



# **THE THAI ASSET FUND LIMITED**

*(Incorporated with limited liability in Guernsey)*

**INTERIM REPORT (UNAUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2001**

## **DISCUSSION AND ANALYSIS OF PERFORMANCE**

### **RESULTS**

During the first half of 2001, the Company recorded a loss after tax of US\$138,003 (compared with a loss of US\$239,006 during the previous corresponding period), attributable to the realised loss on disposal of investments.

The net asset value of the Company, as at June 30, 2001, was US\$7,210,392. The net asset value per share was US\$1.44, compared with US\$1.30 as at December 31, 2000, an increase over the period of 10.77% 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 2.77%.

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 Asset Fund took an underweight position due to their low liquidity.

As at June 30, 2001, the Company was 92.38% 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 and the Thai domestic political uncertainties regarding the Prime Minister's asset concealment case clear.

**CURRENT INVESTMENT AND  
ACTIVITIES REPORT**  
**For the six months ended June 30, 2001**

**1. ACTIVITIES**

The Company's principal activity in Thai securities is through a special investment vehicle, the Thai Asset Fund (the "Fund"). The Fund was established in 1989 under the terms of an investment plan authorized 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\$7,210,392 with a net asset value of US\$1.44 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 92.38% 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:-

	<b>Stock Weighting (%)</b>	
	<b>Company</b>	<b>SET Index</b>
1. Advanced Info Service	10.62	8.05
2. PTT Exploration & Production	9.37	5.54
3. Bangkok Bank	8.87	3.79
4. Shin Corporations	7.61	3.40
5. Siam City Cement	6.97	2.16
6. Thai Farmers Bank	5.64	3.20
7. BEC World	4.41	3.29
8. Siam Cement	4.34	3.48
9. Hana Microelectronics	3.60	0.74
10. Banpu	3.48	0.38
	<b>64.91</b>	<b>34.03</b>

An analysis by industry of the equity investments held by the Company, together with a comparison with the composition of the SET, is as follow:—

Industry	No. of Stocks in		Sector Weightings (%)	
	Company	SET	Company	SET Index
1. Agribusiness	0	20	0.00	2.54
2. Banking	3	14	16.89	23.88
3. Building & Furnishing	2	24	11.31	6.93
4. Chemicals & Plastics	1	12	3.42	3.65
5. Commerce	1	12	0.89	2.80
6. Communication	4	10	23.65	16.85
7. Electrical Product & Computer	0	10	0.00	0.90
8. Electronics Components	2	8	4.22	3.33
9. Energy	3	10	15.50	10.97
10. Entertainment	1	7	4.41	4.27
11. Finance & Securities	2	21	2.75	4.62
12. Foods & Beverages	1	22	1.80	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	0	22	0.00	1.40
17. Jewelry & 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	1.60	3.21
25. Pulp & Paper	0	4	0.00	2.30
26. Textiles	0	24	0.00	1.29
27. Transportation	2	8	3.29	3.47
28. Vehicles & Parts	0	8	0.00	0.69
29. Warehouse & Silo	0	4	0.00	0.07
30. Others	2	5	0.80	0.31
31. Unit Trust	0	9	0.00	0.00
32. Warrants	1	33	0.44	0.00
33. Cover Warrant	0	4	0.00	0.00
34. Preferred Shares	1	12	1.41	0.00
35. Co. under Rehabilitation	0	52	0.00	0.74
36. Unlisted Securities	8	0	0.00	0.00
Total	<u>35</u>	<u>439</u>	<u>92.38</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\$1.2 million, while total sales amounted to US\$0.95 million. The net realised loss for the period amounted to US\$0.16 million.

A summary of purchases and sales of listed investments by the Company over the period is as follows:-

Month	<i>(US\$ Millions)</i>		
	Purchase	Sales	Realised Gain/(Loss)
January	0.27	0.46	(0.06)
February	0.17	0.01	0.01
March	0.05	0.18	(0.05)
April	0.21	0.04	—
May	0.50	0.09	(0.01)
June	—	0.17	(0.05)
	<u>1.20</u>	<u>0.95</u>	<u>(0.16)</u>

\* using an average exchange rate US\$1 = Baht 44.381

#### 4. PERFORMANCE

	<b>Jun 30, 2001</b>	<b>Dec 31, 2000</b>	<b>% Change</b>
NAV/Share (US\$)	1.44	1.30	<b>+10.77%</b>
Baht/US\$ Exchange Rate	45.218	42.871	-5.19%
SET Index (Baht)	322.55	269.19	+19.82%
(US\$)	7.13	6.28	<b>+13.54%</b>
Performance to SET Index			-2.77%

During the six months ended June 30, 2001, the net asset value per share of the Company increased by 10.77% in US\$ terms. Over the same period the SET Index increased by 13.54% in US\$ terms. The Company underperformed the market by 2.77%.

