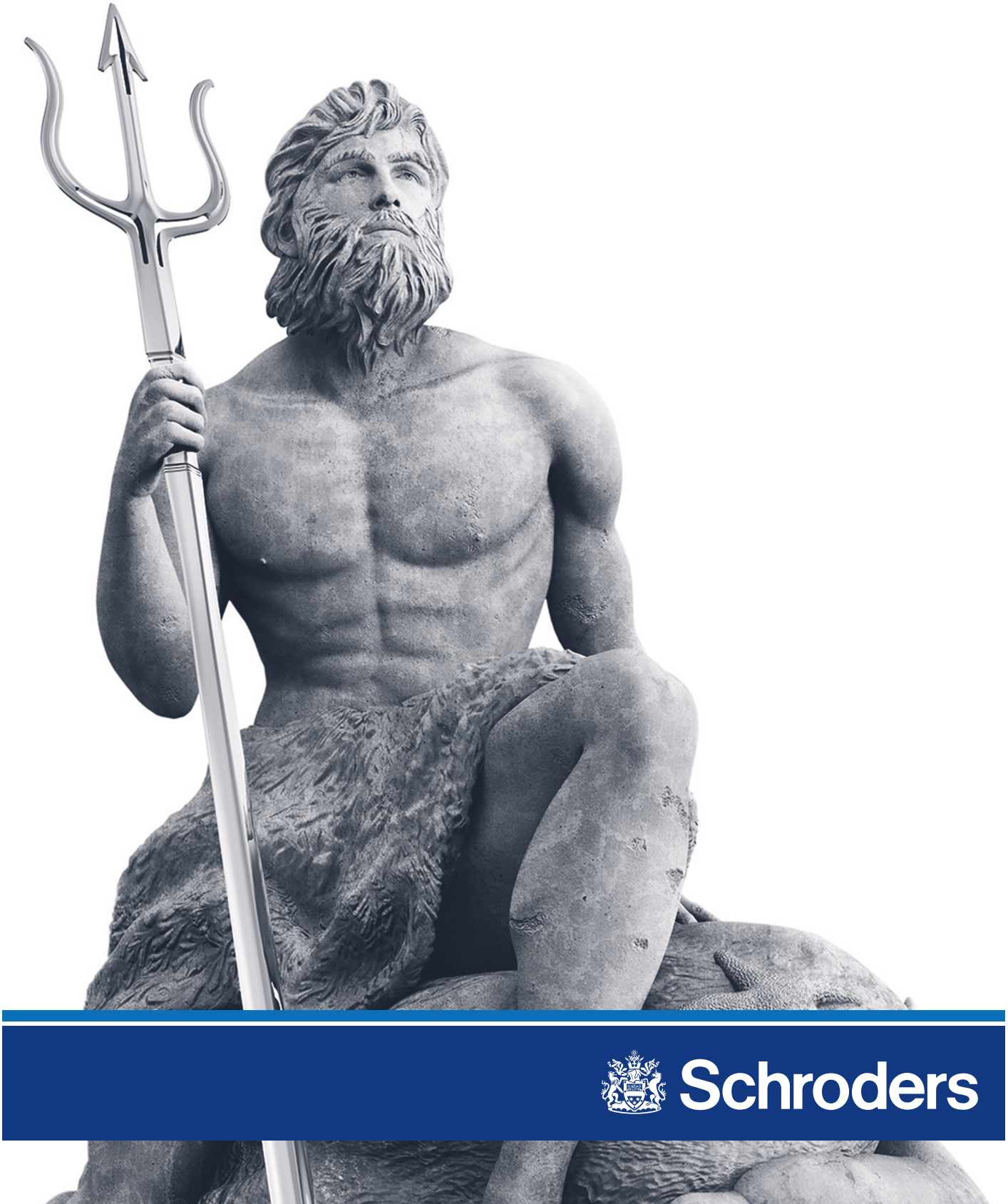
Schroder AsiaPacific Fund plc

Report and Accounts for the year ended 30 September 2015



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.

Company overview

The Company celebrated its first 20 years of operation this year. It has become a leading fund in its field and has provided investors the opportunity to invest in a wide portfolio of different countries in Asia with sound financial credentials.

The Company is governed by an independent Board of Directors and has no employees. It outsources its management and administration to an investment management company, Schroder Unit Trusts Limited, and other third party providers.

The Company's shares are recognised by the AIC as suitable for retail investors.

Investment policy

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

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

Performance

1 Year NAV Total Return	3 Year Annualised NAV Total Return	5 Year Annualised NAV Total Return
-3.3%	3.0%	5.8%
1 Year Benchmark Total Return	**3 Year Annualised Benchmark Total Return**	**5 Year Annualised Benchmark Total Return**
-6.0%	2.4%	1.5%
1 Year Share Price Total Return	**3 Year Annualised Share Price Total Return**	**5 Year Annualised Share Price Total Return**
-5.7%	2.6%	5.2%

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Financial Highlights

Total returns (including dividends reinvested) for the year ended 30 September	2015	2014	
Net asset value ("NAV") per share (based on ex-income NAV)[1]	**(3.3)%**	10.9%	
Share price[1]	**(5.7)%**	11.2%	
Benchmark[2]	**(6.0)%**	8.4%	
Shareholders' funds, NAV per share, share price and share price discount at 30 September			% Change
Shareholders' funds (£'000)	**477,870**	495,527	(3.6)
Ordinary shares in issue	**169,225,716**	169,225,716	+0.0
NAV per share	**282.39p**	292.82p	(3.6)
Ordinary share price	**246.50p**	264.00p	(6.6)
Share price discount	**12.7%**	9.8%	
Revenue for the year ended 30 September			
Net revenue return after taxation (£'000)	**7,151**	4,749	+50.6
Revenue return per share	**4.23p**	2.80p	+51.1
Dividend per share	**4.20p**	2.75p	+52.7
Gearing/(net cash)[3]	**2.3%**	(0.6)%	
Ongoing Charges[4]	**1.03%**	1.08%	

[1]Source: Morningstar.
[2]Source: Thomson Reuters. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index in Sterling terms.
[3]Gearing/(net cash) represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this is shown as a "net cash" position.
[4]Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year.

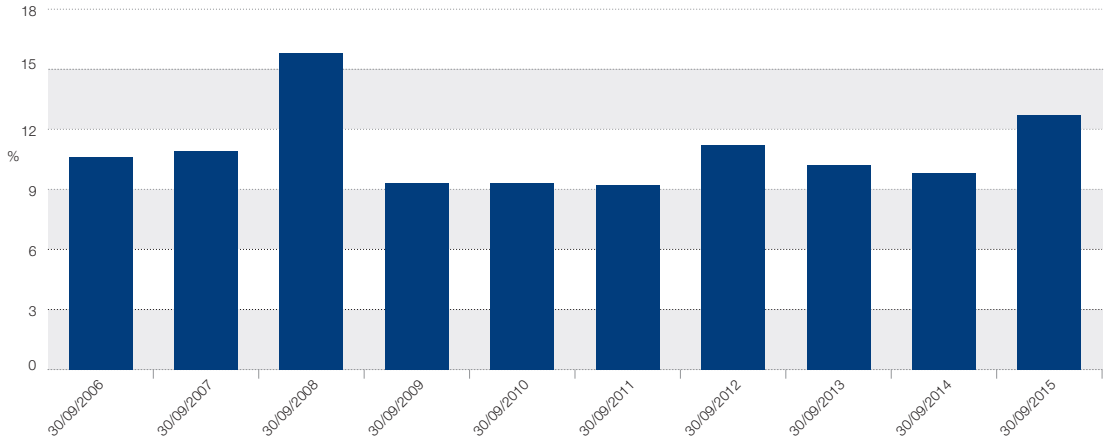
Ten-Year Financial Record

At 30 September	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Shareholders' funds (£'000)	233,372	335,763	224,321	307,435	388,113	307,280	395,340	455,024	495,527	477,870
NAV per Ordinary share, diluted where applicable (pence)	139.59	200.83	134.17	183.88	224.76	210.16	266.64	268.13	292.82	282.39
Ordinary share price (pence)	124.75	179.00	113.00	166.75	203.75	190.75	236.75	240.70	264.00	246.50
Gearing/(net cash) (%)[1]	4.5	7.4	4.0	(0.8)	(3.7)	4.4	5.7	(3.3)	(0.6)	2.3

Year ended 30 September	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net revenue after taxation (£'000)	2,769	2,497	4,160	4,469	4,394	4,033	4,916	5,000	4,749	7,151
Net return per Ordinary share (pence)	1.76	1.49	2.49	2.67	2.62	2.59	3.37	3.08	2.80	4.23
Dividend per Ordinary share (pence)	1.70	1.50	2.40	2.65	2.65	2.75	3.35	3.35	2.75	4.20
Ongoing Charges (%)[2]	1.23	1.27	1.18	1.32	1.22	1.15	1.18	1.10	1.08	1.03

[1] Gearing/(net cash) represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[2] Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year. The figures for 2011 and prior years represent the expenses calculated as above, expressed as a percentage of the average month end net asset values during the year.

Year end share price discount to NAV per share 2006 to 2015



Source: Morningstar.

Investment performance

During the year ended 30 September 2015, the Company's net asset value produced a negative total return of 3.3%, again outperforming its benchmark, the MSCI All Countries Asia ex. Japan Index, which produced a negative total return of 6.0% over the same period. The second half of the year witnessed significant declines in Asian stock markets with China the major focus.

More detailed comment on performance, investment policy and outlook may be found in the Manager's Review.

Final dividend

Net revenue after taxation for the year under review increased by 50.6% from £4,749,000 in 2014 to £7,151,000. While part of this increase was due to factors which might not be repeated, including currency movements and a modest rise in gearing levels, the Directors recommend the payment of a final dividend of 4.20 pence per share for the year ended 30 September 2015. If the resolution proposed at the Annual General Meeting to pay a final dividend is passed, the dividend will be paid on 1 February 2016 to shareholders on the Register on 29 December 2015.

