



THE THAI ASSET FUND LIMITED

(Incorporated with limited liability in Guernsey)

**INTERIM REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2003**

DISCUSSION AND ANALYSIS OF PERFORMANCE

RESULTS

During the first half of 2003, the Company recorded a loss after tax of US\$130,137 (compared with a loss of US\$335,301 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, 2003, was US\$11,216,437. The net asset value per share was US\$2.24, compared with US\$1.75 as at December 31, 2002, an increase over the period of 28.00% in US\$ terms. Over the same period, the SET Index increased by 33.66% in US\$ terms (and by 29.55% in Baht terms), making the Thai stock market relatively strong when compared with the other markets in Southeast Asia. The Company, in turn, underperformed the market by 5.66%.

During the period under review, the Thai market's strong performance relative to elsewhere in Southeast Asia is attributable to (i) improved domestic market sentiment towards equity investment; (ii) high domestic liquidity; (iii) the low interest rate policy; and (iv) foreign capital inflow owing to the outlook for a stronger Baht against the US dollar. The Company's underperformance of the SET Index is attributable to the energy sector's outperformance, in which, The Thai Asset Fund had taken an underweight position during the reporting period.

As at June 30, 2003, the Company was 93.45% 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 period under review, the Baht appreciated by 3.22% against the US dollar, which supported the performance.

OUTLOOK

Economic and Market Outlook

We continue to be optimistic for recovery of the Thai economy. The low interest rate environment, which has been the underlying driver of the Thai economy, is likely to remain. Besides private consumption, the outlook on the investment front is also promising. We have seen a steady increase in capacity utilization over the past ten months from the data released by the Bank of Thailand. In addition, the external environment should become more stable than the first half of 2003, with the end of the US-Iraq war and SARS epidemic. For the stock market, supportive factors remain the strong growth in corporate earnings and attractive market valuations.

Company

Following the Company's Announcement of July 22, 2003 announcing shareholders' unanimous approval of the opening-up of The Thai Asset Fund (the "Investment Plan") over a 3-year period, the Board advises that the redemption of 20% of the Initial Investment Units* of the Investment Plan has been completed.

After the Company has effected redemption of Investment Units* of the Investment Plan and received the net proceeds of such redemptions, the Company will commence redeeming Redeemable Shares*. The timing of such redemptions will be at the discretion of the Directors but will be effected in accordance with the Company's Articles of Association, which provides that the Board may give notice to shareholders of such redemptions by post or by way of advertisement published in both a leading English language and Chinese language newspaper circulating in Hong Kong.

* *corresponding to the terms defined in the Circular of June 19, 2003.*

CURRENT INVESTMENT AND ACTIVITIES REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2003

1. ACTIVITIES

The Company's principal activity is investment in Thai securities 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, 2003, the total net asset value of the Company was US\$11,216,437 with a net asset value of US\$2.24 per share .

No interim dividend was declared or paid for the six months ended June 30, 2003 (2002: NIL).

2. CURRENT INVESTMENTS

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

As at June 30, 2003, the Company was 93.45% invested in Thai equity, with the remaining balance being held in the form of bank deposits.

As at June 30, 2003, the ten largest investments held by the Company through its investment in the Fund were:—

	Stock Weighting (%)	
	Company	SET Index
1. Siam Cement	12.81	7.27
2. Kasikorn Bank	9.09	3.23
3. Advanced Info Service	8.70	7.29
4. Siam Commercial Bank	6.87	1.85
5. Land & Houses	6.70	2.35
6. PTT	6.59	7.51
7. Bangkok Bank	6.02	3.32
8. Shin Corporation	4.48	2.28
9. PTT Exploration & Production	3.25	4.24
10. Siam City Cement	3.21	2.16
	<hr/>	<hr/>
TOTAL	<u>67.72</u>	<u>41.50</u>

An analysis by industry of the equity investments held by the Company as at June 30, 2003, together with a comparison with the composition of the SET, is as follows:—

