



# **THE THAI-ASIA FUND LIMITED**

*(Incorporated with limited liability in the Cayman Islands)*

**INTERIM REPORT (UNAUDITED)  
JUNE 30, 2004**

# DISCUSSION AND ANALYSIS OF PERFORMANCE

## RESULTS

During the first half of 2004, the Company recorded a loss after tax of US\$2,652,126 (compared with a profit of US\$2,868,798 during the previous corresponding period), attributable largely to the increase of unrealised depreciation from revaluation of investments in securities which has set off the dividend income and realised gain on listed investments of the same period.

The net asset value of the Company, as at June 30, 2004, was US\$17,061,518. The net asset value per share was US\$0.34, compared with US\$0.40 as at December 31, 2003, a decrease over the period of 15.00% in US\$ terms. Over the same period, the Stock Exchange of Thailand (“SET”) Index decreased by 18.90% in US\$ terms, The Company, in turn, outperformed the market by 3.90%.

During the period under review, the Thai economy, similar to the other Asian economies, slowed down in its growth for the reasons as follows :

- (i) rising oil prices and increasing concerns over the southern Thailand unrest curtailed investment sentiment; and
- (ii) China’s strategy to cool down its overheated economy and the rise in interest rates induced flows from Asian currencies-denominated assets to US dollar-denominated assets.

Notwithstanding this global economic slowdown, the Company, with a mix of holdings in defensive and good growth stocks spreading across the banking, energy and communication sectors contributed to the Company’s relative outperformance of the SET Index.

As at June 30, 2004, the Company was 93.97% 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 depreciated by 3.16% against the US dollar, which detracted from performance.

## **OUTLOOK**

### **Economic and Market Outlook**

We are optimistic for the Thai economy with continual healthy drive in domestic consumption and investment and its increased exports to the US and Japan also help recover the Thai economy.

The Thai stock market remains attractive with a gradual soft landing of the China economy while the lessening concerns over the US interest rates hike also boost the market sentiment for investment. The impressive corporate earnings of the Thai listed companies in the second half of the year and the election campaign with certain government projects should gather strength to elevate the Thai market.

### **Company**

Further to the open ending of the Company's investment vehicle, Thai-Asia Open-end Fund (the "Fund") last year, it allows the Company to commence its second tranche of unit redemption up to a maximum of 30% of the Fund's Initial Investment Units\* during the period from August 2004 to July 2005.

During the period under review, the Company did not redeem any units of the Fund. The Board will consult with the Fund's Investment Manager to ensure prudent disposal of the Initial Investment Units\* in order to maximise the proceeds from the redemption which, in turn, will return to shareholders by way of payment of dividends. The Board will give notice to shareholders of such declaration and payment of dividends in due course.

\* *corresponding to the terms defined in the Announcement of September 19, 2003.*

# CURRENT INVESTMENTS AND ACTIVITIES REPORT

For the six months ended June 30, 2004

## 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.

\* *The Fund was renamed as Thai-Asia Open-end Fund following Thai SEC's formal approval to the open ending of the investment plan last year.*

As at June 30, 2004, the total net asset value of the Company was US\$17,061,518 with a net asset value of US\$0.34 per share.

No interim dividend was declared or paid for the six months ended June 30, 2004 (2003: 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, 2004, the Company was 93.97% invested in Thai equities, with the balance being held in the form of bank deposits.

As at June 30, 2004, the ten largest investments held by the Company through its investment in the Fund were:

	Stock Weighting (%)	
	Company	SET Index
1. PTT	11.58	10.80
2. Siam Cement	11.25	6.98
3. Advanced Info Service	8.80	6.57
4. Bangkok Bank	8.70	4.50
5. Kasikorn Bank	7.44	2.99
6. Shin Corporation	5.43	2.70
7. Siam Commercial Bank	5.26	1.76
8. PTT Exploration & Production	4.41	4.38
9. Krung Thai Bank	3.33	3.11
10. Land and Houses	2.11	1.74
<b>TOTAL</b>	<b>68.31</b>	<b>45.53</b>

An analysis by industry of the equity investments held by the Company as at June 30, 2004, together with a comparison with the composition of the SET, is as follows:

