



THE THAI-ASIA FUND LIMITED

(Incorporated with limited liability in the Cayman Islands)

**INTERIM REPORT (UNAUDITED)
JUNE 30, 2001**

DISCUSSION AND ANALYSIS OF PERFORMANCE

RESULTS

During the first half of 2001, the Company achieved a profit after tax of US\$1,228,713 (compared with a loss of US\$4,357,747 during the previous corresponding period), attributable largely to the unrealized appreciation from revaluation of investments in securities and to dividends from such investments.

The net asset value of the Company, as at June 30, 2001, was US\$8,828,658. The net asset value per share was US\$0.18, compared with US\$0.16 as at December 31, 2000, an increase over the period of 12.50% in US\$ terms. Over the same period, the SET Index increased by 13.54% in US\$ terms (and by 19.82% in Baht terms), making the Thai stock market one of the best performers within the Southeast Asia region. The Company therefore underperformed the market by 1.04%.

A post-election rally in January 2001, resilient earnings prospects for non-financial Thai corporates and abundant domestic liquidity supported the overall market performance. This was notwithstanding the global economic slowdown. The Company's underperformance of the market was attributable to the strong rally of small market-capitalization stocks, in which The Thai-Asia Fund took an underweight position due to their low liquidity.

As at June 30, 2001, the Company was 93.26% invested in Thai equities, with the balance being held in the form of bank deposits.

The Company's underlying investments are denominated in Baht and the Company is therefore exposed to fluctuations in Baht/US\$ exchange rates. During the half year, the Baht depreciated by 5.19% against the US dollar.

OUTLOOK

Looking forward, volatility in equity markets is expected to persist with major risks being uncertainties over the global economic and political outlook. Nevertheless, positive signs such as abundant domestic liquidity and the Thai government's progress in setting up a National Asset Management Company (Thai Asset Management Corporation) to buy out non-performing loans could point to a positive direction for the Thai stock market over the long term. Positive market performance should return once the global economies stabilize.

CURRENT INVESTMENTS AND ACTIVITIES REPORT

For the six months ended June 30, 2001

1. ACTIVITIES

The Company's principal activity is investment in Thai securities through a special investment vehicle, The Thai-Asia Fund (the "Fund"). The Fund was established in 1989, under the terms of an investment plan authorised by the Bank of Thailand and the Company is the sole unitholder in the Fund.

As at June 30, 2001, the total net asset value of the Company was US\$8,828,658 with a net asset value of US\$0.18 per share.

No interim dividend was declared or paid for the six months ended June 30, 2001 (2000: NIL).

2. CURRENT INVESTMENTS

The Company is the sole unitholder in the Fund. All investments comprising in the Fund are considered as investments held by the Company.

As at June 30, 2001, the Company was 93.26% invested in Thai equities, with the remaining balance being held in the form of bank deposits.

As at June 30, 2001, the ten largest investments held by the Company through its investment in the Fund were:–

	Stock Weighting (%)	
	Company	SET Index
1. Advanced Info Service	10.61	8.05
2. PTT Exploration & Production	8.42	5.54
3. Bangkok Bank	8.35	3.79
4. Shin Corporation	7.91	3.40
5. Siam City Cement	7.09	2.16
6. BEC World	6.54	3.29
7. Thai Farmers Bank	5.82	3.20
8. Siam Cement	4.25	3.48
9. Hana Microelectronics	3.65	0.74
10. National Petrochemical	3.16	0.74
	<hr/>	<hr/>
TOTAL	65.80	34.39
	<hr/>	<hr/>

An analysis by industry of the equity investments held by the Company as at June 30, 2001, together with a comparison with the composition of the SET Index, is as follows:-