Industry	No. of Stocks in		Sector Weightings (%)	
	Company	SET	Company	SET Index
1. Agribusiness	0	20	0.00	2.01
2. Banking	4	14	24.04	15.84
3. Building & Furnishing	4	17	17.61	11.43
4. Chemicals & Plastics	1	11	2.07	2.76
5. Commerce	0	14	0.00	2.28
6. Communication	3	12	13.18	11.97
7. Electrical Products	0	11	0.00	0.89
8. Electronic Components	3	8	2.54	2.64
9. Energy	4	9	11.10	15.42
10. Entertainment	2	13	2.66	4.40
11. Finance & Securities	4	27	7.42	4.15
12. Food & Beverages	0	23	0.00	2.37
13. Health Care Services	0	10	0.00	0.43
14. Hotel & Travel Services	0	10	0.00	1.13
15. Household Goods	0	7	0.00	0.43
16. Insurance	0	21	0.00	1.28
17. Jewelry & Ornaments	0	2	0.00	0.07
18. Machinery & Equipment	0	2	0.00	0.05
19. Mining	0	1	0.00	0.10
20. Packaging	0	13	0.00	0.54
21. Pharmaceutical Products	0	2	0.00	0.05
22. Printing & Publishing	0	8	0.00	0.38
23. Professional Services	0	2	0.00	0.05
24. Property Development	6	29	11.28	7.20
25. Pulp & Paper	0	4	0.00	2.08
26. Textiles	0	24	0.00	1.25
27. Transportation	1	8	1.55	3.32
28. Vehicles & Parts	0	9	0.00	1.01
29. Warehouse & Silo	0	4	0.00	0.07
30. Others*	0	5	0.00	0.09
31. Companies under Rehabilitation	0	54	0.00	4.31
32. Unlisted Securities	7	0	0.00	0.00
33. Debentures & Convertibles	0	0	0.00	0.00
TOTAL	<u>39</u>	<u>394</u>	<u>93.45</u>	<u>100.00</u>

Note: * Stocks not classified under sectors listed above.

** Warrants, covered warrants and preferred shares are included in relevant sectors.

3. TRANSACTIONS

For the six months ended June 30, 2003, total listed investments purchased by the Company amounted to US\$2.59 million, while total sales amounted to US\$3.15 million. The net realized loss for the period amounted to US\$0.15 million.

A summary of purchases and sales by the Company during the six months ended June 30, 2003 is as follows:—

Month	<i>(US\$ Millions)</i>		
	Purchase	Sales	Realised Gain/(Loss)
January	0.56	0.73	0.02
February	0.67	0.64	-0.27
March	0.41	0.51	-0.05
April	0.66	0.81	0.08
May	0.22	0.23	0.06
June	<u>0.07</u>	<u>0.23</u>	<u>0.01</u>
Total	<u>2.59</u>	<u>3.15</u>	<u>-0.15</u>

* Using an averaged exchange rate US\$1.00 = Baht 42.413

4. PERFORMANCE

	Jun 30, 2003	Dec 31, 2002	% Change
NAV/Share (US\$)	2.24	1.75	+28.00%
Baht/US\$ Exchange Rate	41.674	43.014	+3.22%
SET Index (<i>Baht</i>)	461.82	356.48	+29.55%
(US\$)	11.08	8.29	+33.66%
Performance to SET Index			-5.66%

During the six months ended June 30, 2003, the net asset value per share of the Company increased by 28.00% in US\$ terms. Over the same period, the SET Index increased by 33.66% in US\$ terms. The Company underperformed the market by 5.66%.

	Jun 30, 2003	Dec 1, 1989	% Change since inception
NAV/Share (US\$)	11.31*	10.00	+13.10%
Baht/US\$ Exchange Rate	41.674	25.765	-38.17%
SET Index (<i>Baht</i>)	461.82	769.14	-39.96%
(US\$)	11.08	29.85	-62.88%
Performance to SET Index			+75.98%

* *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 13.10% in US\$ terms. Over the same period, the SET Index decreased by 62.88% in US\$ terms. The Company outperformed the market by 75.98% since inception.

5. REVIEW OF THE THAI ECONOMY AND STOCK MARKET

After the 5.3% growth for the year 2002, robustness in the Thai economy continues to be seen in the year 2003. For the first quarter of 2003 Thailand recorded a GDP growth of 6.7% year-on-year, beating consensus expectation for 6.1% growth. This impressive economic performance was again based on resilient private consumption and strong exports, the latter in spite of escalating risks to the global economy during the period. For the first quarter of 2003, the private consumption index recorded a growth of 6.9% and exports 21.3%. As we entered the second quarter of 2003, some slowdown was noted due to the spread of SARS, which has caused a blow to the tourism industry. SARS also caused a dent in consumer confidence, resulting in private consumption growing at a reduced pace, rising 4.9% and 5.2% in April 2003 and May 2003 respectively.