Industry	No. of Stocks in		Sector Weighting(%)	
	Company	SET	Company	SET Index
1. Agribusiness	0	20	0.00	1.23
2. Banking	4	14	24.73	16.60
3. Building & Furnishing	4	24	14.09	11.53
4. Chemicals & Plastics	3	12	4.41	4.27
5. Commerce	1	15	0.73	2.58
6. Communication	3	16	14.33	11.60
7. Electrical Products	0	15	0.00	0.95
8. Electronics Components	1	10	1.00	1.67
9. Energy	4	12	18.92	19.19
10. Entertainment	1	13	0.51	2.48
11. Finance & Securities	3	29	3.35	4.26
12. Food & Beverages	0	23	0.00	1.39
13. Health Care Services	0	11	0.00	0.49
14. Hotel & Travel Services	0	11	0.00	0.83
15. Household Goods	0	7	0.00	0.24
16. Insurance	0	20	0.00	0.93
17. Jewelry & Ornaments	0	2	0.00	0.05
18. Machinery & Equipment	0	2	0.00	0.03
19. Mining	0	1	0.00	0.07
20. Packaging	0	14	0.00	0.28
21. Pharmaceutical Products	0	3	0.00	0.07
22. Printing & Publishing	0	8	0.00	0.34
23. Professional Services	0	2	0.00	0.03
24. Property Development	8	37	9.18	7.49
25. Pulp & Paper	0	3	0.00	0.68
26. Textiles	0	24	0.00	0.82
27. Transportation	3	8	2.72	5.95
28. Vehicles & Parts	0	10	0.00	0.72
29. Warehouse & Silo	0	5	0.00	0.11
30. Others*	0	5	0.00	0.19
31. Companies under Rehabilitation	0	41	0.00	2.92
32. Unlisted Securities	1	0	0.00	0.00
33. Debentures & Convertibles	0	0	0.00	0.00
	<u>36</u>	<u>417</u>	<u>93.97</u>	<u>100.00</u>

Notes: \* 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, 2004, total listed investments purchased by the Company amounted to US\$1.55 million, while total sales amounted to US\$2.18 million. The net realised gains for the period amounted to US\$0.92 million.

A summary of purchases and sales of listed investments by the Company over the six months ended June 30, 2004, is as follows:

Month	(Million US\$)		
	Purchases	Sales	Realised Gains/Losses
January	1.19	1.45	0.73
February	0.14	0.33	0.13
March	0.00	—	—
April	0.00	0.19	0.03
May	0.10	0.16	0.03
June	0.12	0.05	0.00
<b>TOTAL</b>	<u>1.55</u>	<u>2.18</u>	<u>0.92</u>

\* Using an averaged exchange rate US\$1=Baht 39.862

#### 4. PERFORMANCE

	<b>June 30, 2004</b>	<b>December 31, 2003</b>	<b>% Change</b>
<b>NAV/Share (US\$)</b>	<b>0.34</b>	<b>0.40</b>	<b>-15.00%</b>
Baht/US\$ Exchange rate	40.852	39.560	-3.16%
SET Index ( <i>Baht</i> )	646.64	772.15	-16.25%
<b>(US\$)</b>	<b>15.83</b>	<b>19.52</b>	<b>-18.90%</b>
Performance to SET Index			+3.90%

During the six months ended June 30, 2004, the net asset value per share of the Company decreased by 15.00% in US\$ terms. Over the same period the SET Index decreased by 18.90% in US\$ terms. The Company outperformed the market by 3.90%.

	<b>June 30, 2004</b>	<b>November 15, 1989</b>	<b>% Change since inception</b>
<b>NAV/Share (US\$)</b>	<b>1.21</b> * <sup>1</sup>	<b>1.00</b> * <sup>2</sup>	<b>+20.56%</b>
Baht/US\$ Exchange rate	40.852	25.825	-36.78%
SET Index ( <i>Baht</i> )	646.64	746.22	-13.34%
<b>(US\$)</b>	<b>15.83</b>	<b>28.90</b>	<b>-45.22%</b>
Performance to SET Index			+65.78%

\*1 After adjusting for the dividend of US\$0.8656 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 increased by 20.56% in US\$ terms. Over the same period the SET Index decreased by 45.22% in US\$ terms. The Company has outperformed the market by 65.78%.

