's Statement

Discount Management

At the Company's last Annual General Meeting on 30 January 2014, 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 475,000 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% and the discount traded in line with this target. At the beginning of the year, the discount to the income inclusive NAV was 10.2% and this had decreased to 9.8% at the end of year, the average discount being 10.4% over the year.

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

Outlook

I am happy to report a year of double-digit NAV returns, but I am conscious that it only brings the share price back to the levels of the second quarter of 2013. This lack of progress has been partly for reasons outside of Asia, but the region has also not provided investors with many compelling reasons to send markets to new heights. The Manager's Review discusses interesting political changes in India and Indonesia, as well as regional economic growth which is not necessarily being turned into improved profits growth, and also the issues concerning China's future development.

Uncertainties of this nature have always been the case in the Company's history, but one of Asia's strengths has been its ability to meet challenges. As a result the Company is approaching next year's twentieth anniversary with a NAV more than three times that at launch. Asia is one of the world's great success stories, and we see no reason why the Company should not remain an ideal way for investors to participate in it.

Annual General Meeting

The Annual General Meeting will be held on Wednesday 28 January 2015 at 12.00 noon and shareholders are encouraged to attend. As in previous years, Matthew Dobbs, on behalf of the Manager, will give a presentation on the prospects for Asia and the Company's investment strategy.

The Hon. Rupert Carington

Chairman

12 December 2014

Manager's Review

The net asset value per share of the Company recorded a total return of 10.9% over the twelve months to end September 2014. This was ahead of the performance of the benchmark, the MSCI All Countries Asia ex Japan Index, which was up 8.4% over the same period.

It has been a solid (if not spectacular) year for the performance of Asian stock markets, with all the return coming in the second half of the Company's financial year. Although the strength of sterling was a headwind through most of the second half, this unwound completely in the final month. A benign global backdrop included supportive liquidity conditions and reasonably positive economic data globally, led by a bounce back in the United States following the weather-induced distortions of the first quarter.

The stronger tone in the second half also reflected a recovery in sentiment on China, and a strong rally in India following the decisive election victory for Mr Modi and the BJP party. Emerging ASEAN markets, with the exception of Malaysia, performed relatively well supported by evidence that these economies were adapting well to

tighter local liquidity with higher policy rates, a stabilisation in foreign currency reserves and an improving export performance. Taiwan was supported by strong returns in the information technology sector.

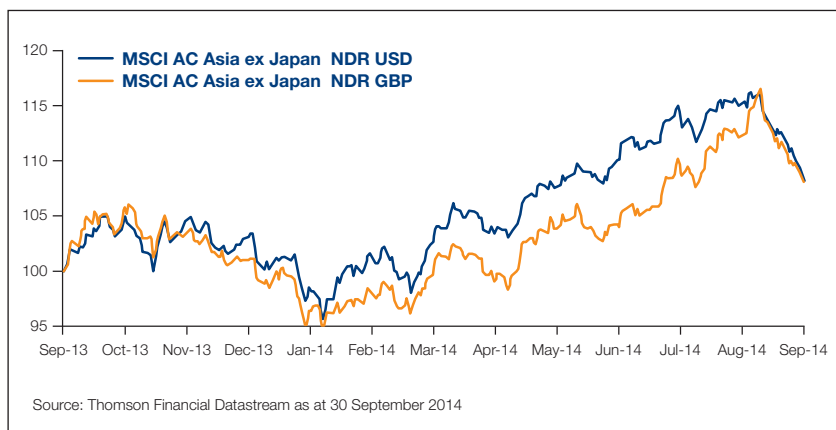
South Korea was the notable laggard. A perfect storm of a strong currency eroding competitiveness, further evidence of poor corporate governance, and downward earnings revisions resulted in negative returns for the year.

The year was marked by some notable political events. In China, the (relatively) new leadership endeavoured to stamp their authority in setting a new economic direction, with potentially sweeping new policies on urbanisation (reform of the "hukou" registration system), environmental protection, and State

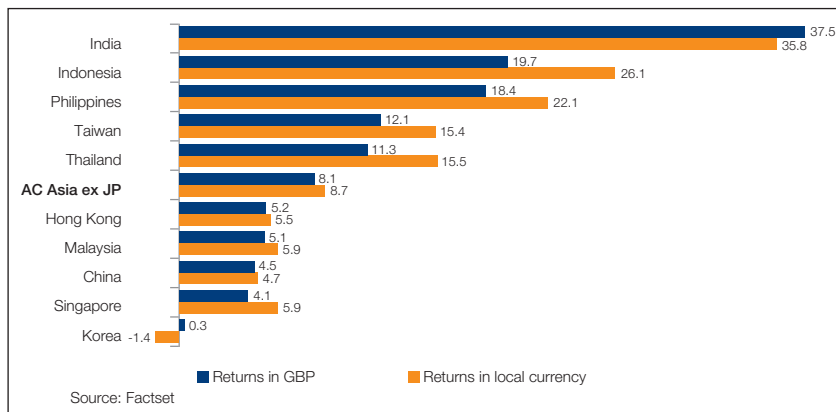
Owned Enterprises restructuring (including official encouragement of higher dividend pay-outs by Government-controlled companies). The drive on official corruption claimed a number of prominent victims, and impacted demand in areas as diverse as luxury goods, restaurants and the Macau casino operators. Sentiment, however, was dominated by perceptions of "official" growth targets and credit conditions, with signs of loosening in the spring leading to a rally in the Chinese equity markets, further aided by announcement of the HK-Shanghai Connect that will facilitate cross-border access to the respective stock markets.

Notable political developments elsewhere included the Thai military coup in May (the tenth since the Second World War) which, following on from six months of flux, was generally well received by investors. Similarly, the election of Joko Widodo as President of Indonesia was seen as a positive development, although the election was less emphatic than expected, and he faces a fractured legislature. In India, the extent of the BJP's victory in the May elections was not anticipated and sparked a further sharp rally in the market led by financials and infrastructure sectors. Finally, in Korea there was much speculation surrounding government proposals to penalise fiscally companies retaining excessive levels of cash, though there were no specific incentives to pay out higher dividends (as opposed to higher capital spending and/or wages).

Performance of the MSCI AC Asia ex Japan Net Dividends Reinvested Index in GBP and USD – 30 September 2013 to 30 September 2014



Country returns of the MSCI AC Asia ex Japan Net Dividends Reinvested Index in GBP – 30 September 2013 to 30 September 2014



Manager's Review

Performance and Portfolio Activity

The primary factor behind the Company's outperformance has been stock selection, with particularly notable contributions from selection in India, Hong Kong and Taiwan, along with lesser contributions from Singapore, Indonesia and The Philippines. The only significant area of underperformance was in Korea. Country allocation was a positive overall, due to the underweighting of China, Korea, and Malaysia, and overweighting of India and Thailand. Partial offsets came from the overweighting of Hong Kong and non-index exposure to Australia.

In terms of portfolio activity, over the year we added to India (and ended the year overweight) while taking an even more cautious stance on Korea. We have added to China and reduced Hong Kong, but continue underweight the former and overweight the latter. Thailand remained our favoured ASEAN market. In sector terms, the portfolio remained overweight consumer discretionary and industrials, and we added to health care. Exposure in financials and consumer staples was reduced.

Outlook and Policy

Arguably the main issue facing investors is posed by credit markets rather than equity markets. The latter do not look excessively expensive in valuation terms, but credit markets look like the unnerving mirror image of where they were in 2008. Then, borrowers faced potentially ruinous rates to access credit. Now there appears little discrimination in credit as, for example, Spain's borrowing cost converges towards Germany and the US. Meanwhile, it is difficult to ignore the rise in geopolitical risks and continued signs of deflationary pressures, in particular a slower growth trajectory in China. This makes us nervous about predicting short term market direction.

More specific to Asia has been rising investor optimism over government-led economic reform which has become a major theme in China, India, Indonesia and Korea. In India and Indonesia progress is likely to be very slow going and current euphoria will be subject to severe testing. However, India has a number of other factors that should support the market including falling inflation, an improving current account and scope for an upturn in capital spending after seven years of decline. For Korea, we need to see more convincing signs of better corporate governance than has been in evidence thus far.