Industry	No. of Stocks in		Sector Weighting(%)	
	Company	SET	Company	SET Index
1. Agribusiness	0	20	0.00	2.54
2. Banking	3	14	16.47	23.88
3. Building & Furnishing	2	24	11.34	6.93
4. Chemicals & Plastics	1	12	3.16	3.65
5. Commerce	1	12	0.87	2.80
6. Communication	4	10	23.75	16.85
7. Electrical Products & Computers	0	10	0.00	0.90
8. Electronics Components	2	8	4.28	3.33
9. Energy	3	10	14.10	10.97
10. Entertainment & Recreation	1	7	6.54	4.27
11. Finance & Securities	2	21	2.66	4.62
12. Food & Beverages	1	22	1.82	2.13
13. Health Care Services	0	10	0.00	0.15
14. Hotel & Travel Services	0	12	0.00	1.88
15. Household Goods	0	7	0.00	0.32
16. Insurance	1	22	0.78	1.40
17. Jewellery & Ornaments	0	2	0.00	0.08
18. Machinery & Equipment	0	3	0.00	0.05
19. Mining	0	1	0.00	0.17
20. Packaging	0	13	0.00	0.46
21. Pharmaceutical Products	0	2	0.00	0.04
22. Printing & Publishing	0	8	0.00	0.46
23. Professional Services	0	2	0.00	0.04
24. Property Development	1	24	1.62	3.21
25. Pulp & Paper	0	4	0.00	2.30
26. Textiles, Clothing & Footwear	0	24	0.00	1.29
27. Transportation	2	8	3.21	3.47
28. Vehicles & Parts	0	8	0.00	0.69
29. Warehouse & Silo	0	4	0.00	0.07
30. Others	2	5	0.83	0.31
31. Unit Trusts	0	9	0.00	0.00
32. Warrants	0	33	0.00	0.00
33. Cover Warrants	1	4	0.42	0.00
34. Preferred Shares	1	12	1.41	0.00
35. Co. under Rehabilitation	0	52	0.00	0.74
36. Unlisted Securities	3	0	0.00	0.00
TOTAL	<u>31</u>	<u>439</u>	<u>93.26</u>	<u>100.00</u>

3. TRANSACTIONS

For the six months ended June 30, 2001, total listed investments purchased by the Company amounted to US\$1.44 million, while total sales amounted to US\$1.17 million. The net realised losses for the period amounted to US\$0.21 million.

A summary of purchases and sales of listed investments by the Company over the six months ended June 30, 2001, is as follows:–

Month	(Million US\$)		
	Purchases	Sales	Realised Gains/(Losses)
January	0.33	0.56	(0.02)
February	0.17	0.01	0.00
March	0.06	0.22	(0.04)
April	0.27	0.06	0.00
May	0.61	0.11	(0.01)
June	0.00	0.21	(0.14)
TOTAL	<u>1.44</u>	<u>1.17</u>	<u>(0.21)</u>

* Using an exchange rate US\$1=Baht 45.218

4. PERFORMANCE

	June 30, 2001	December 31, 2000	% Change
NAV/Share(US\$)	0.18	0.16	12.50%
Baht/US\$ Exchange rate	45.218	42.871	-5.19%
SET Index (Baht)	322.55	269.19	19.82%
(US\$)	7.13	6.28	13.54%
Performance to SET index			-1.04%

During the six months ended June 30, 2001, the net asset value per share of the Company increased by 12.50% in US\$ terms. Over the same period the SET Index increased by 13.54% in US\$ terms. The Company underperformed the market by 1.04%.

	June 30, 2001	November 15, 1989	%Change since inception
NAV/Share (US\$)	0.98 ^{*1}	1.00 ^{*2}	-2.00%
Baht/US\$ Exchange rate	45.218	25.825	-42.89%
SET Index (Baht)	322.55	746.22	-56.78%
(US\$)	7.13	28.90	-75.33%
Performance to SET index			73.33%

*1 After adjusting for the dividend of US\$0.8 per share paid to the shareholders since inception.

*2 After adjusting for the share capitalization issue on the basis of nine new shares for every one share conducted by the Company in September 1990.

After adjusting for dividend and share capitalization issue, the net asset value per share of the Company since inception decreased by 2.00% in US\$ terms. Over the same period the SET Index decreased by 75.33% in US\$ terms. The Company has outperformed the market by 73.33%.

5. REVIEW OF THE THAI ECONOMY IN THE FIRST HALF OF 2001 AND ITS OUTLOOK

The Thai economy continued to slow down from the second half of 2000, in line with the slowdowns in the US and EU economies and Japan's faltering economy. Thailand's economic growth was 1.8% year-on-year in the first quarter, but compared with the previous quarter, the economy contracted by 0.9%.