Board composition

Your Board continues to consider its balance of skills and experience, its diversity and its long term succession plan. Mr Keith Craig was appointed as a non-executive Director of the Company on 19 May 2015 and his election by shareholders will be proposed at the Annual General Meeting. A summary of his experience and background may be found on page 21.

Having been Chairman of the Company since its launch in 1995, I will retire at the Annual General Meeting on 28 January 2016 and will not seek re-election as a Director. I am pleased to confirm that the Board, after careful consideration, has appointed my fellow Director Nicholas Smith as my successor. There will also be a number of resulting changes to the Board's structure and its Committees. Anthony Fenn will become the Senior Independent Director and Rosemary Morgan will be appointed as chair of the Audit Committee.

Gearing policy

During the year, the Company restructured its borrowings to lower costs whilst maintaining flexibility, replacing its US$75 million revolving credit facility with a £30 million revolving credit facility and a £30 million overdraft. These facilities remain flexible to ensure that they will continue to meet the borrowing needs of the Company. The Company moved from a net cash position at the start of the year to a modest level of gearing of 2.3% at its close. The Company's gearing continues to operate within pre-agreed limits so that net effective gearing does not represent more than 20% of shareholders' funds.

Discount management

At the Company's last Annual General Meeting on 28 January 2015, the Company was given the authority to purchase up to 14.99% of its issued share capital for cancellation. Whilst the Board did not exercise this authority during the year under review, a total of 152,000 Ordinary shares have been purchased for cancellation since the end of the year. 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.

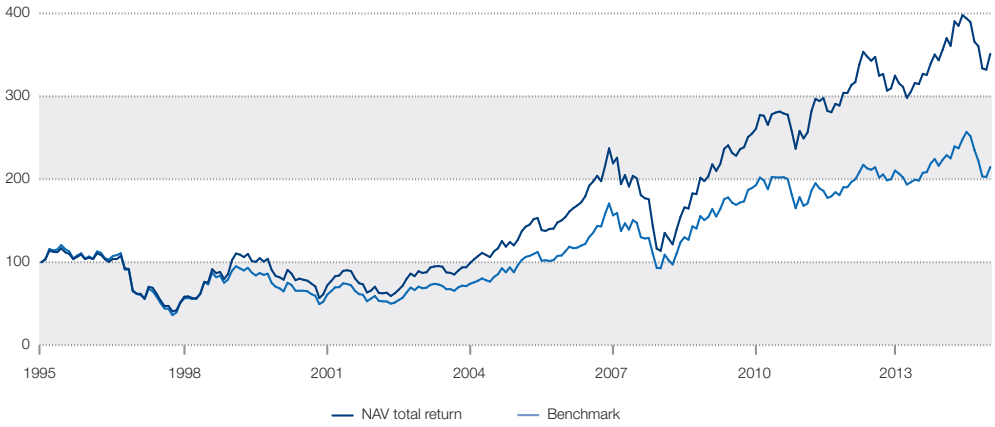
Over the last year, the longer term target maximum discount level was again set at approximately 10% and the discount traded in line with this target. At the beginning of the year, the discount to the income inclusive NAV was 9.8% and, although this had temporarily widened to 12.7% at the end of the year, the average discount was 10.1% over the year. Since the end of the year, the discount has narrowed and currently stands at 9.1%.

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

November 17th was the twentieth anniversary of the Company's launch. The journey from 1995 has not always been a smooth one in Asia, but it is good to look back and see not only that £1,000 invested at the launch would, after reinvesting dividends, now be worth £3,147, but also that the Company's net asset value has risen materially more than its benchmark. The launch prospectus set your Company's primary investment objective as capital growth and benchmark outperformance, and I am pleased to write that both these objectives have been achieved.

Performance since inception



NAV in sterling terms with net dividends reinvested, rebased to 30/11/95 = 100, last data point 30/10/15.
Source: Morningstar, MSCI.

There have been two other aspects of the last twenty years that I would like to highlight.

First, the launch raised £140 million, whereas today the Company's net assets are £482 million. The larger size has brought the shares better liquidity, enabling larger investors to consider buying them, and achieved a market position that I believe helps promote the Company, to the benefit of all shareholders.

Second, we have had the relatively rare experience in investment trusts of having had the same portfolio manager, Matthew Dobbs, over the entire period. My thanks go to

him and his colleagues at Schroders for those twenty years, while expressing the hope that they will offer many more years of solid out performance.

Reminiscing runs the danger of oversimplifying how easy it was to make money, and how much harder it is now. The Manager's Review mentions many of the challenges facing Asia today, and there is little doubt that the uncertainties will be reflected in continued market volatility. I remain confident, however, in the region's considerable economic and corporate strengths – strengths that in many ways are more recognised globally today than they were in 1995 – and look forward to the Company's next twenty years.

Continuation vote

The Articles of Association contain provisions which require the Board to put to shareholders a resolution at the forthcoming Annual General Meeting that the Company continue as an investment trust for a further five years.

As for previous continuation votes, the Board has again undertaken a review of the strategic position of the Company. This review considered the structure of the Company as an investment vehicle, long-term performance in view of the mandate, the promotional activities undertaken on behalf of the Company, and the current prospects for investment in Asia.

Over the five year period ended 31 October 2015, the Company's net asset value produced a total return of 37.7%, significantly out-performing the benchmark Index which produced a total return of only 12.7%, while our share price produced a total return of 36.6%. This is clearly strong performance in view of the investment objective.

The Board believes that the Manager remains well qualified and suitable to manage the portfolio and to assist the Company in meeting its investment objective. The Board considers that the Company remains well placed as an investment vehicle within its peer group and that its long-term investment objectives remain appropriate and the structure beneficial to shareholders.

The Board therefore unanimously recommends that the Company continue as an investment trust, and the Directors intend to vote their shares accordingly.

Annual General Meeting

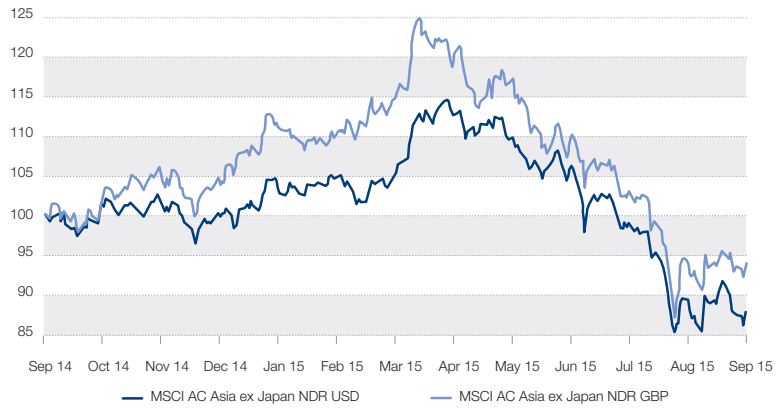
The Annual General Meeting will be held on Thursday, 28 January 2016 at 12.00 noon and shareholders are encouraged to attend. As in previous years, Matthew Dobbs, on behalf of the Manager, will give a presentation on the prospects for Asia and the Company's investment strategy.

The Hon. Rupert Carington
Chairman

17 December 2015

The net asset value per share of the Company recorded a total return of -3.3% over the twelve months to end September 2015. This was ahead of the performance of the benchmark, the MSCI All Countries Asia ex. Japan Index, which was down -6.0% over the same period.

Performance of the MSCI AC Asia ex Japan Index 30 September 2014 to 30 September 2015

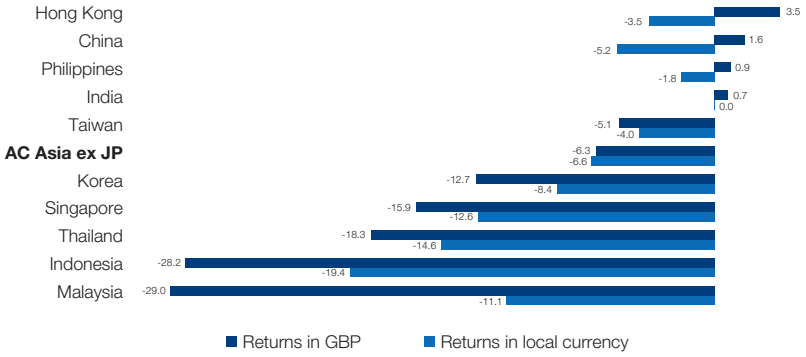


Source: Thomson Reuters as at 30 September 2015.

The second half of the Company's fiscal year witnessed significant declines in the Asian stockmarkets. The Chinese market was a major focus for investors, with the Shanghai stock market index falling almost 40% from the peak recorded in early June, amid a raft of largely ineffective official interventions to provide support. With Chinese (and indeed regional) growth continuing to slow, and little in the way of positive developments outside the region, no market managed a positive return for the year in local currency terms.

The strength of the US dollar and the anticipation of tightening moves from the US Federal Reserve contributed to the malaise. Lower liquidity and a slowing in Chinese growth proved a lethal combination for commodity prices, and although lower energy and raw material prices are generally beneficial to the Asian economies and consumers, these sectors have been particularly weak over the year.

MSCI AC Asia ex Japan net returns by country 30 September 2014 to 30 September 2015



Source: Factset.

Commodity exposure has played its part in the poor returns seen in Malaysia and Indonesia. In the former it has been the currency that has borne the brunt of the

adjustment required by the negative terms of trade effect from lower oil prices, a collapse in the current account surplus, high foreign ownership of the local bond market and a spreading financial scandal. Indonesian problems have been compounded by stubborn inflationary pressures and political deadlock between the President and the legislature. The resulting policy uncertainty has hampered direct investment from abroad and much needed infrastructure spending.

Greater China markets have generally proved more defensive, aided by resilience of the currencies despite speculation surrounding the future course of the Chinese renminbi. Slowing global demand in information technology impacted the Taiwanese market, although the downside was cushioned somewhat by strong balance sheets, and a good focus on shareholder returns through attractive dividend policies.

