

NAV per unit : US\$13.53
 Market Price : US\$12.65
 Discount to NAV : -6.50%¹
 Fund size : US\$140.0 million

May 31, 2017

- The Asia Pacific Fund Inc. (the "Fund") is a diversified, closed-end management investment company which primarily invest in equity securities of companies in various Asia Pacific countries, excluding Japan.
- Investing in foreign and emerging market securities involve risks related to adverse political and economic developments unique to a country or a region and currency exchange fluctuations.
- The Fund may also invest in products that involve additional risks such as participatory notes which may involve liquidity, tax and counterparty risk and derivative transactions which could expose the Fund to the effects of leverage and magnify potential losses.

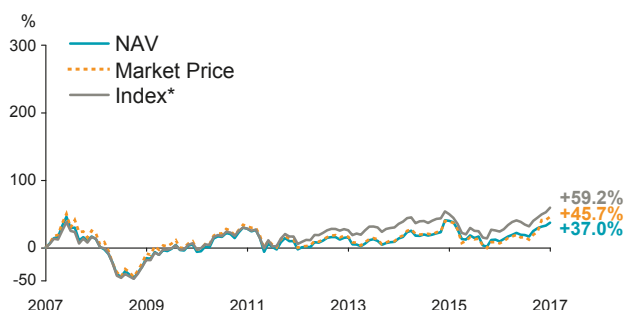
Investment objective

The Fund aims to achieve long-term capital appreciation through investment primarily in equity securities in the Asia Pacific countries (excluding Japan). There is no guarantee the Fund's objective will be achieved.

Fund structure

The Fund is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company.

Ten years performance¹



Total return performance as of May 31, 2017¹

	NAV	Market Price	Index*
One month	+3.2%	+3.2%	+4.4%
Year-to-date	+17.4%	+30.1%	+20.9%
One year	+25.3%	+36.6%	+28.5%
Three years (p.a.)	+6.4%	+8.2%	+5.6%
Five years (p.a.)	+7.0%	+7.8%	+8.6%
Ten years (p.a.)	+3.2%	+3.8%	+4.8%

Total return performance as of Mar 31, 2017¹

	NAV	Market Price	Index*
Year-to-date	+12.5%	+25.8%	+13.4%
One year	+17.7%	+30.0%	+17.8%
Three years (p.a.)	+6.7%	+8.4%	+5.0%
Five years (p.a.)	+3.6%	+4.5%	+5.1%
Ten years (p.a.)	+4.0%	+4.7%	+5.0%

Calendar year performance¹

Year	NAV	Market Price	Index*
2011	-19.9%	-21.3%	-17.1%
2012	+17.6%	+15.1%	+22.7%
2013	-3.9%	-2.9%	+3.3%
2014	+7.2%	+7.3%	+5.1%
2015	-1.2%	-5.9%	-8.9%
2016	+0.0%	-1.4%	+5.8%
2017 (YTD)	+17.4%	+30.1%	+20.9%

Past performance does not guarantee future results and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and share, when sold, may be worth more or less than the original cost. Index returns do not include the effect of any sales charges, fund operating expenses or taxes. An investment cannot be made directly in an index.

Fund manager commentary

Performance Summary

The momentum in Asia ex-Japan markets remained strong in May with the MSCI Asia ex Japan Index climbed further with a 4.3% gain during the month.

In China, markets shrugged off the recent wave of tightening measures ranging from stricter financial regulatory rules to slower money supply (M2 growth). The policy shift to a risk-containing focus came in at an opportune time as rounds of better-than-expected growth data in the first quarter of 2017 provided a good window for policymakers to address structural issues. The portfolio manager expects the tightening trend to continue in a modest pace and macro data shall soften in the second half of 2017 as the government seeks to achieve its full-year economic growth target at 6.5% (first-quarter growth came in at 6.9%).

In South Korea, the benchmark KOSPI rode on the upward trend this year and reported in May its biggest monthly gain in the past five years. During the month, the election win of South Korean President Moon Jae-in and his nomination of top-level officials demonstrated the new government's determination to tackle the Chaebol issue. On the macro front, April exports were up but details were not encouraging. Separately, the Nikkei South Korea Manufacturing Purchasing Managers' Index ("PMI") continued to stay below 50 – a threshold that indicates economic expansion. In this regard, economic recovery continued in the country with downside risks remained.

Taiwan's market continued its strong momentum in May. The TAIEX surpassed 10,000 points and reached the highest level in 17 years. During the month, foreign investors continued to be net equity buyers with an inflow of USD 1.5 billion, adding year-to-date inflows to USD 8.2 billion. Meanwhile, macro data moderated in the traditional low season with preliminary estimation of export growth in May softened. The official 2017 Gross Domestic Product ("GDP") forecast, however, was revised up to 2.05% from 1.92% in light of positive guidance on increasing demand of new technological applications, which are supportive of Taiwan's exports.

Strategy

During the month, stock picks in Hong Kong and China were the major contributors to the portfolio's performance. Among all, a Chinese property developer was the top performer. Despite escalating tightening measures in the sector, the holding recorded strong year-to-date contracted sales which were up 200% year-on-year. The developer also controlled net gearing below industry average at 54%. Meanwhile, yield pick-up in China was favorable to the portfolio's Chinese insurance holding which was also among the top contributors. Another top-performing holding was an Independent Power Producer ("IPP") in China which benefited from the positive news flow on the sectors' potential mergers and acquisitions.