According to the latest data released by the Bank of Thailand ("BOT"), manufacturing production in the first six months of 2001 expanded by 1.4% year-on-year led by vehicles and parts and beverages. Sectors that continued to decline since the beginning of the year included electronics and electrical appliances, reflecting the downturn in the economies of Thailand's trading partners. Private investment was mixed with machinery and equipment investments slowing while commercial car sales showed signs of recovery. However, we expect private investment to be moderate at best given significant idle capacity. Private consumption continued to show signs of improvement but the rebound was less than anticipated, as consumers have not regained confidence over their future income prospects. Inflation rate for the first six months was 2.0% with the core inflation rate at 1.23%, much lower than BOT's target of 3.5%.

The global slowdown underpinned sluggish export growth for the first six months while imports grew by 9.75%, although Thai exports were not as severely hit as in countries which have high exposures to the technology sector. The trade balance declined substantially, but the current account remained positive, thanks to improved revenue from tourists. The balance of payments for the first six months was in deficit at US\$232 million as repayment of foreign debts by Thai corporates continued, though at a much slower pace from last year. International reserves were stable at US\$32.4 billion on August 10, 2001.

Government spending during the first six months provided little stimulus to the economy as the size of the budget deficit was determined by the former government, which at that time did not anticipate such a sharp slowdown in the global economy. The fiscal policy for the next government fiscal year (October 2001 - September 2002) will be more accommodating with a budget deficit of 4.2% of GDP. However, any stimulus measures will be limited given already large public debt.

As inflation is not a current concern, the BOT's priority, under the new Governor, is given to Baht and foreign reserve stability. Given a poor international trade outlook, concerns over possible deterioration of foreign reserves through continuing capital outflows from corporate debt repayment prompted the BOT to raise the 14-day repurchase rate by 1 percentage point from 1.5% to 2.5% on June 8, 2001. The surprise move in the face of abundant liquidity led to a panic sell-off in the bond market and big redemptions in fixed income mutual funds. Commercial banks, which had parked their excess liquidity in government bonds instead of lending, also experienced losses from the upward yield shifts.

Fears of credit risks have limited commercial banks' lending to very few areas such as mortgage lending, where banks are offering highly competitive interest rates to lure customers. Prompted by the government's policy to revive the cash-strapped manufacturing sector, lending by state-owned banks may become more aggressive going forward.

As of June 2001, total non-performing loans ("NPLs") of the Thai financial system were 13.13% of outstanding loans, with both new NPLs and re-entry NPLs still trending up. Besides the economic downturn, another reason cited for increasing NPLs was the inception of the Thai Asset Management Corporation ("TAMC"). Debtors are hoping to get a higher haircut when their loans are transferred to the TAMC.

Going forward, the prospect for a sustained recovery of the Thai economy in the near term is in doubt against a backdrop of lower-than-expected export growth and stagnating private and public investments, given large idle capacities and increasing public debt burdens. Consumers are expected to be cautious about spending in the face of domestic uncertainties, and the downturn in the US and Japanese economies.

6. REVIEW OF THE THAI STOCK MARKET IN THE FIRST HALF OF 2001 AND ITS OUTLOOK

Notwithstanding the adverse effects of the global economic slowdown, the SET index managed to post a return of 19.82% in baht terms and 13.54% in US\$ terms, making the Thai stock market one of the best performers within the Southeast Asia region. The SET Index ended the first half at 322.55 points, an increase of 19.82% from 269.19 points on December 29, 2000. The average daily turnover was high at Baht 6.92 billion, a marked increase from 2000 average of Baht 3.74 billion. Foreigners, after being a net buyer of Baht 6.12 billion in January 2001 ended as a net seller of Baht 1.54 billion during first six months of 2001.

The SET Index started off the year positively in response to the landslide victory of the Thai Rak Thai-led government amid widespread optimistic expectations that the new government would be able to boost the economy and return the banking system to health with its policy to set up a National Asset Management Company (renamed TAMC to buy out NPLs). The post-election rally in January 2001, which sent the SET index surging 23% in one month, was also supported by quicker and deeper than expected interest-rate cuts in the US.

