



THE THAI ASSET FUND LIMITED

(Incorporated with limited liability in Guernsey)

**INTERIM REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2004**

DISCUSSION AND ANALYSIS OF PERFORMANCE

RESULTS

During the first half of 2004, the Company recorded a profit after tax of US\$819,118 (compared with a loss of US\$130,137 during the previous corresponding period), attributable largely to the realised gain on disposal of investments.

The net asset value of the Company, as at June 30, 2004, was US\$13,107,362. The net asset value per share was US\$3.23, compared with US\$3.86 as at December 31, 2003, a decrease over the period of 16.32% 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 2.58%.

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 94.17% 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 Asset 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 of the redemption to shareholders. The Board will give notice to shareholders of such redemptions 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 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.

* *The Fund was renamed as Thai Asset 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\$13,107,362 with a net asset value of US\$3.23 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 94.17% invested in Thai equity, with the remaining 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	11.62	10.80
2. Siam Cement	11.29	6.98
3. Advanced Info Service	8.83	6.57
4. Bangkok Bank	8.74	4.50
5. Kasikorn Bank	7.40	2.99
6. Shin Corporation	5.45	2.70
7. Siam Commercial Bank	5.28	1.76
8. PTT Exploration & Production	4.37	4.38
9. Krungthai Bank	3.34	3.11
10. Land and Houses	2.09	1.74
	68.41	45.53
TOTAL	68.41	45.53

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 Weightings (%)	
	Company	SET	Company	SET Index
1. Agribusiness	0	20	0.00	1.23
2. Banking	4	14	24.76	16.60
3. Building & Furnishing	4	24	14.15	11.53
4. Chemicals & Plastics	3	12	4.44	4.27
5. Commerce	1	15	0.73	2.58
6. Communication	3	16	14.38	11.60
7. Electrical Products	0	15	0.00	0.95
8. Electronic 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	3.37	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	9.19	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	2.93
32. Unlisted Securities	7	0	0.00	0.00
33. Debentures & Convertibles	0	0	0.00	0.00
TOTAL	<u>42</u>	<u>417</u>	<u>94.17</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, 2004, total listed investments purchased by the Company amounted to US\$1.18 million, while total sales amounted to US\$1.71 million. The net realized gains for the period amounted to US\$0.71 million.

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

Month	<i>(US\$ Millions)</i>		
	Purchase	Sales	Realised Gains/(Losses)
January	0.91	1.13	0.56
February	0.10	0.25	0.10
March	0.00	—	—
April	0.01	0.15	0.01
May	0.07	0.13	0.03
June	<u>0.09</u>	<u>0.05</u>	<u>0.01</u>
Total	<u>1.18</u>	<u>1.71</u>	<u>0.71</u>

* Using an averaged exchange rate US\$1.00 = Baht 39.862

4. PERFORMANCE

	Jun 30, 2004	Dec 31, 2003	% Change
NAV/Share (US\$)	3.23	3.86	-16.32%
Baht/US\$ Exchange Rate	40.852	39.560	-3.16%
SET Index (Baht)	646.64	772.15	-16.25%
(US\$)	15.83	19.52	-18.90%
Performance to SET Index			+2.58%

During the six months ended June 30, 2004, the net asset value per share of the Company decreased by 16.32% in US\$ terms. Over the same period, the SET Index decreased by 18.90% in US\$ terms. The Company outperformed the market by 2.58%.

	Jun 30, 2004	Dec 1, 1989	% Change since inception
NAV/Share (US\$)	12.30*	10.00	+23.00%
Baht/US\$ Exchange Rate	40.852	25.765	-36.93%
SET Index (Baht)	646.64	769.14	-15.93%
(US\$)	15.83	29.85	-46.97%
Performance to SET Index			+69.97%

* 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 23.00% in US\$ terms. Over the same period, the SET Index decreased by 46.97% in US\$ terms. The Company outperformed the market by 69.97% since inception.

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 94.17%, substantially decreased from 98.94% 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 2.58% in US\$ terms. The net asset value per share dropped by 16.32%, 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 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.

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.

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, 2004, the interests of the directors of the Company in the shares of the Company disclosed pursuant to section 352 of the Securities and Futures Ordinance (“SFO”) were as follows:

<u>Name of Director</u>	Number of Shares		
	<u>Personal interest</u>	<u>Family interest</u>	<u>Corporate interest</u>
John Yang Chung Hsiung	105,365	32,420	81,050

Note:

John Yang Chung Hsiung is deemed to be interested in a total of 218,835 shares representing approximately 5.4% of the issued share capital of the Company, of which 81,050 shares are held through his 100% beneficial interest in Hsing Ta Cement Co. Ltd. and 32,420 shares through Ming Wang (the spouse of John Yang Chung Hsiung) as family interest.

Other than as disclosed above, none of the directors had any interests or short positions in the shares of the Company which were required to be recorded in the register pursuant to section 352 of the SFO.

(b) Substantial Shareholders

As at June 30, 2004, 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 (deceased)	—	—	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 (deceased) 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 (deceased)) is deemed to be interested in the same 3,735,000 shares as Heung Chit Kau (deceased), 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 (deceased) as family interest.
- (iii) As a result of the redemption of the Company's Participating Shares described on page 2 of the Company's 2003 Annual Report, the personal interest/family interest/corporate interest of each of the abovenamed persons was/were reduced to the following numbers although their respective percentages of shareholdings remained substantially the same:

<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 (deceased)	—	—	3,027,212	3,027,212	74.70
Chan Wan Han	—	1,256,354	1,770,858	3,027,212	74.70
City of London Investment Management Company Limited	—	—	252,746	252,746	6.24
John Yang Chung Hsiung	105,365	32,420	81,050	218,835	5.40

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 accounts 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. Narong Chulajata, 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 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, 2004.