Performance and portfolio activity

The Company's relative outperformance was due to both stock selection and country positioning. In terms of stock selection the major contributions to added value came from India, Taiwan (where our focus on information technology stocks helped) and Korea. In terms of country positioning, the key contributions came from the nil weight in Malaysia, the under weightings in Indonesia, Korea, and Singapore and the over weighting of India and Hong Kong. Detractors to relative performance included stock selection in, and the underweighting of, China and the overweight in Thailand.

The main change in portfolio positioning in the year was the addition to China exposure, although the Company remained underweight the benchmark throughout the period. Our additions focused on companies benefiting from niches of growth in China including consumer spending, e-commerce, health care, education and life insurance. We added to a more modest degree to exposure in India (consumption) and Taiwan (information technology). These moves were funded through a modest move from net cash to net gearing, and also sales in Thailand, Korea and Singapore.

Outlook and policy

It is easy to paint a subdued shorter-term picture for Asian equity markets. Regional economic activity continues to slow, deflationary forces remain strong given falling currencies among important trading partners and competitors (Japan, Europe, other emerging markets), consumer confidence generally low (with even the Chinese consumer tending to defer those little luxuries), private capital spending subdued, and little sign of counter-cyclical government investment apart, inevitably, from China.

While investors have derived little comfort from the recent deferral of interest rate rises by the US Federal Reserve, it is important to keep the current situation in proportion. The Asian region continues to generate reasonable levels of growth, external balances generally remain healthy, and exposure to overseas borrowing is far below the levels that proved so problematic in the Asian crisis of the late 1990s. Most governments and central banks in the region enjoy an enviable level of flexibility as regards policy options; if they have not used them it is at least as much due to their caution as it is to any inability to execute.

China remains the key source of risk. Insofar as growth has already slowed markedly, particularly in areas such as real estate, industrial capital spending and luxury consumer spending (partly a function of the anti-corruption campaign), this has already been reflected in the economic and corporate statistics coming out of the region. More difficult to assess is the fallout from the deflation of the undoubted credit bubble that has supported Chinese growth hitherto, particularly in sectors suffering from chronic oversupply.

It is difficult to understate the sensitivity of markets to this process. An otherwise unremarkable adjustment to the renminbi exchange rate in early August triggered violent moves in equity markets, and not just in Asia. However, China does have some important cards in its hand including a current account surplus, ample foreign exchange reserves, high domestic savings and direct control of the banking sector. It remains to be seen, however, if the opportunity is taken for meaningful economic reform shifting the key growth drivers from credit fuelled investment spending to promotion of consumption and the services sector.

Meanwhile, valuations of Asian markets have moved more decisively to a level which, historically, has represented good value. We take some comfort from a portfolio of companies with solid balance sheets, sustainable returns, shareholder focused management and good dividend discipline. With modest levels of gearing, the Company is in a good position to take advantage of any China sourced volatility going forward.

Country Weights

Market	Net Asset Value Weightings (%)		Benchmark Index Weight (%)
	30-Sep-15	30-Sep-14	30-Sep-15
HK	29.6	28.8	12.7
China	18.5	13.6	27.7
Korea	8.5	9.1	18.4
Taiwan	12.6	10.3	14.8
Singapore	3.9	4.1	5.3
Malaysia	–	–	3.7
Indonesia	1.6	2.1	2.5
Thailand	5.9	7.8	2.7
Australia/NZ	0.3	1.3	–
India	16.8	15.8	10.5
Philippines	2.5	2.6	1.7
Other*	2.1	3.9	–
Other net assets	-2.3	0.6	–
Total	**100.0**	**100.0**	**100.0**

Source: Schroders, September 30, 2015. *Sri Lanka, Vietnam, USA, UK.

Schroder Investment Management Limited
17 December 2015

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

Investment Portfolio

As at 30 September 2015

Company	Industrial classification	Activity	Market value of holding £'000	% of total equity shareholders' funds
Taiwan Semiconductor	Technology Hardware	Taiwanese semiconductor manufacturer	33,087	6.9
Jardine Strategic	General Industrials	Hong Kong diversified investment company	18,514	3.9
Samsung Electronics	Technology Hardware	South Korean electronics manufacturer	18,178	3.8
Fortune Real Estate Investment Trust	Real Estate Investment Trusts	Owner operator of shopping malls in Hong Kong	17,876	3.7
AIA	Life Insurance	Hong Kong based regional life insurer	16,096	3.4
Tencent Holdings	Software and Computer Services	Chinese web services provider	14,423	3.0
Gujarat Pipavav Port	Industrial Transportation	Indian port operator	11,808	2.5
Hyundai Motor Company	Automobile and Parts	South Korean based vehicle producer	11,447	2.4
Techtronic Industries	Household Goods	Hong Kong electrical and electronic products manufacturer	11,259	2.4
Idea Cellular	Mobile Telecommunications	Indian mobile network operator	11,247	2.4
China Pacific Insurance	Life Insurance	Chinese integrated insurance services provider	10,875	2.3
China Mobile	Mobile Telecommunications	Chinese mobile services provider	10,785	2.3
Zee Entertainment Enterprises	Media	Indian producer of Hindi films and television programmes	10,681	2.2
Hong Kong Land	Real Estate and Investment	Hong Kong commercial property developer	10,078	2.1
Apollo Hospitals Enterprise	Healthcare Equipment and Services	Indian operator of speciality hospitals	9,713	2.0
Ayala Land	Real Estate and Investment	Phillippines real estate developer	8,821	1.8
Hon Hai Precision Industries	Electronic and Electrical Equipment	Taiwanese electronics manufacturer	8,719	1.8
HKT Trust and HKT	Fixed Line Telecommunications	Telecommunication services provider in Hong Kong	8,621	1.8
China Petroleum & Chemical	Oil and Gas Producers	Chinese producer of oil and gas	8,483	1.8
LG Chemical	Chemicals	Korean petrochemicals producer	8,188	1.7
20 Largest Investments[1]			**258,899**	**54.2**
Maruti Suzuki India	Automobiles and Parts	Indian vehicle manufacturer	8,111	1.7
Johnson Electric	Electronic and Electrical Equipment	Hong Kong manufacturer of micro motors	7,992	1.7
Belle International	Personal Goods	Chinese retailer of women's footwear	7,405	1.5
WuXi Pharmatech	Pharmaceuticals and Biotech	Chinese pharmaceutical and biotechnology research company	7,269	1.5
Bangkok Bank	Banks	Thai bank	7,004	1.4
Anta Sports Products	Personal Goods	Chinese branded sportswear manufacturer	6,897	1.4
Sun Pharmaceuticals	Pharmaceuticals and Biotech	Indian manufacturer of generic medicines	6,836	1.4
Eicher Motors	Industrial Engineering	Indian manufacturer of light commercial vehicles	6,622	1.4
Asustek Computers	Technology Hardware	Taiwanese computer hardware and electronics manufacturer	6,542	1.4
Bank Mandiri	Banks	Indonesian Bank	6,433	1.3
Hang Lung	Real Estate and Investment	Hong Kong property rental and development	6,353	1.3
LPN Development	Real Estate and Investment	Thai real estate developer	6,196	1.3
Intouch	Technology Hardware	Thai telecommunications, media and advertising multinational	6,182	1.3
Axis Bank	Banks	Indian bank	6,162	1.3
Cheung Kong	Real Estate and Investment	Hong Kong based real estate developer	5,587	1.2
Tingyi	Food Producers	Chinese producer of instant noodles and beverages	5,402	1.1

Investment Portfolio

As at 30 September 2015

Company	Industrial classification	Activity	Market value of holding £'000	% of total equity shareholders' funds
United Overseas Bank	Banks	Singapore Bank	5,333	1.1
Delta Electronics Industrial	Electronic and Electrical Equipment	Taiwanese switching power supply solutions provider	5,327	1.1
Land and Houses	Real Estate and Investment	Thai real estate developer	5,267	1.1
Baidu	Software and Computer Services	Chinese web services provider	5,243	1.1
Kerry Properties	Real Estate and Investment	Hong Kong property developer	5,236	1.1
PCCW	Fixed Line Telecommunications	Hong Kong telecommunications provider	5,186	1.1
Sands China	Travel and Leisure	Casino gaming operator in Hong Kong/Macau	5,138	1.1
Qualcomm	Technology Hardware	American wireless telecommunication product and services provider	4,787	1.0
BHP Billiton	Mining	Australian metal and petroleum mining operator	4,688	1.0
Siliconware Precision	Technology Hardware	Taiwanese semiconductor packager	4,597	1.0
Swire Properties	Real Estate and Investment	Hong Kong/China property developer	4,456	0.9
Yantal Changyu Pioneer Wine	Beverages	Chinese wine producers and distributor	4,169	0.9
Federal Bank	Banks	Indian commercial bank	4,077	0.9
Alibaba	General Retailers	Chinese e-commerce company	4,031	0.8
John Keells[2]	General Industrials	Sri Lankan conglomerate	4,013	0.8
Hopewell	Real Estate and Investment	Hong Kong/China property and toll roads operator	3,691	0.8
UOL	Real Estate and Investment	Property investor and developer based in Singapore	3,510	0.7
Kasikornbank	Banks	Thai bank	3,465	0.7
Holcim Philippines	Construction and Materials	Philippines cement producer	3,229	0.7
China Lodging	Travel and Leisure	Chinese economy hotels operator	3,047	0.6
E-House China	Real Estate and Investment	Chinese supplier of real estate services	2,828	0.6
Coway	Household Goods	South Korean household electronics provider	2,584	0.5
Dah Chong Hong	General Retailers	Hong Kong listed conglomerate	2,468	0.5
IDreamsky Technology	Software and Computer Services	Chinese mobile game publishing platform	2,320	0.5
BOC Hong Kong	Banks	Hong Kong provider of financial products and services	2,181	0.4
Shandong Weigao	Healthcare Equipment and Services	Chinese producer of medical products	2,044	0.4
Multi Commodity Exchange of India	Financial Services	Indian commodity exchange	1,829	0.4
AAC Technologies	Electronic and Electrical Equipment	Comprehensive micro-component solutions provider in Hong Kong	1,778	0.4
Catcher Technology	Industrial Engineering	Taiwanese integral casing manufacturer for smart phones and laptops	1,726	0.4
Vietnam Enterprise Investments	Country Fund	Vietnamese investment fund	1,551	0.3
New Oriental Education	General Retailers	Chinese education institution	1,392	0.3
Iluka Resources	Mining	Australian mineral sands operator	1,347	0.3
Hollysys Automation Technologies	Electronic and Electrical Equipment	Chinese manufacturer of automation and controls systems	1,296	0.3
Texwinca	Personal Goods	Dyed yarns and knitted fabrics producer in Hong Kong	1,292	0.3
Oracle Financial Services	Software and Computer Services	Indian provider of information technology solutions	1,262	0.3