The market witnessed volatility in the subsequent months as investors re-focused their attention on deteriorating economic conditions worldwide and slides in major stock markets. Buying spree in banking stocks also subsided as investors preferred to wait for the actual implementation of the TAMC after disappointment over a smaller than expected amount of NPLs to be transferred by private banks to the TAMC. Towards the end of the first half, rising NPLs trend together with Standard and Poors' ratings downgrades for certain commercial banks exacerbated the selling pressures on financial stocks.

Visible and resilient earnings prospects coupled with the improved financial status of non-financial Thai corporates, strengthened by continuing de-leverage and repayment of foreign debts, on the other hand, underpinned their share price appreciation and supported the overall market performance. Abundant domestic liquidity also proved to be equity friendly during the first half of 2001.

Looking ahead, volatility in equity markets is expected to persist with major risks being uncertainties over the global economic and political outlook. While a few positive signs have emerged from global economic data, the slowdown in most major economies is expected to continue in the latter part of this year. As economic conditions remain fragile, investors are likely to shy away from making any major investment decision until they see more positive signs or signs of stabilization.

Possible market volatility notwithstanding, there are several positive signs, namely attractive valuations, strengthened financial status of Thai corporates, implementation of TAMC, and abundant liquidity, which could point to a positive direction of the Thai stock market over the longer-term once external factors stabilize. Clearer political environment should also have given the government better opportunity to implement proposed policies to revive the economy, such as fiscal spending and the banking reform.

7. DIRECTORS' INTERESTS

- (a) None of the directors or their associates had any interest or right in the share capital of the Company as at June 30, 2001.
- (b) At no time during the period was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or warrants or debentures of, the Company or any other body corporate and none of the directors, or their spouses and children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such right.
- (c) The Honourable Michael D'Arcy Benson and Mr. Andrew Lo Tak Shing are the directors of INVESCO Asia Limited, the Company's Investment Adviser and Administrator, to which fees are payable by the Company for acting in that capacity in accordance with the Investment Contract and the Administration Agreement respectively.

Dr. Chesada Loha-unchit is a director of MFC Asset Management Public Company Limited ("MFC") the Fund's Investment Manager, to which fees are payable by the Fund for acting in that capacity, described under the Investment Contract.

- (d) None of the Directors has a service contract with the Company.

Except as disclosed in this report, no contract of significance to which the Company was a party and in which a director had a material interest, whether directly or indirectly, existed at the end of the period or at any time during the period.

8. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at June 30, 2001, the register of substantial shareholders maintained under Section 16(1) of the Hong Kong Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) showed that the following shareholders had an interest of 10% or more in the issued share capital of the Company:

	Number of Shares	% of issued Share Capital
Acetop Investment Ltd.	15,470,475	30.73
Chan Wan Han	33,447,675	66.44
Heung Chit Kau	33,447,675	66.44
Swiss Reinsurance Company	6,027,600	11.97
Tai Tsuen Enterprises Ltd.	7,652,600	15.20

Heung Chit Kau is deemed to be interested in a total of 33,447,675 shares, representing 66.44% of the issued share capital of the Company, of which 15,470,475 shares and 7,652,600 shares are held through Acetop Investment Ltd. and Tai Tsuen Enterprises Ltd., respectively, and 10,324,600 shares are held personally. Chan Wan Han is deemed to be interested in the same 33,447,675 shares as Heung Chit Kau, of which 7,652,600 shares are held through Tai Tsuen Enterprises Ltd. and 25,795,075 shares through Heung Chit Kau.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more in the Company’s issued share capital.

9. ARRANGEMENTS TO PURCHASE, SELL OR REDEEM SHARES

The Company did not purchase, sell, redeem or cancel any of its shares during the six months ended June 30, 2001.

10. AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited interim financial statements for the six months ended June 30, 2001.

11. CODE OF BEST PRACTICE

With the exception that independent non-executive Directors are not appointed for a fixed term, none of the Directors of the Company is aware of any information which would indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited at any time during the six months ended June 30, 2001.