## **5. REVIEW OF THE THAI ECONOMY AND STOCK MARKET**

### **Thai Economy**

During the first six months of 2004, Thai domestic demand was healthy, showing rising trends for private consumption and investment. Overall, the Thai economy experienced both internal and external stability. Bank of Thailand's data for the year to June showed satisfactory improvement in spite of rising oil prices and mounting concerns over the Southern unrest. The Private Consumption Index (PCI) slowed down to 114.5 in June from 116.1 in May or slowed down to 3.4% year-on-year growth while the Private Investment Index (PII) accelerated to a 17.2% year-on-year growth, especially some indicators namely imports of capital goods and commercial car sales. As for the second quarter of 2004, PCI grew by 3.7%, a slowdown from the growth rate of 4.1% in the previous quarter. The same slightly slowdown for PII from 19.4% in the first quarter to 17.3% in the second quarter of 2004. For the same period, the Manufacturing Production Index grew by 7.6%, reduced from 11.4% growth in the first quarter of 2004, partly due to the shortage of raw materials in the food industry. The capacity utilization averaged at 71.2%, a slight slowdown from 75.7% in first quarter of 2004.

For the first six months, exports amounted to US\$45.359 billion, relatively higher than imports of US\$45.305 billion, resulting in a trade surplus for the period of US\$54 million. Aided by services and transfer surplus, the current account registered a surplus of US\$2.793 billion. International reserves stood at US\$43.3 billion at end-June, with a net (buy) forward position of US\$5.4 billion.

### **Thai Stock Market**

After rising about 116.60% last year, the Thai stock market plunged 16.25% in the first half of 2004. Negative factors came in a series, dragging the SET Index down to test a 7-month low at 580 points in June before it began to recover and closed at 646.64 points at the end of June. The average daily turnover was Baht 24 billion per day. Foreign investors have aggressively locked in their profits, recording a net sell of Baht 53 billion for the first half of 2004.



At the beginning of 2004, the SET Index continued its upward momentum, surging from 772.15 points at the end of 2003 to 800 points within the first few trading days. However, the bird flu outbreak and the unrest in the south gave investors excuses to take profits which climbed about 116.60% last year. The selling momentum continued throughout the first quarter of 2004 as the violence in the south escalated and the bird flu outbreak could not be contained within a short period of time.

The worst was not over for the second quarter of 2004. Selling pressures accelerated across the Asian markets, including Thailand, in May 2004 when the economic outlooks for US and Asia diverged. China announced a plan to cool down its overheated economy while the US Federal Reserve was poised to hike interest rates to curb inflation, fuelled by the strong economy, triggering US dollar fever and inducing flows from Asian currencies-dominated assets to U.S. dollar-dominated assets. Oil prices also emerged as another threat when they rallied over US\$40/barrel in May 2004.

However, the market rebounded gradually in June 2004 as the dust settled. OPEC decided to boost crude oil output by 2 million barrels per day. The U.S. Federal Reserve raised interest rate by 0.25% in line with the market expectations. And China's economy is likely to engineer a soft landing.

At the end of June, the Company's equity holding was 93.97%, substantially decreased from 98.71% at the end of 2003 as a result of increasing market risk. Profits were taken in the banking sector on increasing concern over interest rate hike. The Company reduced exposure in the property sector owing to softer demand, higher raw material costs and concern over the interest rate hike. The Company also reduced exposure in the entertainment sector and switched to overweight positions in energy, transportation and communication sectors, buying a mix of defensive stocks and good growth stocks.

Relative performance over the 6-month period was positive by about 3.90% in US\$ terms. The net asset value per share dropped by 15.00%, outperforming the 18.90% dropped in the SET Index. Exposure in the transportation, communication, electronics, energy, building materials, and banking sectors contributed positively to the outperformance.

## **6. OUTLOOK FOR THE THAI ECONOMY AND STOCK MARKET**

We expect domestic demand to remain healthy with consumption and investment driving Thailand's GDP growth in 2004. With strengthening economic growth in the US and Japan, Thai exports to the two economies should be able to compensate for a slowdown in China, which will affect Asian economies to a certain degree. According to Bank of Thailand (BOT) Governor, growth of over 6.0% was satisfactory after a 6.8% growth in 2003. The Thai economy has proven to be resilient enough to cope with high oil prices, China slowdown, the violence in the southern Thailand and the bird flu outbreak.