	<b>Jun 30, 2001</b>	<b>Dec 1, 1989</b>	<b>% Change since inception</b>
NAV/Share (US\$)	10.51*	10.00	+5.10%
Baht/US\$ Exchange Rate	45.218	25.765	-43.02%
SET Index (Baht)	322.55	769.14	-58.06%
(US\$)	7.13	29.85	-76.11%
Performance to SET Index			+81.21%

\* After adjusting for dividend of US\$9.07 per share paid to shareholders since inception.

After adjusting for dividend, the net asset value per share of the Company since inception increased by 5.10% in US\$ terms. Over the same period the SET Index decreased by 76.11% in US\$ terms. The Company outperformed the market by 81.21%.

## **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 TAMC after disappointment over a smaller than expected amount of NPLs to be transferred by private banks to 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) As at June 30, 2001, only one Director of the Company, Mr John Yang Chung Hsiung, was beneficially interested in 270,000 shares in the Company (130,000 shares being personal interests, 40,000 shares being family interests and 100,000 shares being corporate interests), as required to be disclosed in the register kept under Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”).

Save as disclosed herein, no other Directors of the Company had any interests in the equity or debt securities of the Company or any associated corporation (within the meaning of the SDI Ordinance).

- (b) At no time during the six months 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 spouse 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) Mr. Benson and Mr. Lo are the Directors of INVESCO Asia Limited, the Company’s Investment Adviser, to which fees are payable by the Company for acting in that capacity in accordance with the Investment Contract.

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.

Save as mentioned herein, there has been no contract of significance subsisting during or at the end of the period in which a Director of the Company is or was materially interested either directly or indirectly.

## **8. SUBSTANTIAL SHAREHOLDERS' INTERESTS**

As at June 30, 2001, Mr. Heung Chit Kau and Mdm. Chan Wan Han were both interested in the same 3,735,000 shares of the Company. This interest arises by virtue of their holdings in Tai Tsuen Enterprises Limited and Ince Assets Limited which held 2,184,900 and 1,550,100 shares in the Company respectively according to the register kept under Section 16(1) of the SDI Ordinance.

Other than the above, there is no interest recorded in the register of substantial shareholders maintained under section 16(1) of the SDI Ordinance.

## **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 accounts for the six months ended June 30, 2001.

## **11. CODE OF BEST PRACTICE**

With the exception that the non-executive Director and independent non-executive Directors are not appointed for a fixed term as they are subject to retirement in accordance with the Company's Articles of Association, 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 14/2544) 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 Siam Commercial Bank Public Company Limited has changed its role from the Fund’s Custodian to the Fund’s Supervisor. The Supervisor’s duties are wider than those of the Custodian with the main responsibilities to ensure the Investment Manager’s strict compliance with Section 125 of the SEA and to verify the Investment Manager’s calculation of the Fund’s Net Asset Value.

The supervisory fee remained the same as the previous custodian fee with a chargeable rate of 0.08% p.a. of the Fund’s NAV on the last business day of each week and deducted monthly from the Fund.

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  
PROFIT AND LOSS ACCOUNT  
(UNAUDITED)  
For the six months ended June 30, 2001**

		<u>Six months ended June 30,</u>	
	<i>Notes</i>	<b>2001</b> <i>US\$</i>	<b>2000</b> <i>US\$</i>
Turnover	2	<u>125,099</u>	<u>60,639</u>
Expenses			
Investment management fees	3	19,427	30,722
Investment advisory fees	3	21,958	32,470
Administration fees	3	18,534	17,966
Custodian fees		12,591	14,484
Supervisory fee		154	—
Audit fees		2,581	3,910
Other expenses		<u>18,449</u>	<u>45,078</u>
		<u>93,694</u>	<u>144,630</u>
Net profit/(loss) before realised gain/ (loss) on disposal of investment		31,405	(83,991)
Realised loss on disposal of investment		(161,290)	(211,833)
Realised gain on disposal of short term notes		<u>—</u>	<u>92,112</u>
Net loss before taxation		(129,885)	(203,712)
<b>Taxation</b>	4	<u>(8,118)</u>	<u>(35,294)</u>
<b>Net Loss after taxation</b>		(138,003)	(239,006)
Accumulated deficit brought forward		<u>(22,229,884)</u>	<u>(21,442,273)</u>
Accumulated deficit carried forward		<u>(22,367,887)</u>	<u>(21,681,279)</u>
<b>DEFICIT PER SHARE</b>	5	<u>(0.03)</u>	<u>(0.05)</u>