Attention in the region has shifted to China where growth has stabilised amidst a more stimulatory environment in recent months. This generated a more positive trend for Chinese assets over the summer. The currency has started to appreciate mildly again and property prices have stabilised. While this may appear good news, our view is that there is already too much credit in the economy which really needs a period of tightening, rather than more loosening, to resolve the bad debt problems. There is significant value in China that can be unlocked by reforms and a shift in economic direction but not until some of the past excesses have been recognised.

If the hopes for reform may prove misplaced, there are some positive supports for the region. A combination of steady global economic expansion and falling commodity prices is beneficial to the regional export outlook, and industrial and information technology sectors are important components of the equity markets. National balance sheets are also, in general, sound with high savings rates, foreign exchange reserves and positive current accounts. These provide re-assurance that the longer-term scope for domestic demand growth in Asia remains ample.

Our key preferred markets in the region are Hong Kong, India and Thailand. While the Company's portfolio remains underweight in China, we have added to the position over the year concentrating on quality companies that are well positioned for the restructuring of the economy that we expect. Korea and Malaysia are the main underweight markets, while in Taiwan our focus remains upon the information technology sector.

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

Market	Net Asset Value Weightings (%)		Benchmark
	30-Sep-14	30-Sep-13	Index Weight (%) 30-Sep-14
HK	23.9	31.4	12.2
China	15.3	8.5	24.7
Korea	9.1	16.8	19.3
Taiwan	10.3	11.1	15.4
Singapore	7.3	8.2	6.3
Malaysia	-	-	5.0
Indonesia	2.1	1.6	3.4
Thailand	7.8	6.8	3.0
Australia/NZ	1.3	1.9	-
India	15.8	7.0	9.1
Philippines	2.6	2.4	1.6
Other*	3.9	1.0	-
Other net assets	0.6	3.3	-
Total	100.0	100.0	100.0

Source: Schroders, 30 September 2014. *Sri Lanka, Vietnam, USA

Schroder Investment Management Limited

12 December 2014

Investment Portfolio

As at 30 September 2014

Company	Industrial Classification	Activity	Market Value of Holding £'000	% of Total Equity Shareholders' Funds
Taiwan Semiconductor	Technology Hardware	Taiwanese semiconductor manufacturer	28,786	5.8
Jardine Strategic	General Industrials	Hong Kong diversified investment company	22,529	4.5
Hyundai Motor Company	Automobiles and Parts	South Korean based vehicle producer	18,071	3.6
Samsung Electronics	Technology Hardware	South Korean electronics manufacturer	17,109	3.5
Fortune Real Estate Investment Trust	Real Estate Investment Trusts	Owner operator of shopping malls in Hong Kong	15,729	3.2
AIA	Life Insurance	Hong Kong based regional life insurer	15,096	3.1
China Petroleum & Chemical	Oil and Gas Producers	Chinese producer of oil and gas	14,382	2.9
Baidu	Software and Computer Services	Chinese web services provider	12,786	2.6
Gujarat Pipavav Port	Industrial Transportation	Indian port operator	12,100	2.4
Tencent Holdings	Software and Computer Services	Chinese web services provider	11,991	2.4
Kasikornbank	Banks	Thai bank	11,415	2.3
Zee Entertainment Enterprises	Media	Indian producer of Hindi films and television programmes	10,114	2.0
Techtronic Industries	Household Goods	Hong Kong electrical and electronic products manufacturer	10,088	2.0
Ayala Land	Real Estate and Investment	Philippines real estate developer	9,435	1.9
Idea Cellular	Mobile Telecommunications	Indian mobile network operator	9,131	1.8
BOC Hong Kong	Banks	Hong Kong provider of financial products and services	9,119	1.8
Johnson Electric	Electronic and Electrical Equipment	Hong Kong listed manufacturer of micro motors	8,639	1.7
Bank Mandiri	Banks	Indonesian Bank	8,585	1.7
Belle International	Personal Goods	Chinese retailer of womens footwear	8,456	1.7
Infosys	Software and Computer Services	Indian multinational IT consulting and software services provider	8,370	1.7
Top Twenty Holdings			261,931	52.6
Cheung Kong	Real Estate and Investment	Hong Kong based real estate developer	8,292	1.7
LPN Development	Real Estate and Investment	Thai real estate developer	8,282	1.7
Hong Kong Land	Real Estate and Investment	Hong Kong commercial property developer	8,138	1.6
Keppel Corporation	General Industrials	Singapore marine, property and infrastructure business	7,936	1.6
Yum Brands	Travel and Leisure	US based multinational fast food restaurant operator	7,687	1.6
Hon Hai Precision Industries	Electronic and Electrical Equipment	Taiwanese electronics manufacturer	7,305	1.5
Apollo Hospitals Enterprise	Healthcare Equipment and Services	Indian operator of speciality hospitals	7,117	1.4
Hang Lung	Real Estate and Investment	Hong Kong property rental and development	7,004	1.4
Asustek Computers	Technology Hardware	Taiwanese computer hardware and electronics manufacturer	6,780	1.4
Eicher Motors	Industrial Engineering	Indian manufacturer of light commercial vehicles	6,409	1.3
Iluka Resources	Mining	Australian mineral sands operator	6,168	1.3
Lupin	Pharmaceuticals and Biotech	US based multinational pharmaceuticals manufacturer	5,611	1.1
Yue Yuen Industrial	Personal Goods	Hong Kong footwear manufacturer and distributor	5,434	1.1
Bangkok Bank	Banks	Thai bank	5,425	1.1
Hankook Tire	Automobiles and Parts	South Korean tyre producer	5,236	1.1
Visteon	Automobiles and Parts	US based multinational supplier of car parts	5,160	1.0
Mediatek	Technology Hardware	Taiwanese semiconductor designer	4,772	1.0
LG Chemical	Chemicals	Korean petrochemicals producer	4,764	1.0
John Keells ¹	General Industrials	Sri Lankan conglomerate	4,764	1.0
Axis Bank	Banks	Indian bank	4,663	0.9

Investment Portfolio

Company	Industrial Classification	Activity	Market Value of Holding £'000	% of Total Equity Shareholders' Funds
Kerry Properties	Real Estate and Investment	Hong Kong property developer	4,457	0.9
Intouch	Technology Hardware	Thai telecommunications, media and advertising multinational	4,348	0.9
China Mengniu Dairy	Food Producers	Chinese dairy manufacturer and distributor	4,283	0.9
E-House China	Real Estate and Investment	Chinese supplier of real estate services	4,242	0.9
Cipla	Pharmaceuticals and Biotech	Indian multinational manufacturer of chemicals and pharmaceuticals	4,112	0.8
PTT	Oil and Gas Producers	Thai state owned integrated oil and gas company	4,075	0.8
UOL	Real Estate and Investment	Singapore property developer	4,029	0.8
Hopewell	Real Estate and Investment	Hong Kong/China property and toll roads operator	4,026	0.8
WuXi Pharmatech	Pharmaceuticals and Biotech	Chinese pharmaceutical and biotechnology research company	3,532	0.7
Siliconware Precision	Technology Hardware	Taiwanese semiconductor packager	3,449	0.7
Holcim Philippines	Construction and Materials	Philippines cement producer	3,415	0.7
PCCW	Fixed Line Telecommunications	Hong Kong telecommunications provider	3,362	0.7
Land and Houses	Real Estate and Investment	Thai real estate developer	3,335	0.7
Dah Chong Hong	General Retailers	Hong Kong listed conglomerate	3,322	0.7
China Lodging	Travel and Leisure	Chinese economy hotels operator	3,012	0.6
Mindray Medical	Healthcare Equipment and Services	Chinese medical equipment manufacturer	2,976	0.6
Multi Commodity Exchange of India	Financial Services	Indian commodity exchange	2,811	0.6
Federal Bank	Banks	Indian commercial bank	2,776	0.6
Chongqing Changan Automobile	Automobiles and Parts	Chinese car manufacturer	2,745	0.6
Yantai Changyu Pioneer Wine	Beverages	Chinese wine producer and distributor	2,703	0.5
Baoxin Auto	Automobiles and Parts	Hong Kong listed car dealer	2,546	0.5
Alibaba	General Retailers	Chinese e-commerce company	2,530	0.5
Shiram Transport Finance	Financial Services	Indian hire purchase finance provider for trucks	2,410	0.5
China Taiping Insurance	Life Insurance	Hong Kong listed life insurer	2,225	0.5
Swire Properties	Real Estate and Investment	Hong Kong/China property developer	2,016	0.4
Total Access Communications	Telecommunications	Thai telecommunications provider	1,999	0.4
Prada	Personal Goods	Italian fashion company	1,896	0.4
Home Inns & Hotels	Travel and Leisure	Chinese budget hotels operator	1,819	0.4
Shandong Weigao	Healthcare Equipment and Services	Chinese producer of medical products	1,730	0.3
Matahari Department Store	General Retailers	Indonesian retail business	1,649	0.3
Vietnam Enterprise Investments	Country Fund	Vietnamese investment fund	1,583	0.3
Hollysis Automation Technologies	Electronic and Electrical Equipment	Chinese manufacturer of automation and control systems	1,558	0.3
Oracle Financial Services	Software and Computer Services	Indian provider of information technology solutions	1,541	0.3
IDreamsky Technology	Software and Computer Services	Chinese mobile game publishing platform	1,535	0.3
Intime Retail	General Retailers	Hong Kong/China operator of department store chain	1,455	0.3
Chow Sang Sang	General Retailers	Hong Kong manufacturer and retailer of gold and gem-set jewellery	1,185	0.2
McLeod Russel India	Food Producers	Indian tea producer	1,009	0.2
Total investments			490,574	99.0
Other net assets			4,953	1.0
Total equity shareholders' funds			495,527	100.0