Domestic interest rates edged down in the first half of 2003. The Bank of Thailand (“BoT”) cut its policy interest rate (14-day repurchase rate) by a bold 50 basis points to 1.25% on June 27. This was an attempt to narrow the US and Thai interest rate differential which would lead to a sharp strengthening of the Baht and adding downward pressure on already low core inflation growth. Thai commercial banks, in the same period, cut both lending and deposit rates, causing the large amount of excess liquidity.

For the stock market, by the end of June 2003, the SET index closed at 461.82, a 29.55% increase from 356.48 at the end of the year 2002.

In the first quarter, the SET index moved within the 350 and 380 range. Sustainable domestic economic expansion remained the influential positive factor supporting buying interests. This included 1) announcement of favorable GDP growth for the year 2002 at 5.3% vs 1.9% in 2001, 2) improved exports and strong consumer confidence. There was also a new round of interest rate cuts from commercial banks of 25-75 basis points. In addition, favorable corporate earnings results and the expectation that international credit rating agencies would soon raise Thailand sovereign ratings also boosted sentiment. Negative influences were externally driven, which included 1) the geopolitical jitters over the U.S.- Iraq war and looming North Korea tensions, 2) high oil prices and 3) ongoing unfavorable global stock market performances.

The SET index performed very well in the second quarter. The closing 461.82 was the highest for the first half of 2003. Early in the quarter, positives from the prospect for the US-Iraq war ending in a short time period were countered by the spread of the SARS epidemic. Later on, strong first quarter 2003 results from both financial and non-financial companies buoyed market sentiment. Foreign capital inflow was also seen due to the outlook for a stronger Baht against the US dollar. Domestically, low interest rates also caused investors to seek better return prospects from investment in the equity market. Lastly, the economic data continued to show strong growth, with GDP in the first quarter growing by 6.7%.

With regard to the Company, during the period under review equity exposure declined from 98.29% at the end of 2002 to 93.45% at the end of June 2003. The major shift in the portfolio was the reduction in the energy sector in favor of the banking sector. Other sector allocation remained mostly unchanged. Our sector shift did not yield positive results during this reporting the period, as the energy sector outperformed the benchmark SET index.

6. OUTLOOK FOR THE THAI ECONOMY AND STOCK MARKET

We have been optimistic for continued recovery for the Thai economy. Economic figures coming out during the first half of 2003 also demonstrated strong economic growth. The low interest rate environment, which has been the underlying driver of the Thai economy, is likely to remain. Inflation remains low and liquidity in the banking system remains abundant. Besides private consumption, the outlook on the investment front has also become promising. We have seen a steady increase in capacity utilization over the past 10 months from the data released by the Bank of Thailand. In addition, the external environment should become more stable than the first half of 2003, with the ending of the US-Iraq war and SARS epidemic.

We remain optimistic for favorable stock market return for the year. Recent earning announcements confirmed our expectation for growth in corporate earnings. The forecast for 2004 earnings growth is also above the mid-teen level. Other reasons to be positive about the market are 1) the possibility for rating agencies, such as S&P and Moody's, to upgrade Thailand's sovereign credit rating, 2) the low interest rate environment has made equity investment a more attractive alternative for local investors.

7. ARRANGEMENTS AFFECTING DIRECTORS

- (a) The Honourable Michael D'Arcy Benson was and Mr. Andrew Lo is a director 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 was and Mr. Pichit Akrathit is a director of MFC Asset Management Public Company Limited, the Fund's Investment Manager, to which fees are payable by the Fund for acting in that capacity described in the Investment Contract.

- (b) 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. DISCLOSURE OF INTERESTS

(a) Interests of the Directors

As at June 30, 2003, the interests and short positions of the directors, including the chief executive of the Company, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Interests in shares in the Company (excluding interests in underlying shares held through debentures)

<u>Name of Director</u>	Number of Shares		
	Personal interest	Family interest	Corporate interest
John Yang Chung Hsiung	130,000	40,000	100,000

Note:

John Yang Chung Hsiung is deemed to be interested in a total of 270,000 shares representing approximately 5.4% of the issued share capital of the Company, of which 100,000 shares are held through his 100% beneficial interest in Hsing Ta Cement Co. Ltd. and 40,000 shares through Ming Wang (the spouse of John Yang Chung Hsiung) as family interest.