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

**For the six months ended June 30, 2001**

	<b>Six months ended June 30,</b>	
<i>Note</i>	<b>2001</b> <i>US\$</i>	<b>2000</b> <i>US\$</i>
<b>Net loss after taxation</b>	(138,003)	(239,006)
<b>Exchange loss</b>	7 (559,474)	(646,055)
<b>Surplus/(Deficit) on     revaluation of investments</b>	7 <u>1,422,542</u>	<u>(3,237,972)</u>
<b>TOTAL RECOGNISED     GAINS/(LOSSES)</b>	<u><u>725,065</u></u>	<u><u>(4,123,033)</u></u>

**CONDENSED  
BALANCE SHEET**

	<b>As at</b>	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<i>Notes</i>	<b>June 30, 2001</b>	<b>Dec 31, 2000</b>
		<i>US\$</i>	<i>US\$</i>
<b>Investments</b>	6	6,660,606	5,673,071
Current Assets			
Cash		591,627	870,480
Other receivables		1,924	4,048
		593,551	874,528
Current Liabilities			
Other payables		(43,765)	(62,272)
<b>Net current assets</b>		549,786	812,256
Total assets less current liabilities		7,210,392	6,485,327
<b>Financed by:</b>			
Non Equity-Share capital		10	10
Equity-Share capital		50,000	50,000
Reserves	7	29,528,269	28,665,201
Accumulated deficit		(22,367,887)	(22,229,884)
<b>SHAREHOLDERS' FUNDS</b>		7,210,392	6,485,327
<b>NET ASSET VALUE PER SHARE</b>	8	1.44	1.30

**Chesada Loha-unchit**  
*Director*

**Andrew Lo Tak Shing**  
*Director*



**CONDENSED  
CASH FLOW STATEMENT  
(UNAUDITED)  
For the six months ended June 30, 2001**

	<b>Six months ended June 30,</b>	
	<b>2001</b> <i>US\$</i>	<b>2000</b> <i>US\$</i>
<b>Operating activities</b>		
Dividend and interest income received	127,223	(48,649)
Management fees and operating expenses paid	(112,201)	(148,851)
Net cash inflow/(outflow) from operating activities <i>(Note A)</i>	15,022	(197,500)
<b>Taxation</b>		
Overseas withholding tax paid	(8,118)	(35,294)
<b>Investing activities</b>		
Cash paid on purchase of securities	(1,179,084)	(1,101,107)
Proceeds on sale of securities	933,650	1,603,641
Net cash (outflow)/inflow from investing activities	(245,434)	502,534
Net cash (outflow)/inflow	(238,530)	269,740
Exchange difference	(40,323)	7,175
Cash and cash equivalents at January 1	870,480	562,640
Cash and cash equivalents at June 30	591,627	839,555

*Note A:*

Reconciliation of loss before taxation to net cash outflow from operating activities:

Loss before taxation	(129,885)	(203,712)
Realised loss on disposal of investment	161,290	211,833
Realised gain on disposal of short term notes	—	(92,112)
Decrease/(increase) in other receivables	2,124	(109,288)
Decrease in other payables	(18,507)	(4,221)
	15,022	(197,500)

## **NOTES TO CONDENSED INTERIM ACCOUNTS**

### **1. Basis of preparation and accounting policies**

These unaudited condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants and Appendix 16, Disclosure of Financial Information, of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

These condensed interim accounts should be read in conjunction with the 2000 annual audited accounts.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual audited accounts for the year ended December 31, 2000.

### **2. Turnover**

	<b>Six months ended June 30,</b>	
	<b>2001</b>	<b>2000</b>
Dividends received from third parties		
— from listed investments	119,120	55,873
Interest received from third parties		
— from unlisted investments	—	1,161
— from bank deposits	5,979	3,605
	<u>125,099</u>	<u>60,639</u>

### **3. Connected party transactions**

Except for the fee paid to Investment Manager and Investment Adviser as disclosed on page 13 of the interim report, during the period, the Company has not entered into transactions between the Investment Manager, Investment Adviser, the Fund, or any entity in which those parties or their connected persons have a material interest.

#### 4. Taxation

	<b>Six months ended June 30,</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$</i>	<i>US\$</i>
Withholding tax in Thailand on distributions from the Fund: Attributable to retained earnings	<u>8,118</u>	<u>35,294</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.