¹Includes a holding of warrants.

The portfolio was comprised entirely of equity investments and warrants.

At 30 September 2013, the twenty largest investments represented 57.1% of total equity shareholders' funds.

Strategic Report

Company Structure

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.

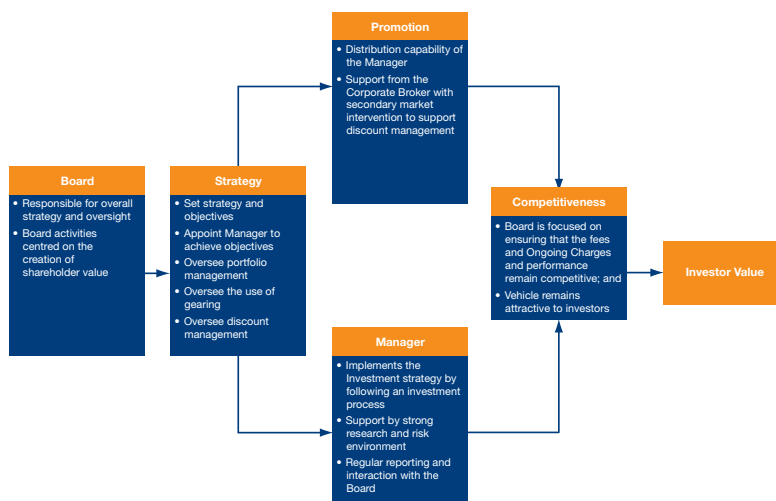
The Company is domiciled in the UK and is an investment company within the meaning of Section 833 of the Companies Act 2006.

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.

Business Model

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



Role and Composition of the Board

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

Investment activities are predominantly monitored through quarterly Board meetings at which the Board receives detailed reports and updates from the Manager, a representative of which attends each Board meeting. Services from other key service providers are reviewed as appropriate.

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisors and institutions which have the potential to be long term supporters of the investment strategy. The Company seeks to achieve this through its Manager and Corporate Broker, which promote the shares of the Company through regular contact with both current and potential shareholders. These activities consist of investor lunches, one-on-one meetings, regional road shows and attendances at conferences for professional investors. In addition the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on the Schroders' website.

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.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against both closed-ended funds and open-ended peers. An analysis of the Company's costs, including management fees, Directors' fees and general expenses is submitted to each Board meeting. Management fees are reviewed at least annually and agreement was reached with the Manager during the year to a reduction in such fees, to take effect from 1 April 2014.

Strategic Report

As at 30 September 2014, the Board comprised five men and one woman. The Board considers each of its members to be independent. The Board's approach to diversity is that candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board, taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender but this is taken into account when the Board examines its overall balance, skill set and experience.

Investment Management

The Manager is authorised and regulated by the Financial Conduct Authority and provides portfolio management, risk management, accounting and company secretarial services to the Company under the terms of an Alternative Investment Fund Manager agreement. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the Corporate Broker as appropriate. The Manager has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited.

The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £276.2 billion (as at 30 September 2014) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

The Manager implements the investment strategy, managing the Company's assets in line with appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, hedging, cash, derivatives and other financial instruments. Schroder Investment Management Limited also acts as Company Secretary, providing the Board with corporate governance support, liaising with the Company's Corporate Broker to assist with the implementation of the Company's discount management policy and advising the Board on key relationships with other service providers, whose services are subject to regular review.

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.

Investment Policy

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

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

Gearing

The Company held net cash at the beginning of the year of 3.3% and this had reduced to 0.6% at the end of the year. Accordingly, it was ungeared throughout the year under review.

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.

The Company utilises a US\$75 million multi-currency revolving credit facility with Scotiabank of which US\$15 million (£9.3 million) was drawn down at the year end. The Board has set parameters within which the Manager is authorised to use the credit facility and draw down funds.

Leverage

The AIFM Directive has introduced a requirement for the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. The "Leverage Ratio" represents the sum of the Leverage generated by all financial instruments held by the Company, as calculated in accordance with the detailed requirements of the AIFM Directive, divided by the Company's net asset value. Details on how the amount of

Strategic Report

Leverage is calculated for each class of financial instrument may be found by referring to the Directive or to the detailed guidance published by the Association of Investment Companies in September 2013. The Directive requires that ratios are calculated in accordance with two methodologies, the "Gross Method" and the "Commitment Method". The essential difference between the two is that the Commitment Method allows netting off for the effect of hedges under certain strict conditions.

The Manager has set a maximum limit of 2.0 for both the Gross and Commitment Methods of calculating the ratio but expects that, under normal market conditions, the figures will be substantially lower than this. At 30 September 2014, the Company's Gross ratio and its Commitment ratio were both 1.0.

The Manager may change the maximum limits from time to time. Any change would be disclosed to shareholders in accordance with the Directive.

Investment Philosophy and Process

Investment Process

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

Stock Research

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

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

Stock Selection/Portfolio Construction

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

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

Investment Restrictions and 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 include 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 2014, the Manager held 78 investments spread over multiple countries and in a range of industry sectors. The largest investment, Taiwan Semiconductor, represented 5.8% of equity shareholders' funds at 30 September 2014. At the end of the year, the Company did not hold any unlisted investments or open-ended funds. The Board 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 outlook, is provided in the Chairman's Statement on pages 4 and 5 and the Manager's Review on pages 6 and 7.

Strategic Report

Principal Risks and Uncertainties

The Board has adopted a matrix of key risks which affect its business and has put in place a robust framework of internal control which is designed to monitor those risks and to enable the Directors to mitigate them as far as possible. The matrix and the monitoring system, which have been in place throughout the year and which are reviewed annually by the Board, assist in determining the nature and extent of the risks the Board is willing to take in achieving its strategic objectives. The principal risks are considered to be as follows:

Investment activity and performance

An inappropriate investment strategy (for example in terms of asset allocation or the level of gearing) may result in underperformance against the market and the companies in the peer group. The Board monitors at each Board meeting the Manager's compliance with the Company's Investment Restrictions.

Financial and Currency Risk

The Company is exposed to the effect of market and currency fluctuations due to the nature of its business. A significant fall in regional equity markets or substantial currency fluctuations could 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 2014.

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 (with US\$15 million drawn down as at the date of this Report). 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 37 to 41.