The perceptions that China could engineer a soft landing plus easing concerns over possible aggressive US interest rate hike perked up market sentiment noticeably. The return of foreign investors in June 2004 suggests that the SET Index has bottomed out at 580 points. The Thai stock market's valuations are still attractive, trading at 2004 price per earning ratio of around 10 times, while corporate earnings growth is forecast around 25.53% for 2004. The robust economy in the second half plus impressive earnings of listed companies are expected to spur the SET Index to resume its upward momentum. The election campaign, which likely includes a number of future government projects should also help to elevate the Thai market sentiment. Overall, the economic growth, the bright earnings prospect and general elections could turn out to be the medium term catalyst.

## **7. ARRANGEMENTS AFFECTING DIRECTORS**

- (a) Mr. Andrew Lo Tak Shing is a director 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.

Mr. Pichit Akkrathit 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.

Except as disclosed above, 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. DISCLOSURE OF INTERESTS

### (a) Interests of the Directors

As at June 30, 2004, none of the directors had any interests or short positions in the shares of the Company which were required to be disclosed or recorded in the register pursuant to section 352 of the Securities and Futures Ordinance (“SFO”)

### (b) Substantial Shareholders

As at June 30, 2004, the following interests in shares were recorded in the register of interests and short position required to be kept by the Company pursuant to section 336 of the SFO:

Name	Personal interest	Family interest	Corporate interest	Total interest	% of issued Share Capital
Heung Chit Kau (deceased)	10,324,600	—	23,123,075	33,447,675	66.44
Chan Wan Han	—	25,795,075	7,652,600	33,447,675	66.44
Swiss Reinsurance Limited	—	—	6,027,600	6,027,600	11.97

#### Notes:

- (i) Heung Chit Kau (deceased) 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 his 100% beneficial interest in Acetop Investment Limited and his 50% beneficial interest in Tai Tsuen Enterprises Limited respectively.
- (ii) Chan Wan Han (the spouse of Heung Chit Kau (deceased)) is deemed to be interested in the same 33,447,675 shares as Heung Chit Kau (deceased), of which 7,652,600 shares are held through her 50% beneficial interest in Tai Tsuen Enterprises Limited and 25,795,075 shares through Heung Chit Kau (deceased) as family interest.

## **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, 2004.

## **10. AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed the unaudited interim financial statements for the six months ended June 30, 2004.

The Company has set up the Audit Committee, comprising of two independent non-executive directors, namely Messrs. Heng Kwo Seng and Thomas Ng Tung Ming since June 28, 1999.

With effect from September 20, 2004, Mr. Yod Jin Uahwatanasakul, an independent non-executive director, has accepted to act as an additional member of the Audit Committee and the Board of the Company is pleased to approve such appointment on the same date. With reference to “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants in February 2002, a new written terms of reference setting out the authority and duties of the Audit Committee was adopted by the Board of the Company accordingly.

The Audit Committee’s principal duties include the review and supervision of the Company’s financial reporting process and internal controls.

## **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, 2004.

On behalf of the Board  
**Andrew Lo Tak Shing**  
*Director*

Hong Kong, September 20, 2004

## CONDENSED INCOME STATEMENT (UNAUDITED)

For the six months ended June 30

		Six months ended June 30,	
		2004	2003
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
<b>TURNOVER</b>	3	2,597,249	4,246,220
Cost of investment sold		(1,263,051)	(4,149,943)
		1,334,198	96,277
Unrealised (depreciation)/appreciation from revaluation of investments in securities		(3,760,378)	2,959,481
		(2,426,180)	3,055,758
<b>OPERATING EXPENSES</b>			
Administration fee to Investment Manager	4	(9,516)	(6,470)
Administration fee to Administrator	4	(22,903)	(11,702)
Advisory fee to Investment Adviser	4	(45,807)	(23,404)
Management fee to Investment Manager	4	(47,844)	(32,350)
Auditors' remuneration		(7,500)	(4,290)
Supervisory fee		(7,655)	(5,176)
Directors' emoluments		(10,000)	(7,500)
Legal & professional fees for opening-up of the Fund		—	(21,895)
Others		(46,486)	(38,504)
		(197,711)	(151,291)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(2,623,891)	2,904,467
Taxation	5	(28,235)	(35,669)
<b>(LOSS)/PROFIT AFTER TAXATION</b>		(2,652,126)	2,868,798
<b>(LOSS)/EARNINGS PER SHARE</b>	6	(0.05)	0.06