Investment Portfolio

As at 30 September 2015

Company	Industrial classification	Activity	Market value of holding £'000	% of total equity shareholders' funds
Container of India	Industrial Transportation	Indian cargo handling and inland transport provider	1,225	0.3
Chow Sang Sang	General Retailers	Hong Kong manufacturer and retailer of gold and gem-set jewellery	1,060	0.2
Matahari Department Store	General Retailers	Indonesian retail business	950	0.2
CSPC Pharmaceutical	Pharmaceuticals and Biotech	Chinese pharmaceutical products manufacturer	942	0.2
IPCA Laboratories	Pharmaceuticals and Biotech	Indian pharmaceutical products manufacturer	430	0.1
South32	Mining	Australian diversified metals mining operator	294	0.1
Total investments[3]			**487,181**	**101.9**
Derivative financial instrument – forward currency contract[4]			**(55)**	**–**
Other net liabilities			**(9,256)**	**(1.9)**
Total equity shareholders' funds			**477,870**	**100.0**

[1]At 30 September 2014 the 20 largest investments represented 52.6% of total equity shareholders' funds.
[2]Includes a holding of warrants.
[3]The portfolio comprises entirely equity investments and warrants.
[4]Comprises a single contract to purchase 153.9 million US Dollars for 1,193.7 million Hong Kong Dollars, for settlement on 3 March 2016. The contract is valued at fair value, being the cost of closing out the contract at the balance sheet date.

Company structure

The Company conducts 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.

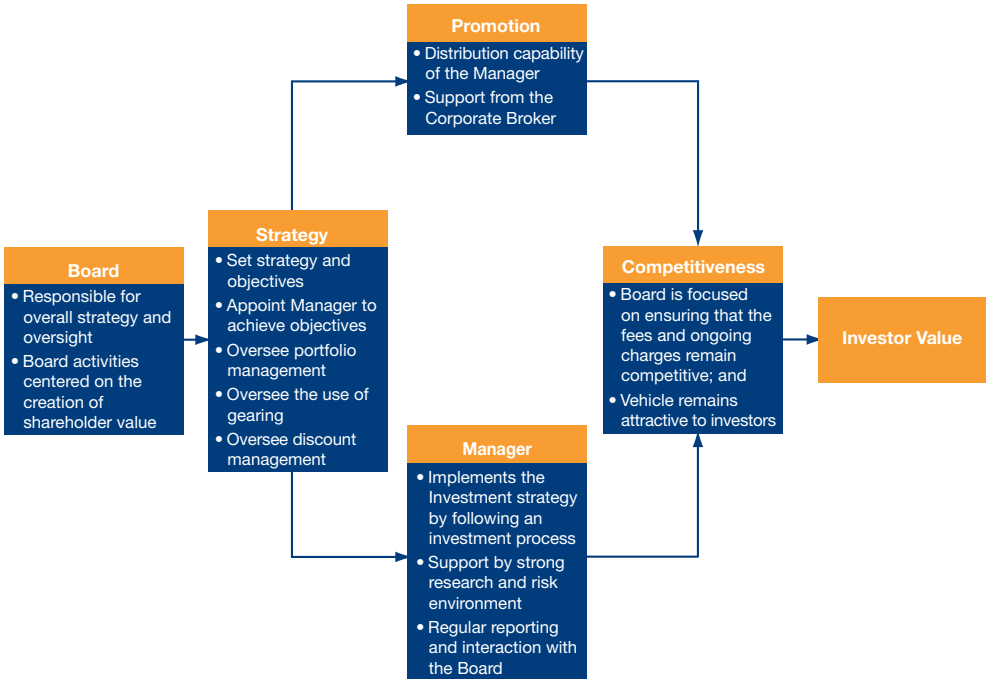
The Company is domiciled in the UK and is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company is not a close company for taxation purposes.

It is not intended that the Company should have a limited life. 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 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 considers its key performance indicators to be outperformance against the benchmark index over the long term, effective promotion of the Company and discount control and reviewing ongoing costs to help to ensure that the Company remains an appropriate investment vehicle for existing shareholders and attractive to potential investors.

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager

and other service providers to ensure that the investment objectives of the Company continue to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. It also identifies and monitors the key risks facing the Company.

Investment activities are predominantly monitored through quarterly Board meetings at which the Board receives detailed reports and updates from the portfolio manager, who 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 advisers 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 functions, 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.

In order to support the promotion of the Company by assisting in reducing the volatility of the discount, the Board monitors the discount of the Company's share price to its underlying net asset value and the discounts of peer group companies and considers the use of its share buy-back authority on a regular basis.

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 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 were last reduced in April 2014.

As at 30 September 2015, the Board comprised five men and one woman. All Directors are non-executive and are considered 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 existing Board, taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender or race but diversity 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 ("FCA") and provides portfolio management, risk management, accounting and company secretarial services to the Company under the terms of an Alternative Investment Fund Manager agreement ("AIFM Agreement"). The Manager also provides general marketing support for the Company and manages relationships with key investors in conjunction with the Chairman, other Board members and/or the Corporate Broker as appropriate.

The Schroders Group manages £294.8 billion (as at 30 September 2015) 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. Schroders also acts as Company Secretary, providing the Board with corporate governance support, liaising with the Corporate Broker to assist with the implementation of the Company's discount management policy, and advising on key relationships with other service providers, whose services are subject to regular review.

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 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 utilises a £30 million multi-currency revolving credit facility with Scotiabank of which US$45.0 million (£29.7 million) was drawn down at the year end. In addition, the Company has a £30 million multi-currency overdraft facility with HSBC. The Board has set parameters within which the Manager is authorised to use the credit facilities and draw down funds.

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

Leverage

The AIFM Directive requires the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. 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 limit. At 30 September 2015, the Company's Gross ratio was 1.47 and its Commitment ratio was 1.26.

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

Investment process

Investment philosophy and process

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

Stock research

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

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

Stock selection/portfolio construction

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

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

Investment restrictions and spread of 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 it 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) the Company will not invest more than 15% of its gross assets in other listed investment companies or investment trusts; d) no more than 15% of the Company's total net assets may be invested in open-ended funds; and e) no more than 25% of the Company's total net assets may be invested in the aggregate of unlisted investments and holdings representing 20% or more of the equity capital of any company.

The Investment Portfolio on pages 10 to 12 demonstrates that, as at 30 September 2015, the Manager held 77 investments spread over multiple countries and in a range of industry sectors. The largest investment, Taiwan Semiconductor, represented 6.9% of total equity shareholders' funds at 30 September 2015. 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 to 6 and the Manager's Review on pages 7 to 9.

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks identifying significant strategic, investment, financial, regulatory, custodial and depositary and service provider risks relevant to the Company's business as an investment trust and has put in place an appropriate monitoring system. This system assists the Board in determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. Both the principal risks and the monitoring system are subject to robust review at least annually. The last review took place in November 2015.

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

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

A summary of the principal risks and uncertainties faced by the Company, and actions taken to mitigate these risks and uncertainties, is set out below.

Strategy and competitiveness risk

Over time, the Company's investment strategy and asset class may become out of favour with investors or fail to meet their investment objectives, or the Company's cost base could become uncompetitive, particularly in light of open ended alternatives. This may result in a wide discount of the share price to underlying asset value both in absolute terms and compared to the peer group.

In order to mitigate this risk, the Directors periodically review whether the Company's investment remit remains appropriate and monitor the success of the Company in meeting its stated objectives at each Board meeting. The Manager monitors the share price relative to net asset value and the Directors review the marketing and distribution activity undertaken by the Manager and the Corporate Broker at each Board meeting.

The level of fees charged by the Manager and the Company's other service providers is also monitored by the Board and the ongoing competitiveness of management fee levels is considered annually by the Management Engagement Committee and the Board.

Investment management risk

The Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies.

To mitigate this risk, the Board reviews at each Board meeting the Manager's compliance with the agreed investment restrictions; investment performance and risk against investment objectives and strategy; the portfolio's risk profile; and appropriate strategies to mitigate any negative impact of substantial changes in markets. The Board also receives an annual presentation from the Manager's internal audit function and conducts an annual review of the ongoing suitability of the Manager.

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 fluctuation could have an adverse impact on the market value of the Company's underlying investments.

To mitigate this risk, the Directors consider the risk profile of the portfolio at each Board meeting and discuss appropriate strategies to mitigate any negative impact of substantial changes in markets or currency with the Manager. 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 sterling returns which might result from such currency exposure during the year ended 30 September 2015.

The Manager 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 and may use currency hedging as part of its investment strategy.

The Board also monitors the Manager's use of gearing and leverage in accordance with agreed guidelines and restrictions set out in the Company's investment policy. The Company utilises a multi-currency revolving credit facility, currently in the amount of £30 million, and a £30 million multi-currency overdraft, which increases the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.

To mitigate this risk, the Directors keep the Company's gearing under continual review and impose strict restrictions on borrowings. The Company's gearing continues to operate within pre-agreed limits so that it does not exceed 20% of shareholders' funds.

A full analysis of the financial risks facing the Company is set out in note 21 on pages 52 to 56.

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 could ultimately lose its investment trust status and capital gains within the Company's portfolio could, as a result, be subject to Capital Gains Tax.

In addition, 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 which could damage the Company's reputation, including suspension from listing on the London Stock Exchange or a qualified audit report.

To mitigate these risks, the Board receives confirmation from the Manager and other key service providers at each Board meeting of compliance with relevant laws and regulations. Shareholder documents and announcements, including the Company's published Half Year and Annual Reports are subject to stringent review processes, and procedures are in place to safeguard against the disclosure of inside information.