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. The Directors periodically review whether the Company's investment remit remains appropriate and continually monitor the success of the Company in meeting its stated objectives.

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 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 Act 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.

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 16.

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 regional market developments. Further comments on the outlook for the Company for the next 12 months are set out in both the Chairman's Statement on pages 4 and 5 and the Manager's Review on pages 6 and 7.

By Order of the Board
Schroder Investment Management Limited
Company Secretary

12 December 2014

Report of the Directors

The Directors present their annual Report and the audited financial statements for the year ended 30 September 2014.

Revenue and Earnings

The net revenue return after taxation for the year was £4,749,000 (2013: £5,000,000), equivalent to net revenue of 2.80p (2013: 3.08p) per Ordinary share.

Dividend

The Directors have recommended the payment of a final dividend for the year ended 30 September 2014 of 2.75p per share (2013: 3.35p) payable on 31 January 2015 to shareholders on the Register on 9 January 2015, subject to approval by shareholders at the Annual General Meeting.

Directors and their Interests

All 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 Williams who was appointed as a Director on 11 August 2014.

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

Mr Binyon is retiring from the Board and is not seeking re-election at the AGM. In accordance with the Company's Articles of Association and its policy on tenure which requires any Director who has served for more than nine years to be subject to annual re-election by shareholders, The Hon. Rupert Carington and Mr Fenn will retire and, being eligible, offer themselves for re-election.

The Hon. Rupert Carington and Mr Fenn are considered to be independent in character and judgement, notwithstanding that they have served on the Board for more than nine years.

The Board, having reviewed its performance during the year, considers that both The Hon. Rupert Carington and Mr Fenn continue to demonstrate commitment to their roles and provide a valuable contribution to the deliberations of the Board. It therefore recommends that shareholders vote in favour of their re-elections. It also recommends that shareholders vote in favour of the election of Mr Williams.

No Director has any material interest in any contract which is significant to the Company's business.

The Directors' interests in the Company's share capital at the beginning and end of the financial year ended 30 September 2014, all of which were beneficial, were as follows:

Director	Ordinary shares of 10p each at 30 September 2014	Ordinary shares of 10p each at 1 October 2013
The Hon. Rupert Carington	94,960	94,960
Robert Binyon	48,000	48,000
Anthony Fenn	12,000	12,000
Rosemary Morgan	2,579	2,579
Nicholas Smith	20,000	20,000
James Williams ¹	Nil	N/A

¹Appointed as a Director of the Company on 11 August 2014.

The information in the above table has been audited (see Independent Auditors' Report on pages 24 to 26).

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 35.

As at the date of this Report, the Company had 169,225,716 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 169,225,716.

Substantial Share Interests

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

Report of the Directors

	Number of Ordinary shares	Percentage of total voting rights
City of London Investment Management Limited	26,308,526	15.55
Investec Wealth & Investment Limited	20,311,744	12.00
Lazard Asset Management LLC	13,587,495	8.02
Schroders plc	8,483,022	5.01

Manager

In accordance with the AIFM Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an AIFM Agreement. The Manager has, with the approval of the Company, delegated investment management, accounting and company secretarial services to Schroder Investment Management Limited. The Board reviewed the performance of the Manager during the year under review and continues to consider that the Manager has the appropriate depth of resource to achieve above-average returns in the longer term. Thus, the Board considers that the Manager's continued appointment under the terms of the AIFM Agreement, further details of which are set out below, is in the best interests of shareholders.

The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. During the year and following a review of the management fee, agreement was reached with the Manager that, with effect from 1 April 2014, the management fee be reduced as set out below.

	% per annum	
	Former	New
First £100m	1.00%	0.95%
£100m-£300m	0.95%	0.90%
£300m-£400m	0.90%	0.85%
Above £400m	0.85%	0.80%

The fee will continue to be charged on the value of the Company's assets under management, net of current liabilities other than short term borrowings.

The Board will continue to keep the quantum of the management fee under review.

Depositary

HSBC Bank plc, a public limited company incorporated in England and Wales, company registration number 00014259, registered office at 8 Canada Square, London E14 5HQ, has been appointed with effect from 17 July 2014 to carry out certain duties of a Depositary specified in the AIFM Directive including, in relation to the Company, as follows:

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

In carrying out such functions the Depositary shall act honestly, fairly, professionally, independently and in the interests of the shareholders of the Company.

The Depositary is liable to the Company for the loss of any financial instrument held in custody, unless the Depositary is permitted to and has discharged such liability under the AIFM Directive and the Depositary Agreement. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of any financial instrument held in custody. The Depositary is also liable to the Company for all other losses suffered by it as a result of the Depositary's fraud, negligence and/or intentional failure to properly fulfil its duties. Under the Depositary Agreement, the Company has agreed to indemnify the Depositary against certain liabilities for direct losses suffered by the Depositary except in the case of any liability arising from applicable law or from the negligence, fraud or wilful default of the Depositary.

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

Registrar

The Company has appointed Equiniti Limited to act as its Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; handling Shareholder queries and correspondence; arranging for the payment of dividends, maintenance and

Report of the Directors

reconciliation of associated bank accounts; meeting management for company meetings including registering of proxy votes and Scrutineer services as and when required; and Corporate Action Services.

Corporate Social and Environmental Policy

The Company's primary investment objective is to achieve net 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 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 Strategic Report, the Report of the Directors, the Corporate Governance Statement, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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 Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide 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 37 to 41), capital management policies and procedures (see note 21 to the accounts on page 41), expenditure projections and the fact that the Company's investments comprise readily realisable 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.

Report of the Directors

Provision of Information to the Auditors

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

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.

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 "Code"), which is applicable to the Company for the year under review. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

The Board has noted the publication of the revised UK Corporate Governance Code in September 2014, which applies to financial years beginning on or after 1 October 2014 and is considering the Company's governance framework in light of the new provisions.

Compliance Statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors' Responsibilities and Going Concern statement set out on page 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.

Operation and Composition of the Board

Composition

The Board does not have any executive directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and depositary services and the provision of accounting and company secretarial services. The Company has no employees.

Chairman

The Chairman is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on the inside front cover of this Report. He has no conflicting relationships.

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

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

The Chairman ensures that all Directors receive 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. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

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

Report of the Directors

Training and Development

On appointment, Directors receive a full, formal and tailored induction. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars and training and development needs are included as part of the evaluation process and are agreed with the Chairman.

Conflicts of Interest

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

Board Evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough annual appraisal process has been put in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman, the Senior Independent Director leads the process of evaluation. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors and building and developing individual and collective strengths.

Directors' Liability Insurance and Indemnity

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

Directors' Attendance at Meetings

Four Board meetings are usually scheduled each year to deal with matters including the setting and monitoring of investment strategy, approval of borrowings, the review of investment performance, the level of the discount to net asset value, the promotion of the Company and the evaluation of service providers. In addition, a strategy meeting is held each year. Additional meetings of the Board may be arranged as required.

The number of meetings of the Board and its Committees held during the financial year and the attendance of individual Directors are shown below. Whenever possible all Directors attend the Annual General Meeting.

Director	Board	Nomination Committee	Audit Committee	Management Engagement Committee
The Hon. Rupert Carington	4/4	2/2	2/2	2/2
Robert Binyon	4/4	2/2	2/2	2/2
Anthony Fenn	4/4	2/2	2/2	2/2
Rosemary Morgan	4/4	2/2	2/2	2/2
Nicholas Smith	4/4	2/2	2/2	2/2
James Williams ¹	1/1	N/A	N/A	N/A

¹Appointed as a Director on 11 August 2014.

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.

Board Committees and their Activities

Terms of Reference

The Committees of the Board have defined Terms of Reference which are available on the website www.schroderasiapacificfund.com. Membership of the Committees is set out on the inside front cover of this Report.

Audit Committee

The role of the Audit Committee 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.

Report of the Directors

The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience (see Directors' biographies on the inside front cover of this Report).

