

- 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.

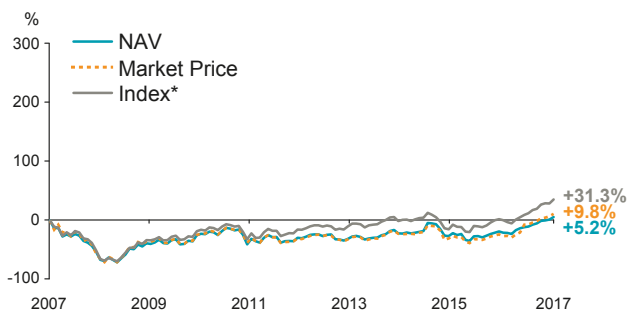
Investment objective

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 Oct 31, 2017¹

	NAV	Market Price	Index *
One month	+3.9%	+3.2%	+4.7%
Year-to-date	+31.7%	+47.4%	+37.4%
One year	+28.9%	+43.3%	+30.8%
Three years (p.a.)	+9.3%	+11.3%	+9.2%
Five years (p.a.)	+7.4%	+8.7%	+8.8%
Ten years (p.a.)	+0.5%	+0.9%	+2.8%

Total return performance as of Sep 29, 2017¹

	NAV	Market Price	Index *
Year-to-date	+26.7%	+42.8%	+31.2%
One year	+21.1%	+34.2%	+23.0%
Three years (p.a.)	+7.8%	+9.8%	+8.2%
Five years (p.a.)	+6.4%	+7.8%	+7.7%
Ten years (p.a.)	+1.1%	+1.6%	+3.3%

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 (YTD)	+31.7%	+47.4%	+37.4%

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 positive momentum in Asia ex-Japan equities accelerated again in October on a continuation of solid corporate earnings announcements and positive earnings revisions in North Asia.

In China, the 19th Party Congress – which took place in October – was the most watched event this year. The Congress not only saw a reshuffling of China's senior leadership but also marked the start of China's new political and economic cycle. President Xi was made the paramount leader of China, while "Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era" was formally enshrined in the Party's Constitution, cementing Xi's status as one of China's most powerful leaders since Mr. Mao Zedong. Although there was no mention of quantitative targets, Xi's new ideology made it clear that China is transitioning from rapid growth to high-quality development.

In South Korea, the stockmarket performed strongly in October as geopolitical risks began to subside. Korea-China relations normalized as the two governments issued a joint release at the end of October on mending ties after the THAAD standoff. The thawing Korea-China relations, coupled with declining risks from North Korea, are expected to contribute positively to South Korea's consumption recovery. Meanwhile, the nation's exports rose 7.1% year-on-year in October. The reading was weaker than expected as the Chuseok holiday had led to a short work month.

Strategy

From a portfolio perspective, the key performance contributors were from the technology and financial sectors. The portfolio's holdings in a leading South Korean technology hardware manufacturer was the top contributor thanks to the company's solid third-quarter earnings announcement, which saw operating profit rise to a historical high. In Taiwan, the holdings in a leading semiconductor manufacturer gained in October on the back of inventory restocking expectations and upgrades to analyst earnings estimates. In the financial sector, the exposures in Chinese insurers were supported by solid earnings announcements and benefited from the pickup in Chinese bond yields.

On the flip side, the portfolio's holdings in a Chinese consumer electronics manufacturer detracted due to the company's disappointing earnings guidance and destocking pressures. Although we had trimmed the portfolio's position before the guidance announcement, the reduced exposure nonetheless still weighed on the portfolio. The holdings in a real estate developer pulled back after the stock's strong year-to-date rally. However, we maintain the position as the company is expected to continue to exhibit strong cash flow generation abilities and sales growth while maintaining a quality balance sheet.

Outlook

We remain positive on the Asia ex-Japan stockmarket, particularly North Asia markets such as South Korea and China. Despite the 30%-plus rally by the MSCI Asia ex Japan Index so far this year, the market is expected to remain supported by solid earnings while current valuations are not stretched with 12-month forward price-to-earnings (P/E) at 13 times. Moreover, allocations to Asia ex-Japan equities by global investors remain subdued and risk appetite does not seem over-extended.

Top 10 securities holdings

Name	Industry ²	%
Samsung Electronics Co Ltd	Technology, hardware & equipment	8.7
China Construction Bank Corp	Banks	5.7
Longfor Properties Co Ltd	Real estate	4.1
KB Financial Group Inc	Banks	2.8
PetroChina Co Ltd	Energy	2.7
China Resources Power Holdings Co Ltd	Utilities	2.4
Ping An Insurance Group Co of China Ltd	Insurance	2.4
Far East Horizon Ltd	Diversified financials	2.3
Far East Consortium International Ltd	Real estate	2.1
SITC International Holdings Co Ltd	Transportation	2.1

These stocks constitute 35% of the fund.

Geographical exposure by listing ³

Hong Kong	25%
H Shares	18%
South Korea	17%
Red Chips	9%
Taiwan	8%
Indonesia	6%
China A Shares	4%
Others	4%
Cash ⁴	3%
India	2%
Singapore	2%
Thailand	2%

Sector exposure ^{2,3}

Information technology	19%
Real estate	16%
Industrials	14%
Banks	13%
Consumer discretionary	13%
Insurance	5%
Utilities	5%
Cash ⁴	3%
Consumer staples	3%
Energy	3%
Telecom services	3%
Other financials	2%
Others	1%

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 Oct 31, 2017	2017 ⁵
Price/earnings ratio	8.6 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: 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

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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.

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