12. UPDATE ON FUND'S REGISTRATION STATUS

As at the date of this report, the Board of the Company ("the Board") is not aware of any change in the Thai Securities and Exchange Commission's policy which would enable the conversion of the Fund (the Company's investment vehicle) from a closed-end fund to an open-end fund. The Board will continue to monitor the situation and will keep shareholders apprised from time to time.

As at June 22, 2001, the Fund has been registered as a mutual fund in accordance with the Securities and Exchange Act B.E. 2535 ("SEA") (Registration Number 15/2544) under the approval of the Thai Securities and Exchange Commission ("SEC").

This means that :

- a. The regulatory supervision of the Fund has been transferred from the Bank of Thailand to the SEC.
- b. The Supervisor, The Siam Commercial Bank Public Company Limited ("SCBPC"), has replaced the Custodian, Standard Chartered Bank, with the Supervisor's duties being wider than those of the Custodian, the main responsibilities being:-
 - i) to ensure that the Investment Manager complies strictly with Section 125 of the SEA; and
 - ii) to verify the Investment Manager's calculation of the Fund's Net Asset Value.

SCBPC gives a favourable charge on the supervisory fee of 0.08%* p.a. of the Fund's NAV on the last business day of each week and deducted monthly from the Fund.

* *0.01% reduction from the previous custodian fee of 0.09%*

This new registration has the main advantage of paving the way for the Fund to apply for future open-end status with the SEC, which would require it to operate under the governing laws of the SEA.

On behalf of the Board
Andrew Lo Tak Shing
Director

Hong Kong, September 21, 2001

CONDENSED INCOME STATEMENT (UNAUDITED)

For the six months ended June 30, 2001

		Six months ended June 30,	
	<i>Notes</i>	2001	2000
		<i>US\$</i>	<i>US\$</i>
Turnover	3	1,308,718	2,071,129
Cost of investment sold		(1,371,003)	(1,972,880)
		(62,285)	98,249
Unrealised appreciation / (depreciation) from revaluation of investment in securities		1,438,751	(4,259,780)
		1,376,466	(4,161,531)
OPERATING EXPENSES			
Administration fee to Investment Manager	4	4,286	6,303
Administration fee to Administrator	4	10,987	16,174
Advisory fee to Investment Adviser	4	21,974	32,348
Management fee to Investment Manager	4	21,430	33,692
Auditors' remuneration		9,783	8,250
Custodian fee		3,647	5,672
Supervisory fee		187	—
Directors' emoluments		7,500	7,500
Others		62,602	68,648
		142,396	178,587
PROFIT / (LOSS)			
BEFORE TAXATION		1,234,070	(4,340,118)
Taxation	5	(5,357)	(17,629)
PROFIT / (LOSS) AFTER TAXATION		1,228,713	(4,357,747)
EARNINGS / (LOSS) PER SHARE	6	0.02	(0.09)

CONDENSED BALANCE SHEET

As at

	(UNAUDITED)	(AUDITED)
<i>Note</i>	June 30, 2001	Dec 31, 2000
	<i>US\$</i>	<i>US\$</i>
CURRENT ASSETS		
Investments in securities	8,233,443	7,091,651
Interest and dividends receivable	2,747	5,128
Bank balances and cash	783,276	1,117,524
	9,019,466	8,214,303
CURRENT LIABILITIES		
Accrued charges	190,808	201,641
	190,808	201,641
NET ASSETS	8,828,658	8,012,662
CAPITAL AND RESERVES		
SHARE CAPITAL	503,408	503,408
RESERVES	7 8,325,250	7,509,254
TOTAL CAPITAL AND RESERVES	8,828,658	8,012,662
NET ASSET VALUE PER SHARE	0.18	0.16

**CONDENSED
STATEMENT OF RECOGNISED GAINS AND LOSSES
(UNAUDITED)**

For the six months ended June 30, 2001

	Six months ended June 30,	
	2001	2000
	<i>US\$</i>	<i>US\$</i>
Exchange differences arising on translation of overseas operations	(412,717)	(656,560)
Profit/(loss) for the period	1,228,713	(4,357,747)
TOTAL RECOGNISED GAINS AND LOSSES	815,996	(5,014,307)