The Audit Committee met twice during the year to consider the operational controls maintained by the Manager and Depositary, the Half Year and Annual Report and Accounts and the Audit Plan and Engagement letter, the independence of the Auditor, evaluation of the Auditor, the effectiveness of the audit process and the Committee's terms of reference.

During its review of the Company's financial statements for the year ended 30 September 2014, the Audit Committee considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the Auditors during their reporting:

Issue considered

- Overall accuracy of the Annual Report and Accounts
- Calculation of investment management fees
- Valuation and existence of holdings
- Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010
- Internal controls and risk management

How the issue was addressed

- Consideration of the draft Annual Report, letter from the Manager in support of the letter of representation to the Auditors and the Auditors' Report to the Audit Committee.
- Consideration of methodology used to calculate the management fee, matched against the criteria set out in the AIFM Agreement.
- Review of portfolio holdings and assurance reports on controls from the Manager and Depositary.
- Consideration of the Manager's report confirming compliance.
- Consideration of several key aspects of internal control and risk management operating within the Manager and Depositary.

Effectiveness of the Independent Audit Process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on their re-appointment 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 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. The members of the Committee also met the Auditors without representatives of the Manager present.

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 the firm's re-appointment.

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

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. £1,600 is payable to the Auditors for non-audit services provided in respect of taxation compliance for the year under review (2013: £1,700). 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 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 them the most suitable supplier of such services and whether they are in a position to provide them.

Nomination Committee

The Nomination Committee is responsible for succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will recommend to the Board when the further recruitment of non-executive Directors is required. The Board considers each member of the Committee to be independent. The Nomination Committee aims to maintain a balance of relevant skills and experience, including gender, ages and length of service of the Directors serving on the Board.

Report of the Directors

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.

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

Once appointed as a Director, re-appointment is not automatic and follows a formal process of evaluation of each Director's performance by the Chairman. Any Director who is subject to annual re-election due to length of service is subject to particularly rigorous assessment of their contribution.

The Committee met on two occasions during the year under review to consider its terms of reference and to consider the appointment of a new Director to the Board, subsequent to which the appointment of a new non-executive Director, Mr James Williams, was recommended to the Board for approval. The Committee did not utilise the services of an external search consultancy in respect of Mr Williams' appointment as candidates of sufficient quality were found from the Company's own search.

Management Engagement Committee

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

To discharge its duties, the Committee met on two occasions during the year ended 30 September 2014 and considered the performance and suitability of the Manager, the terms and conditions of the management contract, services provided by other service providers and the Committee's terms of reference.

Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Manager. The Half Year Report and the Annual Report aim to provide shareholders with a clear understanding of the Company's activities and its results.

The Chairmen of the Board and its Committees attend the Annual General Meeting ("AGM") and are available to respond to queries and concerns from shareholders.

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

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

Exercise of Voting Powers 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. Schroders' compliance with the principles of the UK Stewardship Code is reported on its website at www.schroders.com.

Anti-Bribery Policy

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

Internal Audit

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

Internal Control and Risk Management Systems

Information on the Company's internal control and risk management systems can be found in the Strategic Report on pages 10 to 13.

By Order of the Board
Schroder Investment Management Limited
Company Secretary
12 December 2014

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 Directors' Annual Report on Remuneration set out below is subject to shareholder approval at the forthcoming Annual General Meeting ("AGM").

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 Chairman of the Board and the chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities and an additional fee is payable to members of Board Committees to reflect the additional time commitment. The Board reserves the right to cease the payment of any additional fees for membership of its Committees if considered appropriate. 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.

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 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 reasonable out-of-pocket expenses incurred in attending to the Company's business.

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

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

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

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

Annual Report on Implementation of the Directors' Policy on Remuneration

This Report sets out how the Directors' Remuneration Policy was implemented during the year ended 30 September 2014.

Fees Paid to Directors

During the year ended 30 September 2014, 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 was paid to each member of the Audit Committee, and £1,000 per annum was paid to members of each of the Management Engagement and Nomination Committees.

Remuneration Report

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 30 September 2014 and the previous financial year:

Director	Salary/fees		Taxable benefits ¹		Total	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
The Hon. Rupert Carington	30,000	30,000	122	430	30,122	30,430
Robert Binyon ²	23,000	23,000	7,703	17,647	30,703	40,647
Robert Boyle ³	–	17,250	515	–	515	17,250
Anthony Fenn	23,000	23,000	163	566	23,163	23,566
Rosemary Morgan	23,000	23,000	122	566	23,122	23,566
Nicholas Smith	25,000	25,000	314	656	25,314	25,656
James Williams ⁴	3,240	–	–	–	3,240	–
	127,240	141,250	8,939	19,865	136,179	161,115

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

²Robert Binyon is resident in Thailand and his taxable benefits comprise reimbursements amounting to £5,416 (2013: £13,532) for travelling expenses incurred attending board meetings in London. These amounts have been grossed up for income tax and National Insurance Contributions to arrive at the figures shown the table above.

³Retired as a Director on 30 June 2013.

⁴Appointed as a Director on 11 August 2014.

The information in the above table has been audited.

Consideration of Matters Relating to Directors' Remuneration

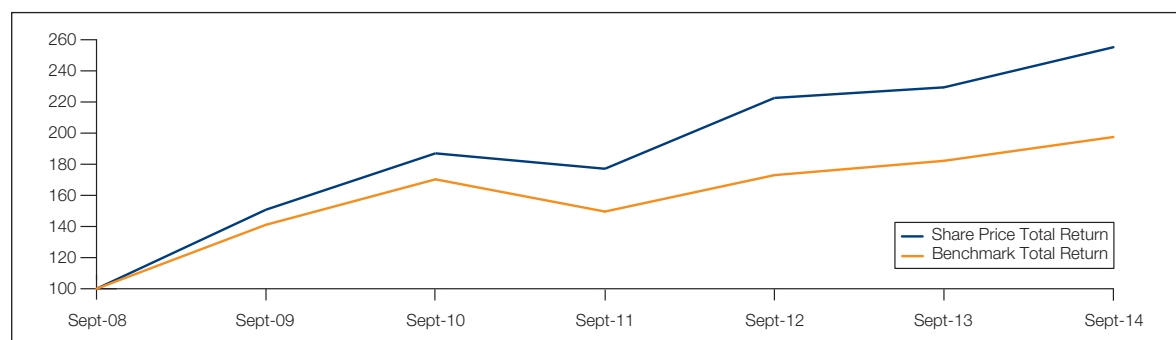
Directors' remuneration levels were last reviewed by the Management Engagement Committee and the Board in November 2014. The members of the Committee at the time that remuneration levels were considered were as set out in the inside front cover of this Report. No external advice was sought in considering Directors' fee levels. However information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies was taken into consideration.

Following this review, the Board agreed that the fee paid to the Chairman would increase to £31,000 per annum, the fees paid to Directors would increase to £21,000 per annum and the additional fee paid to the Chairman of the Audit Committee would increase to £3,000 per annum. These increases would take effect from 1 October 2014.

In addition, it was agreed that fees paid to Directors for membership of committees should be amalgamated into the overall fees paid to Directors with effect from the same date.

Performance Graph¹

A graph showing the Company's share price total return compared with its benchmark², over the last six years is shown below.



¹Source: Morningstar/Thomson Financial Datastream. Rebased to 100 at 30 September 2008.

²With effect from 31 January 2011, the Company's benchmark was changed to 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.

Remuneration Report

Expenditure by the Company on Directors' Remuneration compared with Distributions to Shareholders

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

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000	%
			Change
Remuneration payable to Directors	136	161	(15.5)
Distributions paid to shareholders			
– Dividends	5,685	4,732	+20.1
– Share buybacks	1,115	11,063	(89.9)
Total distributions paid to shareholders	6,800	15,795	(56.9)

The information in the above table has been audited.

Directors' Share Interests

The Company's Articles of Association do not require 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 2015

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 2015.

Shareholder Approval

Directors' Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. As an ordinary resolution to approve this Policy was approved by shareholders at the last AGM, the full Policy provisions will continue to apply until the AGM to be held in 2017 unless a revised Remuneration Policy is approved by Shareholders prior to such AGM.