Custody and Depositary risk

Safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber hacking. To mitigate this risk, the Board receives quarterly reports from the Depositary confirming safe custody of the Company's assets, including cash, and portfolio holdings are independently reconciled by the Manager. In addition the existence of assets is subject to annual external audit and audited internal controls reports covering custodial arrangements are reviewed by the Audit Committee and any concerns investigated.

Service provider risk

The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, Depositary and Registrar. Failure of controls and poor performance of any service provider could lead to reputational damage or loss. The Board is therefore reliant on the effective operation of the systems of its service providers. To mitigate this risk, the Board considers regular reports from key service providers and monitors the quality of services provided, or the Management Engagement Committee conducts an annual review of services to ensure that they remain appropriate. The Audit Committee also reviews annual audited internal controls reports from its key service providers, which includes confirmation of business continuity arrangements.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"), the Directors have assessed the prospects of the Company over the five year period to the Annual General Meeting in 2021. The Directors believe this period to be appropriate notwithstanding that they will be required by the Articles of Association to put forward a proposal for the continuation of the Company at the 2016 AGM as they have no reason to presume that such resolution will not be passed by shareholders.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 17 to 19 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's

income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary, and on that basis consider that five years is an appropriate time period.

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

Responsible Investment Policy

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

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

The Board monitors the implementation of this policy by asking the Manager to report regularly on the engagement activity, how it is integrated into the investment process, and the outcomes of the activity.

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 to 6 and the Manager's Review on pages 7 to 9.

By Order of the Board

Schroder Investment Management Limited
Company Secretary
17 December 2015

Directors

The Hon. Rupert Carington
(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.

Keith Craig
was appointed as a Director of the Company on 19 May 2015. He is CEO of Hakluyt & Company, a strategic intelligence firm. He served with the British Army after university and subsequently joined the Swire Group in Hong Kong and Manila in the 1980s and early 90s. He was then a diplomat with the Foreign & Commonwealth Office for some years before moving back to Asia as a stockbroker, establishing WI Carr's business in the Philippines and subsequently running their global equity sales and trading operation, based in Hong Kong. He returned to London and joined Hakluyt in 2000.

Anthony Fenn
was appointed as a Director of the Company 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
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 Director of JPMorgan Indian Investment Trust plc, a Trustee of the London Library Pension Fund and a Director of the Landau Forte Charitable Trust.

Nicholas Smith
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, and is a non-executive Director of JP Morgan European Smaller Companies Trust plc.

James Williams
was appointed as a Director of the Company on 11 August 2014. 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. He is currently a Director of a private Hong Kong based investment company.

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

Report of the Directors

The Directors present their annual report and the audited financial statements for the year ended 30 September 2015.

Revenue and earnings

The net revenue return before finance costs and taxation for the year was £8,089,000 (2014: £5,292,000). After deducting finance costs and taxation the amount available for distribution to shareholders was £7,151,000 (2014: £4,749,000), equivalent to net revenue of 4.23p (2014: 2.80p) per Ordinary share.

Dividend

The Directors have recommended the payment of a final dividend for the year of 4.20p per share (2014: 2.75p) payable on 1 February 2016 to shareholders on the Register on 29 December 2015, subject to approval by shareholders at the Annual General Meeting on 28 January 2016.

Directors and their interests

The Directors of the Company and their biographical details can be found on page 21 of the Report and Accounts. All Directors held office throughout the year under review, with the exception of Mr Craig, who was appointed as a Director on 19 May 2015, and Mr Binyon, who retired as a Director on 28 January 2015.

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

In accordance with the Company's Articles of Association and the UK Corporate Governance Code which recommends that Directors who have served for more than nine years seek annual re-election, Mrs Morgan and Mr Fenn will retire at the AGM, and being eligible, offer themselves for re-election. Mr Fenn is considered to be independent in character and judgement, notwithstanding that he has served on the Board for more than nine years.

Re-appointment as a Director is not automatic and follows a formal process of evaluation of each Director's performance. The evaluation of Mr Fenn, being a Director who is subject to annual re-election, has involved particularly rigorous assessment of his independence and contribution.

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

The Hon. Rupert Carington will retire at the forthcoming AGM and will not seek re-election.

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

The interests of Directors, including their connected persons, in the Company's share capital at the beginning and end of the financial year ended 30 September 2015, all of which were beneficial were as follows:

Directors	Ordinary shares of 10p each at 30 September 2015	Ordinary shares of 10p each at 1 October 2014
The Hon. Rupert Carington	94,960	94,960
Robert Binyon[1]	N/A	48,000
Keith Craig[2]	Nil	N/A
Anthony Fenn	12,000	12,000
Rosemary Morgan	5,522	2,579
Nicholas Smith	20,000	20,000
James Williams	5,500	Nil

[1]Retired as a Director on 28 January 2015.

[2]Appointed as a Director of the Company on 19 May 2015.

The information in the above table has been audited (see Independent Auditors' Report on pages 36 to 40).

Since the end of the financial year, Mr Craig acquired 7,544 ordinary shares in the Company. There have been no other changes in the Directors' interests.

Share capital

As at the date of this Report, the Company had 169,073,716 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 169,073,716. There were no changes to the Company's share capital during the year under review. However, a total of 152,000 Ordinary shares have been purchased for cancellation since the year end.

Substantial share interests

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

	Number of Ordinary shares	Percentage of total voting rights
Investec Wealth & Investment Limited	22,054,508	13.04
City of London Investment Management Limited	21,974,418	12.99
Lazard Asset Management LLC	13,328,472	7.88
Schroders plc	8,483,022	5.01

Manager

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

From 1 April 2014, the Manager has been entitled to a fee of 0.95% per annum on the first £100 million of assets, 0.90% per annum on the next £200 million, 0.85% per annum on the next £100 million and 0.80% per annum on assets in excess of £400 million.

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

The Manager is also entitled to receive a fee of £96,000 (plus VAT) per annum for secretarial services provided to the Company for the year ended 30 September 2015 (30 September 2014: £94,000 (plus VAT)). The fee continues to be subject to annual adjustment in line with changes in the Retail Prices Index.

Details of all fees payable to the Manager are set out in note 18 on page 51 of this Report.

The Board continues to consider that the Manager has the appropriate depth of resource to deliver superior returns over the longer term. The Manager is supported by significant depth of knowledge and experience in Asia, with regional resources and local analysts. In light of the above the Board considers that the Manager's continued appointment is in the best interests of shareholders as a whole.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has been appointed 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 to the extent described in the AIFM Directive.

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 its 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 Depositary Agreement may be terminated 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 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 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.

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 including 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 on page 21, 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
- they consider that the Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the Viability Statement, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

A statement on the medium term viability of the Company can be found in the Strategic Report on pages 19 and 20.

Provision of information to the Auditors

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

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 trust in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2014 (the "Code") which applies to accounting periods beginning on or after 1 October 2014. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

Compliance statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors' Responsibilities, Viability Statement and Going Concern Statement set out on pages 25, 19 to 20 and 26 respectively, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board believes that the Company has, throughout the year under review, complied with all relevant provisions set out in the 2014 UK Corporate Governance Code.

Operation and composition of the Board

Composition

The Board has no 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 depositary and custodial services and the provision of accounting and company secretarial services. The Company has no employees.

Chairman
The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 21 of the Report and Accounts. 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 and operation of the Board
The role of the Board is set out in the Strategic Report on pages 13 and 14.

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

The Chairman ensures that all Directors receive 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, its sector and the wider industry, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and development
On appointment, Directors receive a full, formal and tailored induction. Directors are also 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 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 builds on and develops individual and collective strengths. The last evaluation took place in 2014 and, in view of the changes being made to the Board in early 2016, it is anticipated that an externally facilitated Board evaluation will take place later in 2016.

Directors' and officers' liability insurance and indemnity

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

Directors' attendance at meetings

Four Board meetings are scheduled for the coming 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 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	1/1
Robert Binyon[1]	2/2	1/1	1/1	1/1
Mr Keith Craig[2]	2/2	N/A	1/1	N/A
Anthony Fenn	4/4	2/2	2/2	1/1
Rosemary Morgan	4/4	2/2	2/2	1/1
Nicholas Smith	4/4	2/2	2/2	1/1
James Williams	4/4	2/2	2/2	1/1

[1]Retired as a Director on 28 January 2015.
[2]Appointed as a Director on 19 May 2015.

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

The Committees of the Board have defined Terms of Reference which are available on the website at www.schroderasiapacificfund.com. Membership of the Committees is set out on page 21 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. Given the size of the Board, the Board considers it is appropriate for all Directors, including the Chairman, to sit on the Audit Committee. The Chairman of the Board does not Chair the Audit Committee. The Board considers each member of the Committee to be independent.

The Audit Committee met twice during the year to consider its terms of reference, the operational controls maintained by the Manager and Depositary, the Half Year and Annual Accounts and related Audit Plan and engagement letter, the independence of the Auditors and evaluation of the Auditors. The Board has satisfied itself that at least

one of the Committee's members has recent and relevant financial experience (see the Directors' biographies on page 21).

During its review of the Company's financial statements for the year ended 30 September 2015, 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	How the issue was addressed
– Overall accuracy of the Annual Report and Accounts	– Consideration of the draft Annual Report and Accounts, the letter from the Manager in support of the letter of representation to the Auditors and the Auditors' Report to the Audit Committee.
– Calculation of the investment management fee	– Consideration of methodology used to calculate fees, matched against the criteria set out in the AIFM Agreement.
– Valuation and existence of holdings	– Review of portfolio holdings and assurance reports on controls from the Manager and Depositary.
– Compliance with S1158 of the Corporation Tax Act 2010	– Consideration of compliance criteria.
– Internal Controls and risk management	– 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 third year that the current Senior Statutory Auditor has conducted the audit of the Company's financial statements.