**CONDENSED
CASH FLOW STATEMENT (UNAUDITED)**

For the six months ended June 30, 2001

		<u>Six months ended June 30,</u>	
	<i>Note</i>	<u>2001</u>	<u>2000</u>
		<i>US\$</i>	<i>US\$</i>
NET CASH OUTFLOW			
FROM OPERATING ACTIVITIES	8	<u>(12,848)</u>	<u>(9,009)</u>
INVESTING ACTIVITIES			
Purchase of investments		(1,442,130)	(1,640,297)
Sales of investments		<u>1,165,361</u>	<u>1,747,586</u>
NET CASH (OUTFLOW) / INFLOW			
FROM INVESTING ACTIVITIES		<u>(276,769)</u>	<u>107,289</u>
(DECREASE)/INCREASE IN CASH			
AND CASH EQUIVALENTS		(289,617)	98,280
CASH AND CASH EQUIVALENTS			
AT JANUARY 1		1,117,524	980,404
EFFECT OF FOREIGN			
EXCHANGE RATE CHANGES		<u>(44,631)</u>	<u>(20,740)</u>
CASH AND CASH EQUIVALENTS			
AT JUNE 30		<u><u>783,276</u></u>	<u><u>1,057,944</u></u>
ANALYSIS OF THE BALANCES OF			
CASH AND CASH EQUIVALENTS			
Bank balances and cash		<u><u>783,276</u></u>	<u><u>1,057,944</u></u>

Notes to the condensed interim financial statements:-

1. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (SSAP) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention as modified for the revaluation of investments in securities.

The principal accounting policies which have been adopted in preparing these interim financial statements, and which conform with accounting principles generally accepted in Hong Kong, are the same as the policies disclosed on page 21 and page 22 of the Company’s 2000 annual audited financial statements.

3. Turnover and Geographical Segment Information

Turnover is analysed as follows:

	Six months ended June 30,					
	2001			2000		
	Hong Kong	Thailand	Total	Hong Kong	Thailand	Total
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Sales proceeds on disposal of investments	—	1,165,361	1,165,361	—	1,994,791	1,994,791
Dividends from investments	—	137,355	137,355	—	70,899	70,899
Interest on deposits	1,475	4,527	6,002	3,457	1,982	5,439
	<u>1,475</u>	<u>1,307,243</u>	<u>1,308,718</u>	<u>3,457</u>	<u>2,067,672</u>	<u>2,071,129</u>

Contribution to results is analysed as follows:

	Six months ended June 30,					
	2001			2000		
	Hong Kong	Thailand	Total	Hong Kong	Thailand	Total
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Profit/(loss) after taxation	<u>(106,616)</u>	<u>1,335,329</u>	<u>1,228,713</u>	<u>(128,227)</u>	<u>(4,229,520)</u>	<u>(4,357,747)</u>

4. Connected party transactions

Except for the fee paid to Investment Manager, Investment Adviser and Administrator as disclosed on page 15 of the interim report, during the six months the Company has not entered into transactions between the Investment Manager, the Investment Adviser, the Fund or any entity in which those parties or their connected persons have a material interest.

5. Taxation

	Six months ended June 30,	
	2001	2000
	<i>US\$</i>	<i>US\$</i>
Thai withholding tax on distributions made by the Fund in Thailand to the Company in Hong Kong	<u>5,357</u>	<u>17,629</u>
Taxation for the period	<u><u>5,357</u></u>	<u><u>17,629</u></u>

Withholding tax is payable in Thailand at the rate of 15% on distributions made by the Fund to the Company. No provision for Hong Kong profits tax has been made as interest, dividend and realised gains on disposal of investments of the Company are excluded from charge to profits tax under either section 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance.

6. Earnings/(Loss) per share

The calculation was based on the profit after taxation for the six months of US\$1,228,713 (2000: loss of US\$4,357,747) and on 50,340,800 (2000: 50,340,800) ordinary shares in issue during the six months.