Directors' 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 AGM held on 30 January 2014, 99.76% 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 2013 were in favour while 0.24% were against. 102,709 votes were withheld.

The Hon. Rupert Carington

Chairman

12 December 2014

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

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of its net return 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.

What we have audited

Schroder AsiaPacific Fund plc's financial statements comprise:

- the Balance Sheet as at 30 September 2014;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- 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.

Certain required disclosures have been presented elsewhere in the Report and Accounts, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

- Overall materiality: £4.95 million which represents 1% of net assets.
- The Company is a standalone Investment Trust Company and engages Schroder Unit Trusts Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements at HSBC Security Services (UK) Limited (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Our areas of audit focus include:

- Revenue
- Valuation and existence of investments

The scope of our audit and our areas of focus

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

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

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks identified by our audit.

Area of focus

How our audit addressed the area of focus

Revenue

Refer to page 31 (Accounting Policies) and page 32 (Notes).

We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP").

This is because incomplete or inaccurate revenue could have a material impact on the Company's net asset value.

We assessed the accounting policy for revenue recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy as set out in note 1(d) on page 31 of the financial statements.

We understood and assessed the design and implementation of key controls surrounding revenue recognition.

In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio.

We tested the allocation and presentation of dividend income between the income and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP.

Valuation and existence of investments

Refer to page 19 (Audit Committee), page 31 (Accounting Policies) and page 34 (Notes).

The investment portfolio at the year-end comprised listed equity and warrant investments valued at £490.6m.

We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.

We tested the valuation of the listed equity and warrant investments by agreeing the prices used in the valuation to independent third party sources.

We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from HSBC Bank PLC.

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

How we tailored the audit scope

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

The Company's accounting is delegated to the Administrator who maintains their own accounting records and controls and report to the Manager and the Directors.

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

Materiality

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

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

Overall materiality	£4.95 million (2013: £4.5 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £247,000 (2013: £200,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 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 Company's 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.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

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

ISAs (UK & Ireland) reporting

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

- information in the Report and Accounts 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.
- the statement given by the Directors on page 16, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Report and Accounts 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 is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.
- the section of the Report and Accounts on pages 18 and 19, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility

We have no exceptions to report arising from this responsibility.

We have no exceptions to report arising from this responsibility.

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

Directors' Remuneration Report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

Corporate governance statement

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 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.

What an audit of financial statements involves

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

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

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

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

Richard McGuire (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 December 2014

Notes:

- (a) The maintenance and integrity of the website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) 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 2014

	Note	Revenue £'000	2014 Capital £'000	Total £'000	Revenue £'000	2013 Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	2	–	42,218	42,218	–	1,130	1,130
Net foreign currency losses		–	(102)	(102)	–	(351)	(351)
Income from investments	3	10,368	438	10,806	10,879	–	10,879
Other interest receivable and similar income	3	46	–	46	139	–	139
Gross return		10,414	42,554	52,968	11,018	779	11,797
Management fee	4	(4,224)	–	(4,224)	(4,319)	–	(4,319)
Administrative expenses	5	(898)	–	(898)	(796)	–	(796)
Net return before finance costs and taxation		5,292	42,554	47,846	5,903	779	6,682
Finance costs	6	(93)	–	(93)	(621)	–	(621)
Net return on ordinary activities before taxation		5,199	42,554	47,753	5,282	779	6,061
Taxation on ordinary activities	7	(450)	–	(450)	(282)	–	(282)
Net return on ordinary activities after taxation		4,749	42,554	47,303	5,000	779	5,779
Return per Ordinary share	9	2.80p	25.12p	27.92p	3.08p	0.48p	3.56p

The “Total” column of this statement is the profit and loss account of the Company. The “Revenue” and “Capital” columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has 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 31 to 41 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2014

	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 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
Repurchase and cancellation of the Company's own Ordinary shares	(47)	-	47	(1,115)	-	-	-	(1,115)
Net return on ordinary activities	-	-	-	-	-	42,554	4,749	47,303
Ordinary dividend paid in the year	-	-	-	-	-	-	(5,685)	(5,685)
At 30 September 2014	16,923	100,956	3,221	36,301	8,704	324,694	4,728	495,527

The notes on pages 31 to 41 form an integral part of these accounts.

Balance Sheet

at 30 September 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	490,574	442,669
Current assets			
Debtors	11	3,082	830
Cash at bank and in hand		12,466	35,303
		15,548	36,133
Current liabilities			
Creditors: amounts falling due within one year	12	(10,595)	(23,778)
Net current assets		4,953	12,355
Net assets		495,527	455,024
Capital and reserves			
Called-up share capital	13	16,923	16,970
Share premium	14	100,956	100,956
Capital redemption reserve	14	3,221	3,174
Share purchase reserve	14	36,301	37,416
Warrant exercise reserve	14	8,704	8,704
Capital reserves	14	324,694	282,140
Revenue reserve	14	4,728	5,664
Total equity shareholders' funds		495,527	455,024
Net asset value per Ordinary share	15	292.82p	268.13p

These accounts were approved and authorised for issue by the Board of Directors on 12 December 2014 and signed on its behalf by:

The Hon. Rupert Carington

Chairman

The notes on pages 31 to 41 form an integral part of these accounts.

Cash Flow Statement

for the year ended 30 September 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	16	3,019	8,337
Servicing of finance			
Interest paid		(119)	(612)
Net cash outflow from servicing of finance		(119)	(612)
Taxation			
Overseas taxation paid		(470)	(300)
Investment activities			
Purchases of investments		(184,337)	(268,756)
Sales of investments		176,514	245,414
Special dividend received allocated to capital		438	–
Net cash outflow from investment activities		(7,385)	(23,342)
Dividend paid		(5,685)	(4,732)
Net cash outflow before financing		(10,640)	(20,649)
Financing			
Issue of Ordinary shares on exercise of Subscription shares		–	69,700
Repurchase and cancellation of the Company's own Ordinary shares		(1,115)	(11,063)
Bank loan repaid		(11,135)	(12,997)
Net cash (outflow)/inflow from financing		(12,250)	45,640
Net cash (outflow)/inflow in the year	17	(22,890)	24,991

The notes on pages 31 to 41 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 objective and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

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

(c) Accounting for reserves

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

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

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

(d) Income

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

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

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

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

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement except that expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on page 34.

(f) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 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 at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

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

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

(h) Taxation

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.

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.

Notes to the Accounts

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 at the year end 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 payable 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 transaction costs is charged to "Share repurchase 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".

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

	2014 £'000	2013 £'000
Gains on sales of investments based on historic cost	2,471	13,663
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(1,186)	(9,965)
Gains on sales of investments based on the carrying value at the previous balance sheet date	1,285	3,698
Net movement in investment holding gains and losses	40,933	(2,568)
Gains on investments held at fair value through profit or loss	42,218	1,130

3. Income

	2014 £'000	2013 £'000
Income from investments:		
Overseas dividends	10,172	10,388
UK dividends	115	426
Scrip dividends	81	65
Total income from investments	10,368	10,879
Other interest receivable and similar income		
Stock lending fees	31	86
Deposit interest	15	53
Total interest receivable and similar income	46	139
	10,414	11,018
Capital:		
Special dividend allocated to capital	438	-

4. Management fee

	2014 £'000	2013 £'000
Management fee	4,224	4,319

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

Notes to the Accounts

5. Administrative expenses

	2014 £'000	2013 £'000
Administration expenses	656	543
Directors' fees	127	141
Secretarial fee	94	91
Auditors' remuneration for audit services	19	19
Auditors' remuneration for taxation compliance services	2	2
	898	796

6. Finance costs

	2014 £'000	2013 £'000
Interest on bank loans and overdrafts	93	621

7. Taxation

(a) Analysis of charge in the year:

	Revenue £'000	2014 Capital £'000	Total £'000	Revenue £'000	2013 Capital £'000	Total £'000
Irrecoverable overseas tax	450	–	450	282	–	282
Current tax charge for the year	450	–	450	282	–	282

The Company has no corporation tax liability for the year ended 30 September 2014 (2013: nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2013: lower) than the Company's applicable rate of corporation tax for the year of 22.0% (2013: 23.5%)

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

	Revenue £'000	2014 Capital £'000	Total £'000	Revenue £'000	2013 Capital £'000	Total £'000
Net return on ordinary activities before taxation	5,199	42,554	47,753	5,282	779	6,061
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 22.0% (2013: 23.5%)	1,144	9,362	10,506	1,241	183	1,424
Effects of:						
Capital returns on investments	–	(9,266)	(9,266)	–	(183)	(183)
Income not chargeable to corporation tax	(2,068)	(96)	(2,164)	(2,309)	–	(2,309)
Overseas withholding tax	450	–	450	282	–	282
Overseas withholding tax allowed as a deductible expense	(2)	–	(2)	(5)	–	(5)
Unrelieved expenses	926	–	926	1,073	–	1,073
Current tax charge for the year	450	–	450	282	–	282

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,705,000 (2013: £2,863,000) based on a prospective corporation tax rate of 20% (2013: 20%). 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 retain 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.