The European Parliament and the Council of the European Union adopted an amending Directive on statutory audits of annual accounts and consolidated accounts in April 2014, which will apply to certain companies, including the Company, in

respect of financial years commencing on or after 17 June 2016. The reforms include the mandatory periodic tendering of the audit contact and rotation of audit firms. The Board is considering the impact of the reforms, which have yet to be implemented into UK law.

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 (2014: £1,600) is payable to the Auditors in respect of the submission of tax returns for the year under review. 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 advises the Board on succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will make recommendations to the Board in this regard. The Nomination Committee advises the Board on its balance of relevant skills, experience, gender, race, ages and length of service of the Directors serving on the Board.

Before the appointment of a new Director, the Nomination Committee prepares a description of the role and capabilities required for a particular appointment. The Committee is dedicated to selecting the best person for the role, while recognising 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 final recommendations to the Board.

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 Keith Craig, was recommended to the Board for approval. The Committee did not utilise the services of an external search consultancy in respect of Mr Craig's appointment as candidates of sufficient quality were found from the Company's own search.

Since the end of the year, the Committee met to consider the appointment of the successor to the Chairman, who is retiring at the forthcoming AGM. Mr Fenn chaired the Committee when it was dealing with this matter, in line with the provisions of the Code.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the terms of the AIFM Agreement are competitive and reasonable for shareholders, that Directors' fees remain competitive 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 one occasion during the year ended 30 September 2015 and considered its terms of reference, the performance and suitability of the Manager, the terms and conditions of the AIFM Agreement, the performance and suitability of other service providers, and the fees paid to Directors.

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, results and prospects.

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 20 working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the back cover.

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

Anti bribery and corruption policy

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

This policy expressly prohibits any Director or persons acting on the Company's behalf from accepting, offering, soliciting, paying or authorising any payment, gift or hospitality to secure any improper benefit for themselves or the Company. The Company has implemented this policy to ensure compliance with the Bribery Act 2010. In pursuance of this policy, the Board has undertaken due diligence in respect of persons who perform services for and on behalf of the Company and has obtained assurances that appropriate anti bribery and corruption policies are in operation.

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 review annually whether an internal audit function 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 17 to 19.

By Order of the Board

Schroder Investment Management Limited
Company Secretary

17 December 2015

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 is subject to shareholder approval at the forthcoming Annual General Meeting ("AGM").

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. 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 are comprised of non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not awarded, 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 not entitled to 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 levels of fees paid to 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 Remuneration policy

This Report sets out how the Remuneration Policy was implemented during the year ended 30 September 2015.

Fees paid to Directors

During the year ended 30 September 2015, the Chairman was paid a fee of £35,000, and the other members of the Board were each paid a fee of £25,000. The Chairman of the Audit Committee received an additional £3,000.

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 30 September 2015 and the previous financial year:

Directors	Fees		Taxable benefits[1]		Total	
	2015 £	2014 £	**2015 £**	2014 £	**2015 £**	2014 £
The Hon. Rupert Carington	**35,000**	30,000	**193**	122	**35,193**	30,122
Robert Binyon[2]	**8,168**	23,000	**9,418**	7,703	**17,586**	30,703
Robert Boyle[3]	**–**	–	**–**	515	**–**	515
Keith Craig[4]	**9,224**	–	**–**	–	**9,224**	–
Anthony Fenn	**25,000**	23,000	**182**	163	**25,182**	23,163
Rosemary Morgan	**25,000**	23,000	**137**	122	**25,137**	23,122
Nicholas Smith	**28,000**	25,000	**211**	314	**28,211**	25,314
James Williams[5]	**25,000**	3,240	**257**	–	**25,257**	3,240
	155,392	127,240	**10,398**	8,939	**165,790**	136,179

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

[2]Retired as a Director on 28 January 2015. Mr Binyon is resident in Thailand and his taxable benefits include travelling expenses incurred attending Board meetings in London.

[3]Retired as a Director on 30 June 2013.

[4]Appointed as a Director on 19 May 2015.

[5]Appointed as a Director on 11 August 2014.

The information in the above table has been audited.

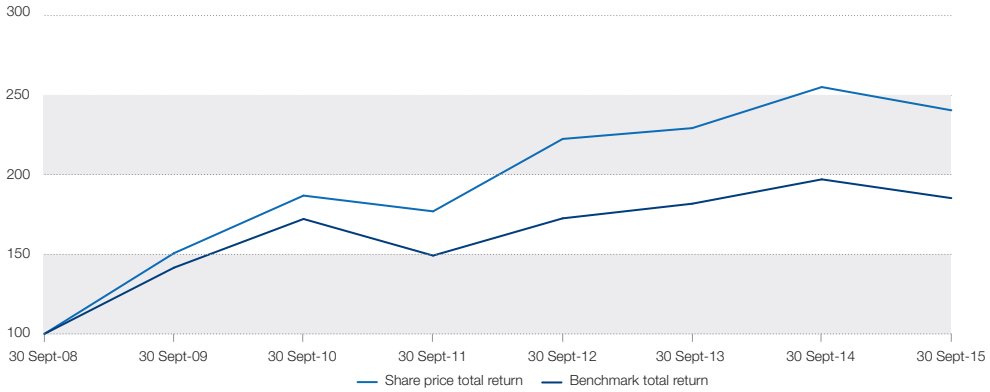
Consideration of matters relating to Directors' remuneration

Directors' remuneration levels were last reviewed by the Management Engagement Committee and the Board in November 2015. The members of the Committee at the time that remuneration levels were considered were as set out on page 21. No external advice was sought in considering Directors' fee levels. However information on fees paid to Directors of peer group companies and of companies in the wider industry was taken into consideration.

Following this review, the Board decided that Directors' fees should remain unchanged. The Directors fees were last increased with effect from 1 October 2014.

Performance graph

A graph showing the Company's share price total return compared with its Benchmark, the MSCI All Countries Asia excluding Japan Index in Sterling terms[1], over the last seven years is shown below.



[1]Prior to 31 January 2011, the benchmark was the MSCI All Countries Far East excluding Japan Index in Sterling terms.

Expenditure by the Company on Directors' remuneration compared with distributions to shareholders

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

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000	% Change
Remuneration payable to Directors	166	136	+22.1
Distributions paid to shareholders			
– Dividends[1]	4,654	5,685	(18.1)
– Share buybacks	–	1,115	(100.0)
Total distributions paid to shareholders	**4,654**	**6,800**	**(31.6)**

[1]Comprises dividends paid to shareholders in the year.

Directors' share interests

The Company's Articles of Association do not contain a provision requiring 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 23. 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 Remuneration Policy for the year ending 30 September 2016

The Board does not intend to make any significant changes to the implementation of the Remuneration Policy as set out in this Report for the year ending 30 September 2016.

Shareholder approval

Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. An ordinary resolution to approve this Policy was approved by shareholders at the AGM in 2014, the full policy provisions will continue to apply until the AGM held in 2017 unless a revised Remuneration Policy is approved prior to such AGM.

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

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 28 January 2015, 99.89% 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 2014 were in favour while 0.11% were against. 109,902 votes were withheld.

The Hon. Rupert Carington
Chairman
17 December 2015

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 2015 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

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

- the Balance Sheet as at 30 September 2015;
- 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 Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

Materiality

- Overall materiality: £4.8 million which represents approximately 1% of net assets.

Audit scope

- The Company is a standalone Investment Trust Company and engages Schroder Unit Trusts Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from HSBC Securities Services (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.

Areas of focus

- Income from investments
- Valuation and existence of investments

The scope of our audit and our areas of focus

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

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

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

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

Area of focus	How our audit addressed the area of focus
Income from investments Refer to page 44 (Accounting Policies) and page 46 (Notes to the Accounts). 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 income could have a material impact on the Company's net asset value. Income from investments totalled £13.6 million.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP.
Valuation and existence of investments Refer to page 29 (Report of the Directors), page 44 (Accounting Policies) and page 48 (Notes to the Accounts). The investment portfolio at 30 September 2015 comprised listed equity investments of £487 million. 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 investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Custodian, HSBC Bank plc. No differences were identified by our testing which required reporting to those charged with governance.

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 Manager outsources certain accounting and administrative functions to the Administrator. The Company's accounting is delegated to the Administrator who maintains their own accounting records and controls and reports to the Manager and 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 was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures 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	£4.8 million (2014: £4.95 million).
How we determined it	1% of net assets.

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

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £239,000 (2014: £247,000) 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 Report of the Directors, set out on page 26, in relation to going concern. We have nothing to report having performed our review.

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

As noted in the Directors' statement, the Directors have concluded that it is appropriate to 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 opinion

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

ISAs (UK & Ireland) reporting

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

– information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
– the statement given by the Directors on page 25, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report.
– the section of the Annual Report on pages 28 to 30, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

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

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

– the Directors' confirmation on page 17 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
– the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
– the Directors' explanation on pages 19 and 20 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

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

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

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten further 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 25, 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.

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

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

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

17 December 2015

Notes:

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

Income Statement

for the year ended 30 September 2015

	Note	2015			2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	–	(17,571)	(17,571)	–	42,218	42,218
Loss on derivative contract		–	(55)	(55)	–	–	–
Net foreign currency losses		–	(1,032)	(1,032)	–	(102)	(102)
Income from investments	3	13,597	–	13,597	10,368	438	10,806
Other interest receivable and similar income	3	2	–	2	46	–	46
Gross return/(loss)		13,599	(18,658)	(5,059)	10,414	42,554	52,968
Investment management fee	4	(4,571)	–	(4,571)	(4,224)	–	(4,224)
Administrative expenses	5	(939)	–	(939)	(898)	–	(898)
Net return/(loss) before finance costs and taxation		8,089	(18,658)	(10,569)	5,292	42,554	47,846
Finance costs	6	(116)	–	(116)	(93)	–	(93)
Net return/(loss) on ordinary activities before taxation		7,973	(18,658)	(10,685)	5,199	42,554	47,753
Taxation on ordinary activities	7	(822)	(1,496)	(2,318)	(450)	–	(450)
Net return/(loss) on ordinary activities after taxation		7,151	(20,154)	(13,003)	4,749	42,554	47,303
Return/(loss) per Ordinary share	9	4.23p	(11.91)p	(7.68)p	2.80p	25.12p	27.92p

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.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2015

	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 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
Net (loss)/return on ordinary activities	–	–	–	–	–	(20,154)	7,151	(13,003)
Ordinary dividend paid in the year	–	–	–	–	–	–	(4,654)	(4,654)
At 30 September 2015	**16,923**	**100,956**	**3,221**	**36,301**	**8,704**	**304,540**	**7,225**	**477,870**

The notes on pages 44 to 57 form an integral part of these accounts.