7. Reserves

	Share premium	Exchange reserve	Capital redemption reserve	Accumulated deficit	Total
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
At January 1, 2000	46,723,484	(12,375,303)	31,592	(19,121,878)	15,257,895
Exchange loss arising on translation of overseas operations	-	(1,979,184)	-	-	(1,979,184)
Loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,769,457)</u>	<u>(5,769,457)</u>
At December 31, 2000	<u>46,723,484</u>	<u>(14,354,487)</u>	<u>31,592</u>	<u>(24,891,335)</u>	<u>7,509,254</u>
At January 1, 2001	46,723,484	(14,354,487)	31,592	(24,891,335)	7,509,254
Exchange loss arising on translation of overseas operations	-	(412,717)	-	-	(412,717)
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,228,713</u>	<u>1,228,713</u>
At June 30, 2001	<u>46,723,484</u>	<u>(14,767,204)</u>	<u>31,592</u>	<u>(23,662,622)</u>	<u>8,325,250</u>

8. Reconciliation of profit/(loss) for the six months ended June 30, 2001 to net cash outflow from operating activities

	<u>Six months ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
	<u>US\$</u>	<u>US\$</u>
Profit/(Loss) for the period	1,228,713	(4,357,747)
Realised losses on listed and unlisted investments	205,642	70,896
Unrealised (gains)/losses on listed investments	(1,438,751)	4,259,780
Decrease in interest and dividends receivable	2,381	182
(Decrease)/Increase in accrued charges	<u>(10,833)</u>	<u>17,880</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(12,848)</u>	<u>(9,009)</u>

STATEMENT OF CHANGES IN INVESTMENTS (UNAUDITED)

For the six months ended June 30, 2001

LISTED SECURITIES	Holding at 1/1/01	<u>Number of shares</u>		Holding at 30/06/01	<u>As at June 30, 2001</u>	
		Purchases	Sales		Fair Value US\$	Percentage of Net Assets %
BANKING						
Bangkok Bank	697,100	296,600	116,600	877,100	737,091	8.35
DBS Thai Danu Bank	398,900	—	398,900	—	—	—
Ind. Finance Corp of Thailand	676,700	583,100	—	1,259,800	203,382	2.30
Thai Farmers Bank	1,172,200	—	10,000	1,162,200	514,043	5.82
					<u>1,454,516</u>	<u>16.47</u>
BUILDING AND FURNISHING						
Siam Cement	49,600	—	9,800	39,800	374,957	4.25
Siam City Cement	280,032	—	57,100	222,932	626,130	7.09
					<u>1,001,087</u>	<u>11.34</u>
CHEMICALS AND PLASTICS						
National Petrochemical	358,300	—	—	358,300	279,315	3.16
COMMERCE						
Big C Supercentre	221,700	—	—	221,700	77,221	0.87
COMMUNICATION						
Advanced Info Service	107,500	—	10,800	96,700	936,676	10.61
Jasmine International	15,800	240,900	256,700	—	—	—
Shinawatra Satellite	249,393	37,700	—	287,093	204,758	2.32
Shin Corporation	218,800	—	33,000	185,800	698,527	7.91
Telecom Asia Corporation	646,800	—	27,300	619,500	256,881	2.91
United Communication Industry	24,300	—	24,300	—	—	—
					<u>2,096,842</u>	<u>23.75</u>

LISTED SECURITIES	Holding at 1/1/01	Number of shares		Holding at 30/06/01	As at June 30, 2001	
		Purchases	Sales		Fair Value	Percentage of Net Assets
					US\$	%
ELECTRONICS COMPONENTS						
Delta Electronic	—	11,500	—	11,500	55,443	0.63
Hana Microelectronics	99,700	173,300	66,500	206,500	321,957	3.65
					<u>377,400</u>	<u>4.28</u>
ENERGY						
Banpu	203,700	217,700	—	421,400	249,291	2.82
Cogeneration	113,522	—	113,522	—	—	—
Electricity Generating	323,700	—	—	323,700	252,342	2.86
PTT Exploration & Production	269,000	—	—	269,000	743,620	8.42
					<u>1,245,253</u>	<u>14.10</u>
ENTERTAINMENT & RECREATION						
BEC World	107,900	—	—	107,900	577,465	6.54
United Broadcasting Corp	8,800	—	8,800	—	—	—
					<u>577,465</u>	<u>6.54</u>
FINANCE & SECURITIES						
Kiatnakin Finance	334,680	—	—	334,680	155,431	1.77
National Finance	223,600	859,700	705,500	377,800	78,538	0.89
					<u>233,969</u>	<u>2.66</u>
FOOD						
Thai Union Frozen	25,500	80,400	—	105,900	160,426	1.82
INSURANCE						
Ayudhya Jardine CMG Life Assurance	455,900	—	69,800	386,100	69,163	0.78
PROPERTY						
Land and House	—	246,500	—	246,500	143,098	1.62