Notes to the Accounts

8. Dividends

Dividend paid and declared

	2014 £'000	2013 £'000
2013 final dividend paid of 3.35p (2012: 3.35p)	5,685	4,732

	2014 £'000	2013 £'000
2014 final dividend proposed of 2.75p (2013: 3.35p) ¹	4,654	5,685

¹The proposed final dividend amounting to £4,654,000 (2013: £5,685,000) is the amount used for the basis of determining whether the Company has satisfied the distribution requirements of Section 1158 of the Corporation Tax Act 2010. The revenue available for distribution for the year is £4,749,000 (2013: £5,000,000).

9. Return per Ordinary share

	2014 £'000	2013 £'000
Revenue return	4,749	5,000
Capital return	42,554	779
Total return	47,303	5,779
Weighted average number of Ordinary shares in issue during the year	169,416,702	162,538,879
Revenue return per share	2.80p	3.08p
Capital return per share	25.12p	0.48p
Total return per share	27.92p	3.56p

10. Investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Opening book cost	395,358	357,482
Opening investment holding gains	47,311	59,844
Opening valuation	442,669	417,326
Purchases at cost	184,511	268,806
Sales proceeds	(178,824)	(244,593)
Gains on sales of investments based on the carrying value at the previous balance sheet date	1,285	3,698
Net movement in investment holding gains and losses	40,933	(2,568)
Closing valuation	490,574	442,669
Closing book cost	403,516	395,358
Closing investment holding gains	87,058	47,311
Total investments held at fair value through profit or loss	490,574	442,669

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

	2014 £'000	2013 £'000
On acquisitions	368	456
On disposals	482	573
	850	1,029

Notes to the Accounts

11. Debtors

	2014 £'000	2013 £'000
Securities sold awaiting settlement	2,310	–
Dividends and interest receivable	691	747
Taxation recoverable	59	60
Other debtors	22	23
	3,082	830

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

12. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loan	9,253	20,233
Securities purchased awaiting settlement	93	–
Other creditors and accruals	1,249	3,545
	10,595	23,778

The loan comprises US\$15.0 million (£9.3 million) drawn down on the Company's US\$75 million, one year, multicurrency credit facility with Scotiabank. The facility is unsecured but is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been complied with during the year. The loan at the prior year end comprised US\$15.0 million (£9.2 million) and Australian \$19.0 million (£11.0 million) drawn on this facility. Further details of the facility are given in note 20 on page 39.

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

13. Called-up share capital

	2014 £'000	2013 £'000
Ordinary shares of 10p each allotted, called up and fully paid:		
Opening balance of 169,700,716 (2013: 145,956,071) Ordinary shares	16,970	14,596
Repurchase and cancellation of 475,000 (2013: 4,700,000) Ordinary shares	(47)	(470)
Issue of nil (2013: 28,444,645) Ordinary shares on exercise of Subscription shares	–	2,844
Closing balance of 169,225,716 (2013: 169,700,716) Ordinary shares	16,923	16,970
Subscription shares of 1p each:		
Opening balance of nil (2013: 28,444,645) Subscription shares	–	284
Exercise of nil (2013: 28,444,645) Subscription shares into Ordinary shares	–	(284)
Closing balance of nil (2013: nil) Subscription shares	–	–
Total called-up share capital	16,923	16,970

During the year, the Company made market purchases of 475,000 of its own Ordinary shares, nominal value £47,500, for cancellation, representing 0.3% of the Ordinary shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £1,115,000.

Notes to the Accounts

14. Reserves

	Share premium ¹ £'000	Capital redemption reserve ² £'000	Share purchase reserve ³ £'000	Warrant exercise reserve ⁴ £'000	Capital reserves		Revenue reserve £'000
					Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	
Opening balance	100,956	3,174	37,416	8,704	233,466	48,674	5,664
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	1,285	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	40,933	–
Transfer on disposal of investments	–	–	–	–	1,186	(1,186)	–
Realised exchange gains on cash and short term deposits	–	–	–	–	53	–	–
Exchange gains/(losses) on credit facility	–	–	–	–	1,191	(1,346)	–
Repurchase and cancellation of ordinary shares	–	47	(1,115)	–	–	–	–
Special dividend allocated to capital	–	–	–	–	438	–	–
Dividend paid	–	–	–	–	–	–	(5,685)
Retained revenue for the year	–	–	–	–	–	–	4,749
Closing balance	100,956	3,221	36,301	8,704	237,619	87,075	4,728

¹Share 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.

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

³Arose following the cancellation of the balance of share premium in 1998 and was created for the purpose of financing share buybacks.

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

15. Net asset value per Ordinary share

	2014	2013
Net assets attributable to the Ordinary shareholders (£'000)	495,527	455,024
Ordinary shares in issue at the year end	169,225,716	169,700,716
Net asset value per Ordinary share	292.82p	268.13p

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

	2014 £'000	2013 £'000
Total return on ordinary activities before finance costs and taxation	47,846	6,682
Less capital return on ordinary activities before finance costs and taxation	(42,554)	(779)
Scrip dividends received as income	(81)	(65)
Decrease in accrued dividends and interest receivable	78	126
Decrease in other debtors	1	6
(Decrease)/increase in accrued expenses	(2,271)	2,367
Net cash inflow from operating activities	3,019	8,337

17. Analysis of changes in net cash

	2013 £'000	Cash flow £'000	Exchange movements £'000	2014 £'000
Cash at bank and in hand	35,303	(22,890)	53	12,466
Bank loan	(20,233)	11,135	(155)	(9,253)
Net cash	15,070	(11,755)	(102)	3,213

Notes to the Accounts

18. Transactions with the Manager and Related Party Transactions

(a) Transactions with the Manager

The Company has appointed Schroder Unit Trusts Limited ("the Manager"), a wholly owned subsidiary of Schroders plc, to provide investment management, accounting and company secretarial 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 Alternative Investment Fund Manager ("AIFM") Agreement, the Manager is also entitled to receive a company secretarial fee.

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

The management fee payable in respect of the year ended 30 September 2014 amounted to £4,224,000 (2013: £4,319,000), of which £1,091,000 (2013: £3,330,000) was outstanding at the year end. The company secretarial fee payable in respect of the year ended 30 September 2014 amounted to £94,000 (2013: £91,000), of which £24,000 (2013: £68,000) was outstanding at the year end.

The Company's current account facility with Schroder & Co Limited was closed during the year. The balance held at Schroder & Co Limited at the year end was nil (2013: £500,000).

(b) Related Party Transactions

The Company has no employees and therefore Directors are the only related party. The Company paid fees of £127,240 and taxable benefits of £8,939 to the Directors; more details can be found in the Remuneration Report which is set out on pages 21 to 23 of the Report and 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 31.

At 30 September 2014, the Company's investment portfolio comprised entirely equity investments and warrants included in Level 1 (2013: same).

There have been no transfers between Levels 1, 2 or 3 during the year (2013: nil).

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

In pursuing the Company's investment objective set out on the inside front cover of the Report and Accounts, 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.