Balance Sheet

at 30 September 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	487,181	490,574
Current assets	11		
Debtors		5,128	3,082
Cash at bank and in hand		18,763	12,466
		23,891	15,548
Current liabilities	12		
Creditors: amounts falling due within one year		(33,147)	(10,595)
Derivative financial instrument held at fair value through profit or loss		(55)	–
Net current (liabilities)/assets		(9,311)	4,953
Total assets less current liabilities		477,870	495,527
Net assets		477,870	495,527
Capital and reserves			
Called-up share capital	13	16,923	16,923
Share premium	14	100,956	100,956
Capital redemption reserve	14	3,221	3,221
Share purchase reserve	14	36,301	36,301
Warrant exercise reserve	14	8,704	8,704
Capital reserves	14	304,540	324,694
Revenue reserve	14	7,225	4,728
Total equity shareholders' funds		477,870	495,527
Net asset value per Ordinary share	15	282.39p	292.82p

These accounts were approved and authorised for issue by the Board of Directors on 17 December 2015 and signed on its behalf by:

The Hon. Rupert Carington
Chairman

The notes on pages 44 to 57 form an integral part of these accounts.

Registered in England and Wales
Company registration number: 3104981

Cash Flow Statement

for the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	**16**	**7,841**	3,019
Servicing of finance			
Interest paid		**(109)**	(119)
Net cash outflow from servicing of finance		**(109)**	(119)
Taxation			
Overseas taxation paid		**(2,272)**	(470)
Investment activities			
Purchases of investments		**(193,830)**	(184,337)
Sales of investments		**179,898**	176,514
Special dividend received allocated to capital		**–**	438
Net cash outflow from investment activities		**(13,932)**	(7,385)
Dividend paid		**(4,654)**	(5,685)
Net cash outflow before financing		**(13,126)**	(10,640)
Financing			
Repurchase and cancellation of the Company's own Ordinary shares		**–**	(1,115)
Bank loan drawndown/(repaid)		**19,116**	(11,135)
Net cash inflow/(outflow) from financing		**19,116**	(12,250)
Net cash inflow/(outflow) in the year	**17**	**5,990**	(22,890)

The notes on pages 44 to 57 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 transactions costs are given in note 10 on pages 48 and 49.

(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.

Gains or losses on derivative financial instruments are treated as capital or revenue depending on the motive and circumstances of the transaction. Where positions are undertaken to protect or enhance capital the returns are capital and where they are generating or

protecting revenue the returns are revenue. Where positions generate total returns the returns are apportioned between capital and revenue to reflect the nature of the transaction.

Any derivative positions open at the year end are included in current assets or current liabilities in the Balance Sheet at fair value, using market prices.

(h) Taxation

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

Deferred tax is accounted for in accordance with FRS 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.

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 the 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) Dividend 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 transactions 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

	2015 £'000	2014 £'000
Gains on sales of investments based on historic cost	**23,719**	2,471
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**(10,387)**	(1,186)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**13,332**	1,285
Net movement in investment holding gains and losses	**(30,903)**	40,933
(Losses)/gains on investments held at fair value through profit or loss	**(17,571)**	42,218

3. Income

	2015 £'000	2014 £'000
Income from investments:		
Overseas dividends	**13,164**	10,172
UK dividends	**384**	115
Scrip dividends	**49**	81
	13,597	10,368
Other interest receivable and similar income:		
Stock lending fees	**–**	31
Deposit interest	**2**	15
	2	46
Total dividends and interest	**13,599**	10,414
Capital:		
Special dividend allocated to capital	**–**	438

4. Investment management fee

	2015 £'000	2014 £'000
Management fee	**4,571**	4,224

The basis for calculating the investment management fee is set out in the Report of the Directors on page 24.

5. Administrative expenses

	2015 £'000	2014 £'000
Administration expenses	**667**	656
Directors' fees[1]	**155**	127
Secretarial fee	**96**	94
Auditors' remuneration for audit services	**19**	19
Auditors' remuneration for taxation compliance services	**2**	2
	939	898

[1]Full details are given in the remuneration report on pages 33 to 35.

6. Finance costs

	2015 £'000	2014 £'000
Interest on bank loans and overdrafts	**116**	93

7. Taxation

(a) Analysis of charge in the year:

	2015			2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	**822**	**–**	**822**	450	–	450
Indian capital gains tax	**–**	**1,496**	**1,496**	–	–	–
Current tax charge for the year	**822**	**1,496**	**2,318**	450	–	450

The Company has no corporation tax liability for the year ended 30 September 2015 (2014: nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2014: lower) than the Company's applicable rate of corporation tax for the year of 20.5% (2014: 22.0%).

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

	2015			2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Net return on ordinary activities before taxation	**7,973**	**(18,658)**	**(10,685)**	5,199	42,554	47,753
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 20.5% (2014: 22.0%)	**1,634**	**(3,824)**	**(2,190)**	1,144	9,362	10,506
Effects of:						
Capital returns on investments	**–**	**3,824**	**3,824**	–	(9,266)	(9,266)
Income not chargeable to corporation tax	**(2,493)**	**–**	**(2,493)**	(2,068)	(96)	(2,164)
Overseas withholding tax	**822**	**–**	**822**	450	–	450
Overseas capital gains tax	**–**	**1,496**	**1,496**	–	–	–
Overseas withholding tax allowed as a deductible expense	**–**	**–**	**–**	(2)	–	(2)
Unutilised tax losses	**859**	**–**	**859**	926	–	926
Current tax charge for the year	**822**	**1,496**	**2,318**	450	–	450

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £4,543,000 (2014: £3,705,000) based on the current corporation tax rate of 20% (2014: 20%) 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 meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends paid and proposed

	2015 £'000	2014 £'000
2014 final dividend paid of 2.75p (2013: 3.35p)	**4,654**	5,685

	2015 £'000	2014 £'000
2015 final dividend proposed of 4.20p (2014: 2.75p)	**7,107**	4,654

The proposed final dividend amounting to £7,107,000 (2014: £4,654,000) 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 £7,151,000 (2014: £4,749,000).

9. Return/(loss) per Ordinary share

	2015 £'000	2014 £'000
Revenue return	**7,151**	4,749
Capital (loss)/return	**(20,154)**	42,554
Total (loss)/return	**(13,003)**	47,303
Weighted average number of Ordinary shares in issue during the year	**169,225,716**	169,416,702
Revenue return per share	**4.23p**	2.80p
Capital (loss)/return per share	**(11.91)p**	25.12p
Total (loss)/return per share	**(7.68)p**	27.92p

10. Investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Opening book cost	**403,516**	395,358
Opening investment holding gains	**87,058**	47,311
Opening valuation	**490,574**	**442,669**
Purchases at cost	**195,946**	184,511
Sales proceeds	**(181,768)**	(178,824)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**13,332**	1,285
Net movement in investment holding gains and losses	**(30,903)**	40,933
Closing valuation	**487,181**	**490,574**
Closing book cost	**441,413**	403,516
Closing investment holding gains	**45,768**	87,058
Total investments held at fair value through profit or loss	**487,181**	490,574

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

	2015 £'000	2014 £'000
On acquisitions	**382**	368
On disposals	**390**	482
	772	850

11. Current assets

Debtors	2015 £'000	2014 £'000
Securities sold awaiting settlement	**4,180**	2,310
Dividends and interest receivable	**870**	691
Taxation recoverable	**57**	59
Other debtors	**21**	22
	5,128	3,082

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

Cash at bank and in hand

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

12. Current liabilities

Creditors: amounts falling due within one year	2015 £'000	2014 £'000
Bank loan	**29,708**	9,253
Securities purchased awaiting settlement	**2,160**	93
Other creditors and accruals	**1,279**	1,249
	33,147	10,595

The loan comprises US$45.0 million (£29.7 million) drawn down on the Company's £30 million (2014: US$75 million), 364 day, multi-currency revolving 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 (£9.3 million) drawn down on the facility. Further details of the facility are given in note 21 on page 54.

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

Derivative financial instrument held at fair value through profit or loss	2015 £'000	2014 £'000
Forward foreign currency contract	**55**	–

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

Details of the Company's strategy for managing currency risk are given in note 21(a) (i) on page 52.

13. Called-up share capital

	2015 £'000	2014 £'000
Ordinary shares allotted, called-up and fully paid:		
Ordinary shares of 10p each:		
Opening balance of 169,225,716 (2014: 169,700,716) Ordinary shares	**16,923**	16,970
Repurchase and cancellation of nil (2014: 475,000) Ordinary shares	**–**	(47)
Closing balance of 169,225,716 (2014: 169,225,716) Ordinary shares	**16,923**	16,923

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	3,221	36,301	8,704	237,619	87,075	4,728
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	13,332	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	(30,903)	–
Transfer on disposal of investments	–	–	–	–	10,387	(10,387)	–
Unrealised loss on derivative contract	–	–	–	–	–	(55)	–
Realised exchange gains on cash and short term deposits	–	–	–	–	307	–	–
Exchange losses on the credit facility	–	–	–	–	–	(1,339)	–
Capital gains tax	–	–	–	–	(1,496)	–	–
Dividend paid	–	–	–	–	–	–	(4,654)
Retained revenue for the year	–	–	–	–	–	–	7,151
Closing balance	**100,956**	**3,221**	**36,301**	**8,704**	**260,149**	**44,391**	**7,225**

[1]Share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued.
[2]Represents the accumulated nominal value of Ordinary shares repurchased for cancellation.
[3]Arose following the cancellation of the balance of share premium in 1998 and was created for the purpose of financing share buybacks.
[4]The 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

	2015	2014
Net assets attributable to the Ordinary shareholders (£'000)	**477,870**	495,527
Ordinary shares in issue at the year end	**169,225,716**	169,225,716
Net asset value per Ordinary share	**282.39p**	292.82p

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

	2015 £'000	2014 £'000
Total (loss)/return on ordinary activities before finance costs and taxation	**(10,569)**	47,846
Less capital loss/(return) on ordinary activities before finance costs and taxation	**18,658**	(42,554)
Scrip dividends received as income	**(49)**	(81)
(Increase)/decrease in accrued dividends and interest receivable	**(179)**	78
Decrease in other debtors	**1**	1
Decrease in accrued expenses	**(21)**	(2,271)
Net cash inflow from operating activities	**7,841**	3,019

17. Analysis of changes in net cash/(debt)

	2014 £'000	Cash flow £'000	Exchange movements £'000	2015 £'000
Cash at bank and in hand	12,466	5,990	307	18,763
Bank loan	(9,253)	(19,116)	(1,339)	(29,708)
Net cash/(debt)	**3,213**	**(13,126)**	**(1,032)**	**(10,945)**

18. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of the management fee calculation are given in the Report of the Directors on page 24. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation and therefore incur no fee.