Save as disclosed above, as at June 30, 2003, none of the directors of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at June 30, 2003, the following interests in shares were recorded in the register of interests and short positions required to be kept by the Company pursuant to section 336 of the SFO:

<u>Name</u>	<u>Personal interest</u>	<u>Family interest</u>	<u>Corporate interest</u>	<u>Total interest</u>	<u>% of issued Share Capital</u>
Heung Chit Kau	—	—	3,735,000	3,735,000	74.70
Chan Wan Han	—	1,550,100	2,184,900	3,735,000	74.70
City of London Investment Management Company Limited	—	—	306,600	306,600	6.13
John Yang Chung Hsiung	130,000	40,000	100,000	270,000	5.40

Notes:

- (i) Heung Chit Kau is deemed to be interested in a total of 3,735,000 shares, representing approximately 74.70% of the issued share capital of the Company, of which 2,184,900 shares and 1,550,100 shares are held through his 50% beneficial interest in Tai Tsuen Enterprises Limited and his 100% beneficial interest in Ince Assets Limited respectively.
- (ii) Chan Wan Han (the spouse of Heung Chit Kau) is deemed to be interested in the same 3,735,000 shares as Heung Chit Kau, of which 2,184,900 shares are held through her 50% beneficial interest in Tai Tsuen Enterprises Limited and 1,550,100 shares through Heung Chit Kau as family interest.

According to the register of interests in shares and short positions kept by the Company under section 336 of the SFO and so far as was known to the directors, other than the interests disclosed above, there were no persons (other than a director of the Company, John Yang Chung Hsiung) who, as at June 30, 2003, had notified to the Company any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or in any options in respect of such 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, 2003.

10. AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited interim accounts for the six months ended June 30, 2003.

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, 2003.

12. RESIGNATION OF DIRECTOR

The Honourable Michael D' Arcy Benson had resigned as an executive director of the Company with effect from July 22, 2003.

13. CHANGE OF SECRETARY

Following the approval by the Board on July 23, 2003, Mr. Jeremy Simpson was appointed as the Company Secretary in place of Mr. Anton Allen effective July 23, 2003.

On behalf of the Board
Andrew Lo Tak Shing
Director

Hong Kong, September 19, 2003

**CONDENSED
PROFIT AND LOSS ACCOUNT (UNAUDITED)**

For the six months ended June 30

		Six months ended June 30,	
		<u>2003</u>	<u>2002</u>
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
Turnover	2	<u>240,826</u>	<u>164,065</u>
Expenses			
Investment management fees	3	(27,741)	(26,367)
Investment advisory fees	3	(32,861)	(27,093)
Administration fees	3	(20,043)	(19,547)
Custodian fees	3	(9,754)	(9,919)
Supervisory fee	3	(4,035)	(3,835)
Audit fees		(17,276)	(6,310)
Legal and professional fees for opening-up of the Fund		(19,516)	—
Other expenses		<u>(52,330)</u>	<u>(54,953)</u>
		<u>(183,556)</u>	<u>(148,024)</u>
Net profit before realised loss on disposal of investment		57,270	16,041
Realised loss on disposal of investment		<u>(150,348)</u>	<u>(342,518)</u>
Net loss before taxation		(93,078)	(326,477)
Taxation	5	<u>(37,059)</u>	<u>(8,824)</u>
Net loss after taxation		(130,137)	(335,301)
Accumulated deficit brought forward		<u>(23,660,852)</u>	<u>(23,089,131)</u>
Accumulated deficit carried forward		<u>(23,790,989)</u>	<u>(23,424,432)</u>
DEFICIT PER SHARE	6	<u>(0.03)</u>	<u>(0.07)</u>

CONDENSED BALANCE SHEET

	As at	(UNAUDITED) <u>June 30, 2003</u>	(AUDITED) <u>Dec 31, 2002</u>
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
Investments	7	10,481,850	8,583,298
Current Assets			
Other receivables		431	771
Bank balances and cash		820,140	224,569
		820,571	225,340
Current Liabilities			
Other payables		(85,984)	(76,455)
Net current assets		734,587	148,885
Total assets less current liabilities		11,216,437	8,732,183
Financed by:			
Non Equity-Share capital	8	10	10
Equity-Share capital	8	50,000	50,000
Reserves		34,957,416	32,343,025
Accumulated deficit		(23,790,989)	(23,660,852)
SHAREHOLDERS' FUNDS		11,216,437	8,732,183
NET ASSET VALUE PER SHARE	9	2.24	1.75

