

March 31, 2018

- 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.

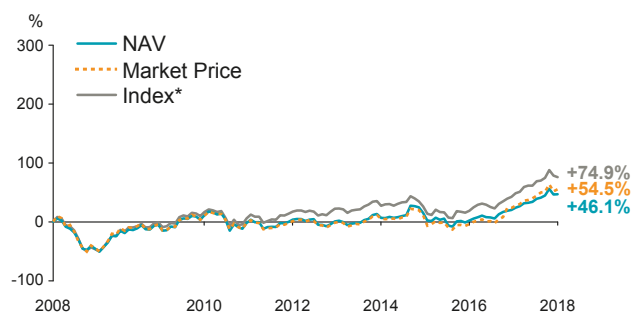
Investment objective

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 Mar 31, 2018¹

	NAV	Market Price	Index*
One month	+0.3%	+2.4%	-1.5%
Year-to-date	+1.5%	+2.7%	+0.7%
One year	+23.4%	+26.0%	+26.2%
Three years (p.a.)	+9.6%	+12.6%	+9.5%
Five years (p.a.)	+7.6%	+9.0%	+8.5%
Ten years (p.a.)	+3.9%	+4.4%	+5.8%

Total return performance as of Dec 29, 2017¹

	NAV	Market Price	Index*
Year-to-date	+36.9%	+54.3%	+42.1%
One year	+36.9%	+54.3%	+42.1%
Three years (p.a.)	+10.6%	+12.7%	+11.0%
Five years (p.a.)	+6.8%	+8.3%	+8.3%
Ten years (p.a.)	+2.1%	+2.0%	+4.3%

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	+36.9%	+54.3%	+42.1%
2018 (YTD)	+1.5%	+2.7%	+0.7%

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

Asia ex-Japan markets continued to retreat in March with the MSCI Asia ex Japan Index dropping 1.5%¹. In the China market, trade tension sparks short term uncertainties in March. However, if the current tariffs proposals were to be executed, its impact on China's economic growth would likely be insignificant – reducing growth in gross domestic product (GDP) by less than a tenth of a percentage point. Trump's latest threat to extend tariffs to cover an additional US\$100 billion worth of Chinese goods is still manageable in the context of China's economy.

In South Korea, the economy maintained a moderate pace of expansion on the back of export demand and consumption. In March, exports in USD value terms grew by 6.1%² year-on-year, recording the 17th month of increase, thanks to supportive demand for memory chips and computers across China and Europe, while shipments to the US fell amid rising protectionism. Meanwhile, the March consumer price index increased 1.3% from a year earlier, well below the Bank of Korea's target of 2% and moderately below market consensus. As such, the central bank left interest rate policy unchanged in the April meeting.

Strategy & Outlook

A few of our positioning had contributed to portfolio performance during the volatile market, which was driven by escalating trade tensions between China and the US. Firstly, our overweight position and stock picks in China's real estate sector were the top contributors, and our core holdings in this sector were supported by positive earnings results in the financial year 2017. Secondly, our stock pick in a China pharmaceutical name was among the top contributors on the back of positive policy announcement that drives margin expansion in the sector. In addition, our trimmed and underweight position in the technology sector also contributed positively as the sector retreated after a resilient 2017.

Looking ahead, we expect the US trade tension to drag near-term market sentiment as more details are to be released. At the current stage, the tension shall create less impact on consumer sectors (which are largely driven by domestic consumption) than more export-oriented sectors. This favors our current portfolio positioning. We maintain our views on Asia ex-Japan that fundamentals on both macro and corporate levels are sound and solid, and market volatility shall create buy-on-dips opportunities for investors.

1. Source: MSCI Inc.
2. Source: South Korean Ministry of Trade, Industry and Energy

Top 10 securities holdings

Name	Industry ²	%
Longfor Properties Co Ltd	Real estate	5.2
China Construction Bank Corp	Banks	5.0
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	3.2
Ping An Insurance Group Co of China Ltd	Insurance	3.0
China Resources Power Holdings Co Ltd	Utilities	2.6
Far East Horizon Ltd	Diversified financials	2.4
Far East Consortium International Ltd	Real estate	2.3
China Liliang Ltd	Consumer durables & apparel	2.2
SITC International Holdings Co Ltd	Transportation	2.2
Qingdao Port International Co Ltd	Transportation	2.1

These stocks constitute 30% of the Fund.

Geographical exposure by listing ³

Hong Kong	33%
H Shares	17%
South Korea	11%
Red Chips	9%
Taiwan	9%
Indonesia	7%
Cash ⁴	6%
Others	5%
China A Shares	3%

Sector exposure ^{2, 3}

Real estate	18%
Consumer discretionary	16%
Industrials	16%
Information technology	12%
Banks	9%
Cash ⁴	6%
Insurance	6%
Other financials	4%
Others	3%
Telecom services	3%
Utilities	3%
Consumer staples	2%
Health care	2%

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

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

Portfolio characteristics

As at Mar 31, 2018	2018 ⁵
Price/earnings ratio	8.9 times
Price/book ratio	1.2 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: Chung Man Wing; Kenny Tjan, CFA;

Michelle Yu, CFA; Yu Xiao Bo

Senior Fund Managers: Kelly Chung, CFA; Doris Ho; Glenda Hsia;

Philip Li, CFA; Luo Jing, CFA; Kai Mak; Yu Chen Jun

Recent corporate awards



Manager of the Year - Greater China Equity (Outstanding Award)

Dato' Seri Cheah Cheng Hye and Mr. Louis So (Value Partners' Co-CIOs) ⁶
~ Benchmark Fund of the Year Awards 2017, Hong Kong

Management Firm of the Year ⁷
~ AsiaHedge Awards 2017

Best Fund Provider - Greater China Equity ⁸
~ Asset Management Awards for Excellence 2017

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. 6. The award recognized individuals who have led his/her team to outstanding performances over the consistency of three-year and five-year performances against the benchmark and their peers up to 30 Sep 2017. 7. The award was based on performance for the full 12-month period, from Sep 2016 to the end of Aug 2017. 8. Based on performance and achievements for 2016.

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