The management fee payable in respect of the year ended 30 September 2015 amounted to £4,571,000 (2014: £4,224,000), of which £1,069,000 (2014: £1,091,000) was outstanding at the year end. The company secretarial fee payable in respect of the year ended 30 September 2015 amounted to £96,000 (2014: £94,000), of which £25,000 (2014: £24,000) was outstanding at the year end.

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

19. Related party transactions

The Company has no related parties other than its Directors. Details of the remuneration payable to Directors are given in the Remuneration Report on page 33 and details of Directors' shareholdings are given in the Report of the Directors on page 23.

20. 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 and a derivative financial instrument.

The 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 44.

At 30 September 2015, the Company's investment portfolio and the derivative financial instrument were all categorised in Level 1 (2014: same).

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

The investment objective is set out on the inside front cover of this Report. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for distribution as 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;
- a multi-currency overdraft facility with HSBC Bank plc, the purpose of which is to assist in financing the Company's operations; and
- a multi-currency revolving credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations; and
- a forward foreign currency contract, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and market price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

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

Management of currency risk

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

Foreign currency exposure

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

	2015								
	Hong Kong Dollars £'000	US Dollars £'000	South Korean Won £'000	Taiwan Dollars £'000	Singapore Dollars £'000	Thai Baht £'000	Indian Rupees £'000	Other £'000	Total £'000
Current assets	1,392	11,775	2,036	381	1	–	143	8	15,736
Current liabilities									
Creditors: amounts falling due within one year	(1,355)	(29,722)	–	(26)	–	–	(123)	–	(31,226)
Derivative financial instrument held at fair value through profit or loss	(101,725)	101,670	–	–	–	–	–	–	(55)
Foreign currency exposure on net monetary items	(101,688)	83,723	2,036	355	1	–	20	8	(15,545)
Investments held at fair value through profit or loss	177,696	62,356	40,397	59,998	8,843	28,114	80,003	25,086	482,493
Total net foreign currency exposure	**76,008**	**146,079**	**42,433**	**60,353**	**8,844**	**28,114**	**80,023**	**25,094**	**466,948**

	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									
Creditors: amounts falling due within one year	–	(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**

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% (2014: 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:

	2015 £'000	2014 £'000
Income Statement – return after taxation		
Revenue return	**1,223**	963
Capital return	**(1,555)**	(38)
Total return after taxation	**(332)**	925
Net assets	**(332)**	925

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

	2015 £'000	2014 £'000
Income Statement – return after taxation		
Revenue return	**(1,223)**	(963)
Capital return	**1,555**	38
Total return after taxation	**332**	(925)
Net assets	**332**	(925)

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 55.

(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:

Exposure to floating interest rates:	2015 £'000	2014 £'000
Cash at bank and in hand	18,763	12,466
Creditors: amounts falling due within one year – borrowings on the credit facility	(29,708)	(9,253)
Total exposure	(10,945)	3,213

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

During the year, the Company extended its £30 million (2014: US$75 million), 364 day, multi-currency revolving credit facility with Scotiabank to 30 April 2016. 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 2015, the Company had drawn down US$45.0 million (£29.7 million) at an interest rate of 0.85% per annum. At the prior year end, the Company had drawn down US$15.0 million (£9.3 million) at an interest rate of 0.86% per annum.

During the year, the Company also arranged a £30 million overdraft facility with HSBC (secured by floating charge) which has not been utilised.

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

	2015 £'000	2014 £'000
Maximum debit interest rate exposure during the year – net debt	(11,232)	(4,134)
Maximum credit interest rate exposure during the year – net cash	7,598	13,644

Interest rate sensitivity
The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2014: 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.

	2015		2014	
Income statement – return after taxation	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Revenue return	(55)	55	16	(16)
Capital return	–	–	–	–
Total return after taxation	(55)	55	16	(16)
Net assets	(55)	55	16	(16)

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:

	2015 £'000	2014 £'000
Investments held at fair value through profit or loss	**487,181**	490,574

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

Concentration of exposure to market price risk
An analysis of the Company's investments is given on pages 10 to 12. 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% (2014: 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.

	2015		2014	
Income statement – return after taxation	**20% increase in fair value £'000**	**20% decrease in fair value £'000**	20% increase in fair value £'000	20% decrease in fair value £'000
Revenue return	**(779)**	**779**	(785)	785
Capital return	**97,436**	**(97,436)**	98,115	(98,115)
Total return after taxation and net assets	**96,657**	**(96,657)**	97,330	(97,330)
Percentage change in net asset value	**20.2%**	**(20.2%)**	19.6%	(19.6%)

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

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

Creditors: amounts falling due within one year	**Three months or less 2015 £'000**	Three months or less 2014 £'000
Bank loan – including interest	**29,722**	9,260
Securities purchased awaiting settlement	**2,160**	93
Other creditors and accruals	**1,265**	1,243
	33,147	10,596

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

Management of credit risk
This risk is not significant and is managed as follows:

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

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

Exposure to the custodian of the Company's assets
The custodian of the Company's assets is HSBC Bank plc which has Long Term Credit Ratings of AA- with Fitch and Aa2 with Moody's. The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the Custodian as banker and held on the Custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the Custodian in respect of cash balances.

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

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

22. 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:

	2015 £'000	2014 £'000
Debt		
Bank loan	**29,708**	9,253
Equity		
Called-up share capital	**16,923**	16,923
Reserves	**460,947**	478,604
Total equity	**477,870**	495,527
Total debt and equity	**507,578**	504,780

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.

	2015 £'000	2014 £'000
Borrowings used for investment purposes, less cash	**10,945**	(3,213)
Net assets	**477,870**	495,527
Gearing/(net cash)	**2.3%**	(0.6%)

Notes to the Accounts

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 Thursday, 28 January 2016 at 12.00 noon. The formal Notice of Meeting is set out on page 59.

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 – Continuation vote (Ordinary Resolution)

In accordance with the Company's Articles of Association, the Directors are required to put forward a proposal for the continuation of the Company to shareholders at five yearly intervals. The Board considers that the long term investment objectives of the Company remain appropriate and that the current Manager is well placed to deliver superior returns over the longer term. An ordinary resolution will therefore be proposed at the AGM to agree that the Company should continue as an investment trust for a further five year period.

Resolution 10 – Authority to make market purchases of the Company's own shares (Special Resolution)

At the AGM held on 28 January 2015, the Company was granted authority to make market purchases of up to 25,366,934 Ordinary Shares of 10p each for cancellation. A total of 152,000 Ordinary Shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 25,214,934 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 2016 AGM will lapse at the conclusion of the AGM in 2017 unless renewed or revoked earlier.

Recommendation

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

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder AsiaPacific Fund plc will be held at 12.00 noon on Thursday, 28 January 2016 at 31 Gresham Street, London EC2V 7QA to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 9 will be proposed as Ordinary Resolutions and resolution 10 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 2015.
2. To approve a final dividend of 4.20p per share for the financial year ended 30 September 2015.
3. To approve the Directors' Annual Report on Remuneration for the year ended 30 September 2015.
4. To elect Mr Keith Craig as a Director of the Company.
5. To re-elect Mr Anthony Fenn as a Director of the Company.
6. To re-elect Mrs Rosemary Morgan 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 an Ordinary Resolution:
   "That, in accordance with the Articles of Association, the Company should continue as an investment trust for a further five year period."
10. 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 25,344,150, representing 14.99% of the issued ordinary share capital as at 17 December 2015;
    (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
17 December 2015

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 2016. 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 Annual 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 2016, 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 2016 shall be disregarded in determining the right of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (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 page 21 of the Company's Annual Report and Accounts for the year ended 30 September 2015.
7. As at 17 December 2015, 169,073,716 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 17 December 2015 was 169,073,716.
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 webpage, 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

The Company

Schroder AsiaPacific Fund plc is an independent investment trust, whose shares are listed on the London Stock Exchange. As at 17 December 2015, the Company had 169,073,716 Ordinary shares of 10p each in issue (no shares were held in Treasury). The Company's assets are managed and administered by Schroders.

It is not intended that the Company should have a limited life. 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 forthcoming Annual General Meeting and thereafter at five yearly intervals.

Website and share price information

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

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

Financial Conduct Authority Rules implementing the EU 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.

AIFM Directive disclosures

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

AIFM remuneration disclosures

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

www.schroderasiapacificfund.com

www.schroders.co.uk/its

Advisers

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31 Gresham Street
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Investment Manager and Company Secretary
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Telephone: 020 7658 3206

Registered Office
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Depositary
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8 Canada Square
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Independent Auditors
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Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Corporate Broker
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Registrar
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Shareholder Helpline: 0800 032 0641*
Website: www.shareview.co.uk
*Calls to this number are free of charge from UK landlines.

Dealing codes

ISIN:	GB0007918872
SEDOL:	0791887
Ticker:	SDP

Global Intermediary Identification Number (GIIN)

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