Pichit Akkrathit

Director

Andrew Lo Tak Shing

Director

**CONDENSED
STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Balance at January 1, 2002	50,010	49,857,897	(19,912,236)	(23,089,131)	6,906,540
Unrealised gain of investments	—	—	2,637,173	—	2,637,173
Exchange gain	—	—	555,873	—	555,873
Net loss for the period	—	—	—	(335,301)	(335,301)
Balance at June 30, 2002	50,010	49,857,897	(16,719,190)	(23,424,432)	9,764,285
Unrealised loss on investments	—	—	(477,465)	—	(477,465)
Exchange loss	—	—	(318,217)	—	(318,217)
Net loss for the period	—	—	—	(236,420)	(236,420)
Balance at December 31, 2002	<u>50,010</u>	<u>49,857,897</u>	<u>(17,514,872)</u>	<u>(23,660,852)</u>	<u>8,732,183</u>
Balance at January 1, 2003	50,010	49,857,897	(17,514,872)	(23,660,852)	8,732,183
Unrealised gain on investments	—	—	2,320,366	—	2,320,366
Exchange gain	—	—	294,025	—	294,025
Net loss for the period	—	—	—	(130,137)	(130,137)
Balance at June 30, 2003	<u>50,010</u>	<u>49,857,897</u>	<u>(14,900,481)</u>	<u>(23,790,989)</u>	<u>11,216,437</u>

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

	Six months ended June 30,	
	2003	2002
	<i>US\$</i>	<i>US\$</i>
Operating activities		
Dividend and interest income received	241,166	164,546
Management fees and operating expenses paid	(174,003)	(143,893)
Overseas withholding tax paid	(37,059)	(8,824)
	30,104	11,829
Investing activities		
Cash paid on purchase of securities	(2,593,363)	(1,273,961)
Proceeds on sale of securities	3,148,814	1,227,604
	555,451	(46,357)
Net cash inflow/(outflow) from investing activities	555,451	(46,357)
Net cash inflow/(outflow)	585,555	(34,528)
Effect of foreign exchange rate changes	10,016	11,159
Cash and cash equivalents at January 1	224,569	267,772
	820,140	244,403
Cash and cash equivalents at June 30 (<i>Note A</i>)	820,140	244,403

Note A

Analysis of balances of cash and cash equivalents:

Bank balances and cash	820,140	244,403
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NOTES TO CONDENSED INTERIM ACCOUNTS

1. Basis of preparation and accounting policies

These unaudited condensed interim accounts are prepared in accordance with 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 2002 annual audited accounts.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those disclosed on page 24 & 25 of the Company’s 2002 annual audited accounts, except as described below.

In the current period, the Company has adopted, for the first time, a revised SSAP issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following revised accounting policies. The adoption of this SSAP has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Income Taxes

In the current interim period, the Company has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

2. Turnover

	Six months ended June 30,	
	2003	2002
	US\$	US\$
Dividends received from third parties		
— from listed investments	239,300	162,150
Interest received from third parties		
— from bank deposits	1,526	1,915
	<u>240,826</u>	<u>164,065</u>

3. Fees

(a) Investment management fees

The Investment Manager receives from the Fund a monthly fee for acting as such, together with a fee for acting as the administrator of the Fund, payable monthly in arrears and calculated by reference to weekly valuations of the Fund, equal to 0.55% per annum and 0.10% per annum respectively of the net asset value (“NAV”) of the Fund.

Subsequent to the passing of the Ordinary Resolution at the Extraordinary General Meeting on July 22, 2003, the fee payable to the Investment Manager of 0.55% per annum of the NAV of the Fund is subject to a minimum monthly payment of Thai Baht 150,000.

(b) Investment advisory fees

The Investment Adviser is entitled to receive fees from the Company payable monthly in arrears and calculated by reference to weekly valuations of the Participating Preference Shares, equal to 0.60% per annum of the net asset value of the Participating Preference Shares.