## CONDENSED BALANCE SHEET

As at

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>June 30, 2004</b>	<b>Dec 31, 2003</b>
<i>Note</i>	<i>US\$</i>	<i>US\$</i>
<b>CURRENT ASSETS</b>		
Investments in securities	16,032,814	20,027,699
Account receivable	21,618	62,664
Interest and dividends receivable	2,122	1,080
Bank balances and cash	1,054,549	328,845
	17,111,103	20,420,288
<b>CURRENT LIABILITIES</b>		
Accrued charges	49,585	131,331
	17,061,518	20,288,957
<b>NET ASSETS</b>	<b>17,061,518</b>	<b>20,288,957</b>
<b>CAPITAL AND RESERVES</b>		
SHARE CAPITAL	503,408	503,408
RESERVES	16,558,110	19,785,549
	17,061,518	20,288,957
<b>TOTAL CAPITAL AND RESERVES</b>	<b>17,061,518</b>	<b>20,288,957</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>0.34</b>	<b>0.40</b>

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

	Share capital	Share premium	Exchange reserve	Capital redemption reserve	Accumulated deficit	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At January 1, 2003	503,408	46,723,484	(14,361,076)	31,592	(21,864,198)	11,033,210
Exchange gain arising on translation of overseas operations not recognised in the condensed income statement	—	—	409,782	—	—	409,782
Profit for the period	—	—	—	—	2,868,798	2,868,798
At June 30, 2003	503,408	46,723,484	(13,951,294)	31,592	(18,995,400)	14,311,790
Exchange gain arising on translation of overseas operations not recognised in the condensed income statement	—	—	945,759	—	—	945,759
Profit for the period	—	—	—	—	8,333,764	8,333,764
Dividend paid during the period	—	—	—	—	(3,302,356)	(3,302,356)
At December 31, 2003	<u>503,408</u>	<u>46,723,484</u>	<u>(13,005,535)</u>	<u>31,592</u>	<u>(13,963,992)</u>	<u>20,288,957</u>
At January 1, 2004	503,408	46,723,484	(13,005,535)	31,592	(13,963,992)	20,288,957
Exchange loss arising on translation of overseas operations not recognised in the condensed income statement	—	—	(575,313)	—	—	(575,313)
Loss for the period	—	—	—	—	(2,652,126)	(2,652,126)
At June 30, 2004	<u>503,408</u>	<u>46,723,484</u>	<u>(13,580,848)</u>	<u>31,592</u>	<u>(16,616,118)</u>	<u>17,061,518</u>

**CONDENSED  
CASH FLOW STATEMENT (UNAUDITED)**

**For the six months ended June 30**

	<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
	<i>US\$</i>	<i>US\$</i>
<b>OPERATING ACTIVITIES</b>		
(Loss)/profit for the period	(2,652,126)	2,868,798
Realised (gains)/losses on listed and unlisted investments	(921,561)	212,319
Unrealised depreciation/(appreciation) from revaluation of investments in securities	3,760,378	(2,959,481)
Decrease in investments in securities	637,031	579,263
Increase in interest and dividends receivable	(1,042)	(43)
Decrease in account receivable	41,046	—
Decrease in accrued charges	(81,746)	(54,087)
<b>NET CASH INFLOW</b>		
<b>FROM OPERATING ACTIVITIES</b>	781,980	646,769
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT JANUARY 1</b>	328,845	364,193
<b>EFFECT OF FOREIGN</b>		
<b>EXCHANGE RATE CHANGES</b>	(56,276)	20,524
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT JUNE 30</b>	<u>1,054,549</u>	<u>1,031,486</u>
<b>ANALYSIS OF THE BALANCES OF</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	<u>1,054,549</u>	<u>1,031,486</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 No. 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements set out in Appendix 16 and Chapter 21 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 pages 22 & 23 of the Company’s 2003 annual audited financial statements.