#### 5. Deficit per Share

The calculation of deficit per share is based on net loss after tax for the six months of US\$138,003 (June 30, 2000: loss of US\$239,006) and 5,000,000 (June 30, 2000: 5,000,000) shares outstanding during the six months.

#### 6. Investments

	<b>June 30, 2001</b>	<b>Dec 31, 2000</b>
	<i>US\$</i>	<i>US\$</i>
Listed investments		
Securities of corporations listed on the Stock Exchange of Thailand, at fair value	6,660,360	5,673,065
Unlisted investments		
Securities of corporations in Thailand, at fair value	<u>246</u>	<u>6</u>
	<u>6,660,606</u>	<u>5,673,071</u>
Cost of investments		
– listed on the Stock Exchange of Thailand	8,797,170	9,186,877
– unlisted	<u>827,434</u>	<u>872,734</u>
	<u>9,624,604</u>	<u>10,059,611</u>

## 7. Reserves

	June 30, 2001 US\$	Dec 31, 2000 US\$
<b>Share Premium</b>	<u>49,857,897</u>	<u>49,857,897</u>
<b>Capital Reserve</b>		
Investment revaluation reserve brought forward	(4,386,540)	(471,486)
(Listed investments loss US\$3,513,812; Unlisted investments loss US\$872,728)		
Investment revaluation reserve carried forward (Listed investments loss US\$2,136,810; Unlisted investments loss US\$827,188)	(2,963,998)	(4,386,540)
	_____	_____
Movement in investment revaluation reserve ( <i>note a</i> )	1,422,542	(3,915,054)
Exchange loss	<u>(559,474)</u>	<u>(1,710,686)</u>
	863,068	<u>(5,625,740)</u>
Capital reserve brought forward	<u>(21,192,696)</u>	<u>(15,566,956)</u>
Capital reserve carried forward	<u>(20,329,628)</u>	<u>(21,192,696)</u>
<b>TOTAL RESERVES</b>	<u><u>29,528,269</u></u>	<u><u>28,665,201</u></u>

(a) *Included in Movements in investment revaluation reserve was an amount of realised loss US\$286,783 (December 31, 2000 realised gain US\$130,209) in the profit and loss account on disposal of investment.*

## 8. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on net assets of US\$7,210,392 (December 31, 2000: US\$6,485,327) and 5,000,000 (December 31, 2000: 5,000,000) issued shares as at June 30, 2001.

**STATEMENT OF CHANGES IN INVESTMENTS**  
**(For the six months ended June 30, 2001)**

LISTED SECURITIES	Holding at 01/01/01	Number of shares		Holding at 30/06/01	As at June 30, 2001	
		Purchases	Sales		Fair Value US\$	Percentage of Net Assets %
<b>BANKING</b>						
Bangkok Bank	573,200	280,900	93,300	760,800	639,356	8.87
DBS Thai Danu Bank	325,000	—	325,000	—	—	—
Ind. Finance Corp of Thailand	591,950	468,900	—	1,060,850	171,264	2.38
Thai Farmers Bank	926,100	—	6,900	919,200	406,564	5.64
					1,217,184	16.89
<b>BUILDING AND FURNISHING</b>						
Siam Cement	41,200	—	8,000	33,200	312,778	4.34
Siam City Cement	225,166	—	46,200	178,966	502,646	6.97
					815,424	11.31
<b>CHEMICALS AND PLASTICS</b>						
National Petrochemical	316,700	—	—	316,700	246,886	3.42
<b>COMMERCE</b>						
Big C Supercenter	185,100	—	—	185,100	64,473	0.89
<b>COMMUNICATION</b>						
Advanced Info Service	87,800	—	8,700	79,100	766,194	10.62
Jasmine International	12,900	194,300	207,200	—	—	—
Shinawatra Sattellite	240,325	—	—	240,325	171,403	2.38
Shin Corporations	172,300	—	26,400	145,900	548,521	7.61
Telecom Asia	548,600	—	20,700	527,900	218,898	3.04
United Communication Industry	19,800	—	19,800	—	—	—
					1,705,016	23.65
<b>ELECTRICAL PRODUCT &amp; COMPUTER</b>						
Singer Thailand	5,900	—	5,900	—	—	—
<b>ELECTRONIC COMPONENTS</b>						
Delta Electronic	—	9,300	—	9,300	44,836	0.62
Hana Microelectronics	80,500	139,300	53,300	166,500	259,592	3.60
					304,428	4.22