(c) Custodian fees and supervisory fees

The Thai Custodian receives out of the assets of the Fund, a fee equal to 0.1% per annum of the net asset value (“NAV”) of the Fund on the last business day of each week, payable monthly in arrears. Effective from December 1, 1998, the Thai custodian fee has been reduced to 0.08% per annum of the Fund’s NAV by way of the Supplementary Agreement to the Thai Custodian Agreement of the Fund.

As at June 22, 2001, the Thai Custodian has changed its role from the Fund’s Custodian to the Fund’s Supervisor. The supervisory fee remained the same as the previous custodian fee, i.e. 0.08% p.a.

The Guernsey Custodian, for acting as the custodian and the registrar, receives an annual fee from the Company of US\$20,000, payable monthly in arrears, together with permitted out of pocket expenses and transaction charges involved in carrying out its duties.

(d) Administration fees

The Administrator is entitled to receive from the Company a fee, equal to 0.12% per annum of the net asset value of the Participating Preference Shares on the last business day of each week, subject to a minimum of US\$30,000 in any 12 month period, payable monthly in arrears.

(e) Directors’ fees and expenses

The Directors are entitled to receive from the Company, as remuneration for their services, an aggregate amount of US\$35,000 per annum. They are also entitled to all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings and other business of the Company.

4. Segment information

Since the principal activity of the Company is investing in Thai Securities with over 90% of its turnover and contribution to results derived from such activity in Thailand, no separate disclosure of geographical nor business segment information is presented.

5. Taxation

	Six months ended June 30,	
	2003	2002
	<i>US\$</i>	<i>US\$</i>
Withholding tax in Thailand on distributions from the Fund to the Company	<u>37,059</u>	<u>8,824</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. Deficit per Share

The calculation of deficit per share is based on net loss after tax for the six months of US\$130,137 (June 30, 2002: loss of US\$335,301) and 5,000,000 (June 30, 2002: 5,000,000) shares outstanding during the six months.

7. Investments

	June 30, 2003	Dec 31, 2002
	<i>US\$</i>	<i>US\$</i>
Listed investments		
Securities of corporations listed on the Stock Exchange of Thailand, at fair value	10,481,844	8,583,292
Unlisted investments		
Securities of corporations in Thailand, at fair value	<u>6</u>	<u>6</u>
	<u>10,481,850</u>	<u>8,583,298</u>
Cost of investments		
– listed on the Stock Exchange of Thailand	7,901,529	8,351,312
– unlisted	<u>897,801</u>	<u>869,832</u>
	<u>8,799,330</u>	<u>9,221,144</u>

8. Share Capital

	June 30, 2003 and Dec 31, 2002	
	US\$	
(a) Authorised		
10 Founder shares of US\$1 each		10
10,000,000 participating preference shares of US\$1 cent each		<u>100,000</u>
		<u><u>100,010</u></u>
(b) Issued and fully paid		

	June 30, 2003 and Dec 31, 2002	
	Number of shares	Share capital US\$
Founder shares of US\$1 each	10	10
Participating preference shares of US\$1 cent each	<u>5,000,000</u>	<u>50,000</u>
Total	<u><u>5,000,010</u></u>	<u><u>50,010</u></u>

The participating preference shares are in substance the “equity” capital of the Company and accordingly are disclosed as equity. Founder shares, in view of their restricted rights, are classed as non-equity.

Founder shares

The rights attaching to the founder shares are as follows:

- a) Voting rights - on a show of hands, every holder of founder shares, either present in person or by proxy, shall have one vote, and on a poll shall have one vote for every founder share held.
- b) Dividends and distribution of assets on a winding up - holders of founder shares do not carry any right to dividends, and in the event of a liquidation, they rank only for a return of paid up nominal capital pari passu out of the assets of the Company after the return of paid up nominal capital on the participating preference shares.