LISTED SECURITIES	Holding at 1/1/01	Number of shares		Holding at 30/06/01	As at June 30, 2001	
		Purchases	Sales		Fair Value US\$	Percentage of Net Assets %
TRANSPORTATION						
Bangkok Expressway	755,500	296,100	141,000	910,600	201,380	2.28
Thai Airways International	7,900	126,500	—	134,400	82,480	0.93
					<u>283,860</u>	<u>3.21</u>
OTHERS						
Eastern Water Resources Devel. & Mgt.	58,900	—	—	58,900	35,821	0.41
General Environment Conservation-N	130,000	—	—	130,000	36,656	0.42
					<u>72,477</u>	<u>0.83</u>
WARRANTS						
Siam Commercial Bank-C1	1,684,200	—	1,684,200	—	—	—
COVER WARRANTS						
Kiatnakin-W4	—	167,340	—	167,340	37,007	0.42
PREFERRED SHARES						
Siam Commercial Bank-P	219,300	64,700	—	284,000	124,044	1.41
TOTAL LISTED SECURITIES					<u>8,233,143</u>	<u>93.26</u>

UNLISTED SECURITIES	Holding at 1/1/01	Number of shares		Holding at 30/06/01	As at June 30, 2001	
		Purchases	Sales		Fair Value US\$	Percentage of Net Assets %
HEALTH CARE SERVICES						
Piyavate Hospital	330,000	—	—	330,000	1	—
WARRANTS						
Kiatnakin-W4-N	167,340	—	167,340	—	—	—
KfW-TAZ	237,821	—	—	237,821	—	—
LH-W-N	—	54,050 *	—	54,050	299	—
					299	—
TOTAL UNLISTED SECURITIES					<u>300</u>	<u>—</u>
TOTAL LISTED AND UNLISTED SECURITIES					8,233,443	93.26
NET CURRENT ASSETS					<u>595,215</u>	<u>6.74</u>
TOTAL NET ASSETS					<u>8,828,658</u>	<u>100.00</u>

* LH-W-N were derived from the right issue of Land and House on March 26, 2001 at no cost.

CORPORATE INFORMATION

Stock Exchange Listing

The Stock Exchange of Hong Kong Limited

DIRECTORS OF THE COMPANY

Yod Jin Uahwatanasakul
Narong Chulajata
Andrew Lo Tak Shing
The Honourable Michael
D'Arcy Benson
Heng Kwoo Seng
Chesada Loha-unchit
Chaibhondh Osataphan
Dominic Kwok Chung Kwong
Thomas Ng Tung Ming

INVESTMENT MANAGER

MFC Asset Management Public
Company Limited
30th-32nd Floor
Lake Rajada Building
193-195 Ratchadaphisek Road
Khlong-Toey
Bangkok 10110
Thailand

INVESTMENT ADVISER AND ADMINISTRATOR

INVESCO Asia Limited
12/F, Three Exchange Square
8 Connaught Place, Hong Kong

SHARE REGISTRARS AND BRANCH REGISTER OFFICE

Secretaries Limited
5th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

SECRETARY OF THE COMPANY

Anton Allen

ASSISTANT SECRETARY AND REGISTERED OFFICE OF THE COMPANY

The Harbour Trust Co. Ltd.
P. O. Box 1787
One Capital Place
George Town
Grand Cayman
Cayman Islands
British West Indies

AUDITORS

To the Company
Deloitte Touche Tohmatsu
Certified Public Accountants
26th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

To the Fund
Deloitte Touche Tohmatsu Jaiyos Co.
Ltd.
Rajanakarn Building, 25th Floor
183 South Sathorn Road
Yannawa, Sathorn
Bangkok 10120
Thailand