LISTED SECURITIES	Holding at 01/01/01	Number of shares		Holding at 30/06/01	As at June 30, 2001	
		Purchases	Sales		Fair Value US\$	Percentage of Net Assets %
<b>ENERGY</b>						
Banpu	247,700	176,300	—	424,000	250,829	3.48
Cogeneration	93,071	—	93,071	—	—	—
Electricity Generating	244,800	—	—	244,800	190,836	2.65
PTT Exploration & Production	244,400	—	—	244,400	675,615	9.37
					<u>1,117,280</u>	<u>15.50</u>
<b>ENTERTAINMENT</b>						
BEC World	59,400	—	—	59,400	317,900	4.41
United Broadcasting Corporation	7,500	—	7,500	—	—	—
					<u>317,900</u>	<u>4.41</u>
<b>FINANCE &amp; SECURITIES</b>						
Kiatnakin Finance	287,400	—	—	287,400	133,473	1.85
National Finance	182,200	695,900	565,400	312,700	65,005	0.90
					<u>198,478</u>	<u>2.75</u>
<b>FOODS &amp; BEVERAGES</b>						
Thai Union Frozen Products	20,600	65,000	—	85,600	129,674	1.80
<b>PROPERTY DEVELOPMENT</b>						
Land and House	—	199,300	—	199,300	115,698	1.60
<b>TRANSPORTATION</b>						
Bangkok Expressway	644,700	239,100	113,500	770,300	170,353	2.36
Thai Airways International	6,500	102,400	—	108,900	66,831	0.93
					<u>237,184</u>	<u>3.29</u>
<b>OTHERS</b>						
Eastern Water Resources Devel. & Mgt	48,100	—	—	48,100	29,253	0.41
General Environment Conservation	100,000	—	—	100,000	28,197	0.39
					<u>57,450</u>	<u>0.80</u>
<b>PREFERRED SHARES</b>						
Siam Commercial Bank - P	180,200	52,200	—	232,400	101,506	1.41
<b>WARRANTS AND DEBENTURES</b>						
Kiatnakin - W4	—	143,700 <sup>†1</sup>	—	143,700	31,779	0.44
<b>COVER WARRANTS</b>						
Siam Commercial Bank - C1	1,361,000	—	1,361,000	—	—	—
<b>TOTAL LISTED SECURITIES</b>					<u><u>6,660,360</u></u>	<u><u>92.38</u></u>

UNLISTED SECURITIES	Holding at 01/01/01	Number of shares		Holding at 30/06/01	As at June 30, 2001	
		Purchases	Sales		Fair Value US\$	Percentage of Net Assets %
<b>ELECTRICAL EQUIPMENT</b>						
SPEC Thai	105,000	—	—	105,000	1	—
<b>HEALTH CARE SERVICES</b>						
Piyavate Hospital	330,000	—	—	330,000	1	—
<b>HOTELS</b>						
Paitoon Hotel & Resort	110,000	—	—	110,000	1	—
United Resort Service	10,000	—	—	10,000	1	—
					2	—
<b>INSURANCE</b>						
Rattanakosin Insurance	50,850	—	—	50,850	1	—
<b>PROPERTY DEVELOPMENT</b>						
Alpine Real Estate	2,055,000	—	—	2,055,000	1	—
<b>WARRANTS</b>						
KFW - TA	191,747	—	—	191,747	—	—
Kiatnakin - W4-N	143,700	—	143,700 <sup>*1</sup>	—	—	—
LH - W-N	—	43,600 <sup>*2</sup>	—	43,600	240	—
					240	—
<b>TOTAL UNLISTED SECURITIES</b>					246	—
<b>TOTAL LISTED AND UNLISTED SECURITIES</b>					6,660,606	92.38
Net current assets					549,786	7.62
<b>TOTAL NET ASSETS</b>					7,210,392	100.00

\*1 Kiatnakin-W4-N was transferred out from its account to Kiatnakin-W4 when Kiatnakin-W4-N listed on the SET.

\*2 LH-W-N warrants were derived from the right issues of Land and House in May 2001 at no cost.

# CORPORATE INFORMATION

## Stock Exchange Listing

### The Stock Exchange of Hong Kong Limited

#### Directors of the Company

The Honourable Michael D'Arcy Benson  
Andrew Lo Tak Shing  
Narong Chulajata  
Heng Kwo Seng  
Dominic Kwok Chung Kwong  
Thomas Ng Tung Ming  
Chesada Loha-unchit  
John Yang Chung Hsiung

#### Auditors

PricewaterhouseCoopers  
22nd Floor  
Prince's Building  
Hong Kong

#### Secretary

Anton Allen

#### Investment Manager

MFC Asset Management  
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Thailand

#### Administrator and Registered Office of the Company

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Guernsey

#### Investment Adviser

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#### Registrar

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St. Peter Port  
Guernsey

#### Supervisor

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#### Custodian

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