8. Share Capital *(continued)*

(b) Issued and fully paid *(continued)*

Participating preference shares (the “participating shares”)

The rights attaching to the participating shares are as follows:

- a) Voting rights - on a show of hands, every holder of participating shares, either present in person or by proxy, shall have one vote, and on a poll shall have one vote for every participating share held.
 - b) Dividends - the participating shares carry the right to receive dividends.
 - c) Redemption - the participating shares may, in certain circumstances, be converted into redeemable shares.
 - d) Winding up - the participating shares rank first in a winding up for repayment of the nominal capital amount paid up and have the right to all surplus assets available for distribution to shareholders after the repayment of the nominal capital amount paid up on the founder shares.
- (c) Subsequent to June 30, 2003, the Company’s share capital was changed as follows pursuant to special resolutions unanimously passed at the Extraordinary General Meeting held on July 22, 2003:
- (i) The unissued share capital of the Company consisting of 5,000,000 participating shares of US1 cent each were redesignated as unclassified shares of US1 cent each which may be issued as participating shares of US1 cent each or as nominal shares of US1 cent each;
 - (ii) The participating shares were redesignated as participating redeemable preference shares, redeemable at the option of the Board of Directors of the Company;
 - (iii) As a result of the aforesaid changes, the nominal capital of the Company is US\$100,010 divided into 10 founder shares of US\$1 each, 5,000,000 participating shares of US1 cent each and 5,000,000 unclassified shares of US1 cent each.

9. Net Asset Value per Share

The calculation of net asset value per share is based on net assets of US\$11,216,437 (December 31, 2002: US\$8,732,183) and 5,000,000 (December 31, 2002: 5,000,000) issued shares as at June 30, 2003.

10. Post Balance Sheet Event

Subsequent to June 30, 2003, the Company has redeemed 20% of its units in The Thai Asset Fund (the “Fund”) pursuant to the shareholders’ approval of the proposal for the opening up of the Fund over a 3-year period on July 22, 2003.

STATEMENT OF CHANGES IN INVESTMENTS

(For the six months ended June 30, 2003)

LISTED SECURITIES	Number of shares				As at June 30, 2003	
	Holding at 01/01/03	Purchases	Sales	Holding at 30/06/03	Fair Value US\$	Percentage of Net Assets %
BANKING						
Bank of Ayudhya	—	1,062,100	—	1,062,100	230,648	2.06
Bangkok Bank	646,000	48,000	191,700	502,300	674,972	6.02
Krung Thai Bank	900	—	900	—	—	—
Siam Commercial Bank	286,600	599,900	—	886,500	771,119	6.87
Kasikorn Bank	1,204,800	161,500	116,300	1,250,000	1,019,821	9.09
Kasikorn Bank - F	64,000	—	64,000	—	—	—
					<u>2,696,560</u>	<u>24.04</u>
BUILDING AND FURNISHING						
Dynasty Ceramic	—	299,200	—	299,200	94,770	0.84
Siam Cement	305,500	123,600	30,200	398,900	1,435,787	12.81
Siam City Cement	105,266	—	35,100	70,166	360,309	3.21
Tipco Asphalt	94,800	—	94,800	—	—	—
Thai Gypsum Product	—	838,700	—	838,700	84,124	0.75
					<u>1,974,990</u>	<u>17.61</u>
CHEMICALS AND PLASTICS						
Aromatics (Thailand)	—	307,100	307,100	—	—	—
National Petrochemical	140,100	14,400	—	154,500	231,709	2.07
					<u>231,709</u>	<u>2.07</u>
COMMERCE						
Big C Supercentre	228,000	—	228,000	—	—	—
COMMUNICATION						
Advanced Info Service - F	—	135,900	135,900	—	—	—
Advanced Info Service	554,200	135,900	28,600	661,500	976,202	8.70
Shina Satellite	202,425	—	202,425	—	—	—
Shin Corporation	1,200,100	98,200	208,800	1,089,500	501,953	4.48
Telecom Asia Corporation	1,800	—	—	1,800	298	—
					<u>1,478,453</u>	<u>13.18</u>