	2014								
	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	763	1,925	2,223	49	1,545	65	2,401	56	9,027
Current liabilities	–	(9,351)	(41)	(16)	–	–	–	–	(9,408)
Foreign currency exposure on net monetary items	763	(7,426)	2,182	33	1,545	65	2,401	56	(381)
Investments held at fair value through profit or loss	152,181	79,087	45,180	51,092	11,965	38,879	78,174	34,016	490,574
Total net foreign currency exposure	152,944	71,661	47,362	51,125	13,510	38,944	80,575	34,072	490,193
	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

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% (2013: 10%) appreciation or depreciation in Sterling against all the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

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

	2014 £'000	2013 £'000
Income Statement – return after taxation		
Revenue return	963	949
Capital return	(38)	1,161
Total return after taxation	925	2,110
Net assets	925	2,110

Notes to the Accounts

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

	2014	2013
	£'000	£'000
Income Statement – return after taxation		
Revenue return	(963)	(949)
Capital return	38	(1,161)
Total return after taxation	(925)	(2,110)
Net assets	(925)	(2,110)

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 40.

(ii) Interest rate risk

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

Management of interest rate risk

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

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

Interest rate exposure

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

	2014	2013
	£'000	£'000
Exposure to floating interest rates:		
Cash at bank and in hand	12,466	35,303
Creditors: amounts falling due within one year – borrowings on the credit facility	(9,253)	(20,233)
Net exposure	3,213	15,070

Interest receivable on cash balances is at a margin below LIBOR (2013: same).

During the year, the Company extended its US\$75 million, one year, multicurrency credit facility with Scotiabank to 1 May 2015. Amounts are normally drawn down on the facility for one month periods. Interest is payable at a rate of LIBOR as quoted in the market for the relevant currency and period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 30 September 2014, the Company had drawn down US\$15 million (£9.3 million) at an interest rate of 0.86% per annum. At the prior year end, the Company had drawn down US\$15.0 million (£9.2 million) at an interest rate of 0.98% and Australian \$19.0 million (£11.0 million) at an interest rate of 3.40%, on this facility.

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:

	2014	2013
	£'000	£'000
Maximum debit interest rate exposure during the year – net loan balances	(4,134)	(30,520)
Maximum credit interest rate exposure during the year – net cash balances	13,644	15,070

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2013: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2014		2013	
	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	16	(16)	75	(75)
Capital return	–	–	–	–
Total return after taxation	16	(16)	75	(75)
Net assets	16	(16)	75	(75)

Notes to the Accounts

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

(iii) Market price risk

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

	2014	2013
	£'000	£'000
Investments held at fair value through profit or loss	490,574	442,669

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 stock markets. 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% (2013: 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.

	2014		2013	
	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	(785)	785	(753)	753
Capital return	98,115	(98,115)	88,534	(88,534)
Total return after taxation and net assets	97,330	(97,330)	87,781	(87,781)
Percentage change in net asset value	19.6%	(19.6%)	19.3%	(19.3%)

(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 borrowings be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

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

	Three months or less 2014 £'000	Three months or less 2013 £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	9,260	20,274
Securities purchased awaiting settlement	93	–
Other creditors and accruals	1,243	3,514
	10,596	23,788

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 HSBC Bank plc.

Exposure to the Custodian

The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the Company's right of ownership is clear and they are therefore protected. However cash balances deposited with the Custodian may be at risk in this instance, as the Company would rank alongside other creditors of the Custodian.

Credit risk exposure

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

There were no securities on loan at 30 September 2014 (2013: £3,009,000). The highest value of securities on loan during the year ended 30 September 2014 amounted to £6,793,000 (2013: £11,710,000). Collateral is obtained by the Manager and is called in on a daily basis and may comprise cash or sovereign debt with a minimum value of 102.5% of the value of securities on loan, or equities and certificates of deposit with a minimum value of 105% of the value of securities on loan.

(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:

	2014 £'000	2013 £'000
Debt		
Bank loan	9,253	20,233
Equity		
Called-up share capital	16,923	16,970
Reserves	478,604	438,054
	495,527	455,024
Total debt and equity	504,780	475,257

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.

	2014 £'000	2013 £'000
Borrowings used for investment purposes, less cash	(3,213)	(15,070)
Net assets	495,527	455,024
Net cash	(0.6%)	(3.3%)

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

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

Annual General Meeting – Explanation of Special Business

The Annual General Meeting (“AGM”) of the Company will be held on Wednesday, 28 January 2015 at 12 noon. The formal Notice of Meeting is set out on page 43.

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.

Special Business to be Proposed at the AGM

Resolution 9: Authority to Make Market Purchases of the Company’s Own Shares (Special Resolution)

At the AGM held on 30 January 2014, the Company was granted authority to make market purchases of up to 25,438,137 Ordinary shares of 10p each for cancellation. 475,000 Ordinary shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 24,963,137 Ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its Ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of Ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the Ordinary shares in issue as at the date of the Notice of the AGM. The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled. If renewed, the authority to be given at the 2015 AGM will lapse at the conclusion of the AGM in 2016 unless renewed or revoked earlier.

Recommendation

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

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder AsiaPacific Fund plc will be held at 12 noon on Wednesday, 28 January 2015 at 31 Gresham Street, London EC2V 7QA to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 8 will be proposed as Ordinary Resolutions and resolution 9 will be proposed as a Special Resolution.

1. To receive the Report of the Directors and the audited Accounts for the year ended 30 September 2014.
2. To approve a final dividend of 2.75p per share for the financial year ended 30 September 2014.
3. To approve the Directors' Annual Report on Remuneration for the year ended 30 September 2014.
4. To elect Mr James Williams as a Director of the Company.
5. To re-elect The Hon. Rupert Carington as a Director of the Company.
6. To re-elect Mr Anthony Fenn as a Director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company.
8. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors of the Company.
9. 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 Act, to make market purchases (within the meaning of section 693(4) of the Act) of its issued Ordinary shares of 10p each in the capital of the Company ("Ordinary shares"), at whatever discount the prevailing market price represents to the prevailing net asset value per Ordinary share provided that:
 - (a) the maximum number of Ordinary shares hereby authorised to be purchased shall be 25,366,934, representing 14.99% of the issued Ordinary share capital as at 12 December 2014;
 - (b) the minimum price which may be paid for an Ordinary share is 10p;
 - (c) the maximum price which may be paid for an Ordinary share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a share of the class being purchased taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary 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 Ordinary shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the net asset value;
 - (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless renewed prior to such time or revoked; and
 - (f) the Company may make a contract to purchase Ordinary 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 Ordinary shares pursuant to any such contract."

By Order of the Board
 Schroder Investment Management Limited
 Company Secretary

Registered Office:
 31 Gresham Street
 London EC2V 7QA

Registered Number: 3104981
 12 December 2014

Explanatory Notes

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 +44 121 415 0207 for overseas shareholders), or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

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

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

A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 12 noon on 26 January 2015. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 or +44 121 415 0207 for overseas shareholders.

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 general meeting. Please contact the Registrar if you need any further guidance on this.

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 26 January 2015, 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 26 January 2015 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 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 (IDRA19) by the latest time for receipt of proxy appointments.
5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.
6. The biographies of the Directors offering themselves for election and re-election are set out on the inside front cover of the Company's Annual Report and Accounts for the year ended 30 September 2014.
7. As at 12 December 2014, 169,225,716 Ordinary shares of 10 pence each were in issue (no shares were held in Treasury). Therefore, the total number of voting rights in the Company as at 12 December 2014 was 169,225,716.
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 to download 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 AGM 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.

Company Summary and Shareholder Information

Website and Share 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 Reports 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 per share on both a cum and ex income basis to the market daily.

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 maintains 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. Please 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.

Non-Mainstream Pooled Investments (NMPI) Status

The Company currently conducts its affairs so that its shares (with ISIN GB0007918872 and ticker SDP) can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

AIFM Directive – Periodic Regulatory Disclosure

Preferential Treatment of Investors

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

Liquidity Risk Management

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

Periodic and Regular Disclosure under the Directive

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

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

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

www.schroderasiapacificfund.com

www.schroders.co.uk/its