On the flip side, the portfolio's energy exposures dragged performance as oil price continued to retreat. Hindered by higher fuel cost, a Korean power supplier in the portfolio announced weaker-than-expected earnings. The portfolio manager, however, maintains the holding as its valuations is attractive at current level and industrial tariff adjustment in the second half could be a positive catalyst for the company.

Outlook

The outlook for Asia ex-Japan equities remains bright. With companies in the Asia ex-Japan benchmark registering high cash levels and low net debt to equity ratios, companies in the region are well positioned to increase dividend payout on a sustained basis.

Top 10 securities holdings

Name	Industry ²	%
Samsung Electronics Co Ltd	Technology, hardware & equipment	5.3
China Construction Bank Corp	Banks	5.0
Longfor Properties Co Ltd	Real estate	4.1
PetroChina Co Ltd	Energy	3.0
Korea Electric Power Corp	Utilities	2.4
Midea Group Co Ltd	Consumer durables & apparel	2.4
Samsung Fire & Marine Insurance Co Ltd	Insurance	2.3
iShares MSCI India ETF	Others	2.0
Ping An Insurance Group Co. of China Ltd	Insurance	2.0
China Resources Power Holdings Co Ltd	Utilities	1.9

These stocks constitute 30% of the fund.

Geographical exposure by listing ³

Hong Kong	23%
South Korea	17%
H Shares	16%
Red Chips	9%
Taiwan	8%
Others	7%
Indonesia	5%
Cash ⁴	4%
Singapore	4%
China A Shares	3%
India	2%
Malaysia	2%

Sector exposure ^{2, 3}

Information technology	17%
Real estate	16%
Industrials	13%
Consumer discretionary	12%
Banks	11%
Utilities	7%
Insurance	6%
Cash ⁴	4%
Energy	4%
Other financials	3%
Telecom services	3%
Consumer staples	2%
Others	2%

Holdings and sectors are subject to change. The securities listed is not a recommendation to buy or sell any security listed.

Portfolio characteristics

As at May 31, 2017	2017 ⁵
Price/earnings ratio	9.4 times
Price/book ratio	1.1 times

Fund facts

Manager:	Value Partners Hong Kong Limited
Fund type:	Closed-end Investment Company (non-UCITS)
Base currency:	US dollars
Fund launch date:	May 1987 (managed by Value Partners Hong Kong Limited since Oct 1, 2013)
Listing:	New York Stock Exchange
Management fee:	1% on the first US\$100 million and 0.7% thereafter
Year end:	Mar 31
ISIN:	US0449011065
Bloomberg code:	APB: UN
Lipper ID:	2500
Benchmark index:	MSCI AC Asia (ex-Japan) Index* (since Apr 1, 2010)

* In view of the growing importance of the Indian economy and stock market in Asia and as part of the Fund's investment portfolio, the Fund has adopted as its reference index as of Apr 1, 2010, the MSCI All Countries Asia ex Japan Index, which includes India. Prior to this the Fund was shown against MSCI AC FE Free Ex-Japan Index Total Gross Return.

Senior investment staff

Chairman & Co-Chief Investment Officer: Cheah Cheng Hye
Deputy Chairman & Co-Chief Investment Officer: Louis So
Deputy Chief Investment Officer: Renee Hung
Senior Investment Director: Norman Ho, CFA
Investment Directors: Gordon Ip, CFA; Kenny Tjan, CFA; Michelle Yu, CFA; Yu Xiao Bo
Senior Fund Managers: Kelly Chung, CFA; Doris Ho; Glenda Hsia; Philip Li, CFA; Kai Mak

Value Partners Hong Kong Limited

9th Floor, Nexxus Building, 41 Connaught Road Central, Hong Kong
 Email : vpl@vp.com.hk
 Website : www.valuepartners-group.com

CONTACT US:
Fund Services Centre: 1-888-4-ASIA-PAC
Telephone calls may be recorded and monitored
www.asiapacificfund.com

1. Source: Bank of New York Mellon and Reuters. Total return at NAV is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program. All return data at NAV includes fees charged to the Fund and may reflect fee waivers and/or expense reimbursements. Without such, returns would be lower. Total Return at Market Price is based on changes in the market price at which the Fund's shares traded on the NYSE during the period and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program. Because the Fund's shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on both market price and NAV. All returns 1-year or less are cumulative. Returns are shown in USD. 2. Classification is based on Global Industry Classification Standard (GICS). 3. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 4. Cash refers to net cash on hand excluding cash for collaterals and margins. 5. The profile is based on market consensus forecast as derived from S&P Capital IQ and Bloomberg. Harmonic mean methodology is applied to calculate the forecast P/E ratio and P/B ratio. Note that the manager's internal estimates may differ significantly from S&P Capital IQ and Bloomberg estimates.

The views expressed are the views of Value Partners Hong Kong Limited only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but their accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

This document is prepared by Value Partners Hong Kong Limited for information purposes only. It does not constitute a prospectus, an offer or an invitation to subscribe any securities, or a recommendation in relation to any securities. This document should not be copied or distributed to third parties without the written consent of Value Partners Hong Kong Limited. An investment in the Fund does not constitute a complete investment program and may involve a substantial degree of risk. Prospective investors should not subscribe for shares of the Fund unless satisfied that he or she and his or her investment representative have asked for and received all information which would enable him or her or both of them to evaluate the merits and risks of the proposed investment. The offering of the shares has not been approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful. Investors are advised to carefully consider the Fund's investment objectives, risks, charges and expenses prior investment.