LISTED SECURITIES	Number of shares				As at June 30, 2003	
	Holding at 01/01/03	Purchases	Sales	Holding at 30/06/03	Fair Value US\$	Percentage of Net Assets %
ELECTRONIC COMPONENTS						
Cal-Comp Electronics (Thailand)	132,400	—	—	132,400	101,666	0.91
Delta Electronic	1,500	127,400	—	128,900	88,925	0.79
Hana Microelectronics	34,300	—	34,300	—	—	—
Kce Electronics	—	52,300	—	52,300	94,751	0.84
					<u>285,342</u>	<u>2.54</u>
ENERGY						
Banpu	208,400	—	208,400	—	—	—
Electricity Generating	244,800	—	194,700	50,100	66,721	0.59
PTT	386,500	238,400	162,100	462,800	738,499	6.59
PTT Exploration & Production	228,400	—	134,100	94,300	364,311	3.25
Ratchaburi Electricity Generating	383,900	—	270,200	113,700	75,029	0.67
					<u>1,244,560</u>	<u>11.10</u>
ENTERTAINMENT						
BEC World	66,400	—	26,000	40,400	232,663	2.07
Major Cineplex Group	182,000	—	—	182,000	65,945	0.59
					<u>298,608</u>	<u>2.66</u>
FINANCE & SECURITIES						
ABN AMRO Asia	67,600	—	67,600	—	—	—
Capital Nomura	48,700	—	48,700	—	—	—
Kiatnakin Finance	181,280	177,600	—	358,880	286,336	2.55
Krung Thai Card	139,200	—	139,200	—	—	—
National Finance	517,500	359,900	—	877,400	290,544	2.59
Siam Sanwa Industrial Credit	925,600	—	534,000	391,600	74,234	0.66
Siam Panich Leasing	168,500	—	168,500	—	—	—
Tisco Finance	341,000	75,000	99,600	316,400	181,455	1.62
					<u>832,569</u>	<u>7.42</u>
FOODS & BEVERAGES						
Thai Union Frozen Products	173,800	—	173,800	—	—	—

LISTED SECURITIES	Number of shares				As at June 30, 2003	
	Holding at 01/01/03	Purchases	Sales	Holding at 30/06/03	Fair Value US\$	Percentage of Net Assets %
PROPERTY DEVELOPMENT						
Amata Corp	1,406,500	—	—	1,406,500	162,675	1.45
Asian Property Development	1,000,000	106,000	—	1,106,000	120,489	1.07
Central Patana	38,000	—	38,000	—	—	—
Land and Houses	2,998,000	560,000	—	3,558,000	751,317	6.70
L.P.N. Development	—	228,100	—	228,100	162,835	1.45
Noble Development	149,200	—	149,200	—	—	—
Quality Houses	573,700	—	573,700	—	—	—
					<u>1,197,316</u>	<u>10.67</u>
TRANSPORTATION						
Bangkok Expressway	554,700	—	192,800	361,900	<u>173,681</u>	<u>1.55</u>
WARRANTS						
Asian Property Development - W1	510,000	—	—	510,000	39,895	0.36
LH - W2	730,000	—	534,400	195,600	<u>28,161</u>	<u>0.25</u>
					<u>68,056</u>	<u>0.61</u>
TOTAL LISTED SECURITIES					<u><u>10,481,844</u></u>	<u><u>93.45</u></u>

	Number of shares				As at June 30, 2003	
	Holding at 01/01/03	Purchases	Sales	Holding at 30/06/03	Fair Value US\$	Percentage of Net Assets %
UNLISTED SECURITIES						
ELECTRICAL EQUIPMENT						
SPEC Thai	105,000	—	—	105,000	1	—
HEALTH CARE SERVICES						
Piyavate Hospital	330,000	—	—	330,000	1	—
HOTELS						
Paitoon Hotel & Resort	110,000	—	—	110,000	1	—
United Resort Service	10,000	—	—	10,000	1	—
					2	—
INSURANCE						
Rattanakosin Insurance	50,850	—	—	50,850	1	—
PROPERTY DEVELOPMENT						
Alpine Real Estate	2,055,000	—	—	2,055,000	1	—
WARRANTS						
KfW - TA	191,747	—	—	191,747	—	—
TOTAL UNLISTED SECURITIES					<u>6</u>	<u>—</u>
TOTAL LISTED AND UNLISTED SECURITIES					<u>10,481,850</u>	<u>93.45</u>
Net current assets					<u>734,587</u>	<u>6.55</u>
TOTAL NET ASSETS					<u>11,216,437</u>	<u>100.00</u>

CORPORATE INFORMATION

Stock Exchange Listing

The Stock Exchange of Hong Kong Limited

DIRECTORS OF THE COMPANY

Andrew Lo Tak Shing
Narong Chulajata
Heng Kwoo Seng
Dominic Kwok Chung Kwong
Thomas Ng Tung Ming
John Yang Chung Hsiung
Pichit Akkrathit
The Honourable Michael
D'Arcy Benson
(Resigned on July 22, 2003)

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SECRETARY

Anton Allen
(Resigned on July 23, 2003)
Jeremy Simpson
(Appointed on July 23, 2003)

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