### 3. 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.

Turnover is analysed as follows:

	<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
	<i>US\$</i>	<i>US\$</i>
Proceeds from sale of investments	2,184,612	3,937,624
Dividend income	410,247	306,319
Interest income	2,390	2,277
	<u>2,597,249</u>	<u>4,246,220</u>

#### 4. Connected party transactions

Except for the fee paid to Investment Manager, Investment Adviser and Administrator as disclosed on page 12 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

	<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
	<i>US\$</i>	<i>US\$</i>
Thai withholding tax on distributions made by the Fund in Thailand to the Company in Hong Kong	<u>28,235</u>	<u>35,669</u>
Taxation for the period	<u><u>28,235</u></u>	<u><u>35,669</u></u>

Withholding tax is payable in Thailand at the rate of 15% on distributions made by the Fund to the Company being remittances for payment of unitholder expenses. 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. (Loss)/Earnings per share

The calculation was based on the loss after taxation for the six months of US\$2,652,126 (2003: profit of US\$2,868,798) and on 50,340,800 (2003: 50,340,800) ordinary shares in issue during the six months.

#### 7. Net asset value per share

The calculation of net asset value per share is based on the net assets of US\$17,061,518 (December 31, 2003: US\$20,288,957) and 50,340,800 (December 31, 2003: 50,340,800) ordinary shares in issue as at June 30, 2004.

# STATEMENT OF CHANGES IN INVESTMENTS

(For the six months ended June 30, 2004)

LISTED SECURITIES	Number of shares				As at June 30, 2004	
	Holding	Purchases	Sales	Holding	Fair	Percentage of
	at 1/1/04			at 30/06/04	Value	Net Assets
					US\$	%
<b>BANKING</b>						
Bank of Ayudhya	1,488,900	286,200	1,775,100	—	—	—
Bangkok Bank	701,800	—	56,400	645,400	1,485,058	8.70
Krung Thai Bank	2,089,200	—	—	2,089,200	567,662	3.33
Siam Commercial Bank	887,300	—	98,300	789,000	898,083	5.26
Kasikorn Bank	1,139,000	—	112,800	1,026,200	1,268,557	7.44
					4,219,360	24.73
<b>BUILDING AND FURNISHING</b>						
Dynasty Ceramic	246,400	63,100	—	309,500	150,765	0.88
Siam Cement	396,500	—	58,700	337,800	1,918,378	11.25
Siam City Cement	39,332	—	1,100	38,232	198,404	1.16
Tycoons Worldwide Group	197,900	—	197,900	—	—	—
Vanachai Group	522,200	—	—	522,200	136,775	0.80
					2,404,322	14.09
<b>CHEMICALS AND PLASTICS</b>						
Aromatics (Thailand)	—	224,700	53,300	171,400	228,662	1.34
National Petrochemical	156,300	—	44,500	111,800	262,724	1.54
Thai Olefins	220,300	—	36,000	184,300	261,662	1.53
					753,048	4.41

LISTED SECURITIES	Number of shares				As at June 30, 2004	
	Holding	Purchases	Sales	Holding	Fair	Percentage of
	at 1/1/04			at 30/06/04	Value	Net Assets
					US\$	%
<b>COMMERCE</b>						
Berli Jucker	71,000	—	—	71,000	124,266	0.73
<b>COMMUNICATION</b>						
Advanced Info Service	688,800	—	—	688,800	1,500,617	8.80
Shin Corporation	1,037,300	—	—	1,037,300	926,796	5.43
True Corporation* <sup>1</sup>	2,200	—	2,200	—	—	—
CS Loxinfo	—	19,600	19,600	—	—	—
United Communication	—	14,400	—	14,400	17,360	0.10
					<u>2,444,773</u>	<u>14.33</u>
<b>ELECTRONICS COMPONENTS</b>						
KCE Electronics	607,500	—	—	607,500	171,013	1.00
<b>ENERGY</b>						
Banpu	—	99,500	—	99,500	314,195	1.84
Electricity Generating	113,000	—	—	113,000	186,711	1.09
PTT	450,600	73,300	—	523,900	1,974,948	11.58
PTT Exploration & Production	101,100	13,500	—	114,600	751,807	4.41
Ratchaburi Electricity Generating	146,000	—	146,000	—	—	—
					<u>3,227,661</u>	<u>18.92</u>
<b>ENTERTAINMENT</b>						
BEC World* <sup>2</sup>	372,000	—	172,600	199,400	87,859	0.51

LISTED SECURITIES	Number of shares				As at June 30, 2004	
	Holding	Purchases	Sales	Holding	Fair	Percentage of
	at 1/1/04			at 30/06/04	Value	Net Assets
					US\$	%
<b>FINANCE &amp; SECURITIES</b>						
Asia Plus Securities* <sup>3</sup>	76,800	23,200	6,100	93,900	210,317	1.23
National Finance	630,400	—	—	630,400	225,297	1.32
Tisco Finance	204,700	—	—	204,700	136,543	0.80
					<u>572,157</u>	<u>3.35</u>
<b>PROPERTY DEVELOPMENT</b>						
Amata Corporation	811,400	—	—	811,400	236,357	1.39
Asian Property Development	1,450,000	—	602,900	847,100	89,579	0.53
Italian-Thai Development* <sup>4</sup>	663,000	136,000	—	799,000	197,540	1.16
Land and Houses	2,036,100	328,800	719,500	1,645,400	360,479	2.11
L.P.N. Development* <sup>5</sup>	2,462,000	615,500 * <sup>6</sup>	—	3,077,500	200,386	1.17
Powerline Engineering	430,400	—	—	430,400	152,766	0.90
Supalai	2,329,400	—	—	2,329,400	181,325	1.06
Sino-Thai Engineering	492,300	53,000	7,600	537,700	146,100	0.86
					<u>1,564,532</u>	<u>9.18</u>
<b>TRANSPORTATION</b>						
Bangkok Expressway	352,200	—	—	352,200	205,188	1.20
Thai Airways International	—	28,300	—	28,300	39,140	0.23
Thoresen Thai Agencies	229,300	46,600	—	275,900	219,494	1.29
					<u>463,822</u>	<u>2.72</u>
<b>TOTAL LISTED SECURITIES</b>					<u><b>16,032,813</b></u>	<u><b>93.97</b></u>

UNLISTED SECURITIES	Number of shares				As at June 30, 2004	
	Holding	Purchases	Sales	Holding	Fair	Percentage of
	at 1/1/04			at 30/06/04	Value	Net Assets
					US\$	%
<b>HEALTH CARE SERVICES</b>						
Piyavate Hospital	330,000	—	—	330,000	1	—
<b>COMMUNICATION</b>						
CS Loxinfo - N	—	19,600	19,600	—	—	—
<b>WARRANTS</b>						
KfW - TA	237,821	—	—	237,821	—	—
<b>TOTAL UNLISTED SECURITIES</b>					<b>1</b>	<b>—</b>

<b>TOTAL LISTED AND UNLISTED SECURITIES</b>	<b>16,032,814</b>	<b>93.97</b>
<b>NET CURRENT ASSETS</b>	<b>1,028,704</b>	<b>6.03</b>
<b>TOTAL NET ASSETS</b>	<b>17,061,518</b>	<b>100.00</b>

- \*1 Telecom Asia Corporation has changed it's name to True Corporation during the period.
- \*2 BEC World — par value changed from 10 baht to 1 baht effective from January 6, 2004.
- \*3 ABN AMRO Asia has merged with Asset Plus Securities to form a corporation namely Asia Plus Securities during the period.
- \*4 Italian — Thai Development — par value changed from 10 baht to 1 baht effective from April 19, 2004.
- \*5 L.P.N. Development — par value changed from 10 baht to 1 baht effective from April 20, 2004.
- \*6 L.P.N. Development — capital increase right 4 news: 1 old @ baht 2.

# **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  
Heng Kwoo Seng  
Chaibhondh Osataphan  
Dominic Kwok Chung Kwong  
Thomas Ng Tung Ming  
Pichit Akrathit

### **INVESTMENT MANAGER**

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### **INVESTMENT ADVISER AND ADMINISTRATOR**

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### **SHARE REGISTRARS AND BRANCH REGISTER OFFICE**

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### **SECRETARY OF THE COMPANY**

Jeremy Simpson

### **ASSISTANT SECRETARY AND REGISTERED OFFICE OF THE COMPANY**

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Cayman Islands  
British West Indies

### **AUDITORS**

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*To the Fund*  
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