On behalf of the Board
Andrew Lo Tak Shing
Director

Hong Kong, September 20, 2004

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

For the six months ended June 30

		Six months ended June 30,	
		2004	2003
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
Turnover	2	<u>317,903</u>	<u>240,826</u>
Expenses			
Investment management fees	3	(40,450)	(27,741)
Investment advisory fees	3	(42,475)	(32,861)
Administration fees	3	(22,149)	(20,043)
Custodian fees	3	(9,964)	(9,754)
Supervisory fee	3	(5,884)	(4,035)
Audit fees		(15,796)	(17,276)
Legal and professional fees for opening-up of the Fund		—	(19,516)
Other expenses		<u>(29,275)</u>	<u>(52,330)</u>
		<u>(165,993)</u>	<u>(183,556)</u>
Net profit before realised gain/(loss) on disposal of investments		151,910	57,270
Realised gain/(loss) on disposal of investments		<u>709,561</u>	<u>(150,348)</u>
Net profit/(loss) before taxation		861,471	(93,078)
Taxation	5	<u>(42,353)</u>	<u>(37,059)</u>
Net profit/(loss) after taxation		819,118	(130,137)
Accumulated deficit brought forward		<u>(22,578,974)</u>	<u>(23,660,852)</u>
Accumulated deficit carried forward		<u>(21,759,856)</u>	<u>(23,790,989)</u>
NET PROFIT/(LOSS) AFTER TAXATION PER SHARE	6	<u>0.20</u>	<u>(0.03)</u>

CONDENSED BALANCE SHEET

	As at	(UNAUDITED) <u>June 30, 2004</u>	(AUDITED) <u>Dec 31, 2003</u>
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
Investments	7	<u>12,343,185</u>	<u>15,465,472</u>
Current Assets			
Bank balances and cash		807,240	233,034
Other receivables		<u>36,134</u>	<u>58,032</u>
		843,374	291,066
Current Liabilities			
Other payables		<u>(79,197)</u>	<u>(124,596)</u>
Net current assets		<u>764,177</u>	<u>166,470</u>
Total assets less current liabilities		<u><u>13,107,362</u></u>	<u><u>15,631,942</u></u>
Financed by:			
Founder shares	8	10	10
Nominal shares	8	9,475	9,475
Participating redeemable preference shares	8	40,525	40,525
Reserves		34,817,208	38,160,906
Accumulated deficit		<u>(21,759,856)</u>	<u>(22,578,974)</u>
SHAREHOLDERS' FUNDS		<u><u>13,107,362</u></u>	<u><u>15,631,942</u></u>
NET ASSET VALUE PER SHARE	9	<u><u>3.23</u></u>	<u><u>3.86</u></u>

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, 2003	50,010	49,857,897	(17,514,872)	(23,660,852)	8,732,183
Change in unrealised gain of 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	50,010	49,857,897	(14,900,481)	(23,790,989)	11,216,437
Change in unrealised gain of investments	—	—	5,292,498	—	5,292,498
Exchange gain	—	—	469,174	—	469,174
Net profit for the period	—	—	—	1,212,015	1,212,015
Redemption of shares	(9,475)	(2,558,182)	—	—	(2,567,657)
Issue of nominal shares	9,475	—	—	—	9,475
Balance at December 31, 2003	<u>50,010</u>	<u>47,299,715</u>	<u>(9,138,809)</u>	<u>(22,578,974)</u>	<u>15,631,942</u>
Balance at January 1, 2004	50,010	47,299,715	(9,138,809)	(22,578,974)	15,631,942
Change in unrealised gain of investments	—	—	(3,052,214)	—	(3,052,214)
Exchange loss	—	—	(291,484)	—	(291,484)
Net profit for the period	—	—	—	819,118	819,118
Balance at June 30, 2004	<u>50,010</u>	<u>47,299,715</u>	<u>(12,482,507)</u>	<u>(21,759,856)</u>	<u>13,107,362</u>

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

	Six months ended June 30,	
	2004	2003
	<i>US\$</i>	<i>US\$</i>
Operating activities		
Dividend and interest income received	339,801	241,166
Management fees and operating expenses paid	(211,392)	(174,003)
Overseas withholding tax paid	(42,353)	(37,059)
	86,056	30,104
Investing activities		
Cash paid on purchase of securities	(1,179,888)	(2,593,363)
Proceeds on sale of securities	1,710,054	3,148,814
	530,166	555,451
Net cash inflow from investing activities	530,166	555,451
Net cash inflow	616,222	585,555
Effect of foreign exchange rate changes	(42,016)	10,016
Cash and cash equivalents at January 1	233,034	224,569
	807,240	820,140
Cash and cash equivalents at June 30 (<i>Note A</i>)	807,240	820,140

Note A

Analysis of balances of cash and cash equivalents:

Bank balances and cash	807,240	820,140
------------------------	---------	---------

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 25, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public 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 2003 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 pages 23 & 24 of the Company's 2003 annual audited accounts.

2. Turnover

	Six months ended June 30,	
	2004	2003
	<i>US\$</i>	<i>US\$</i>
Dividends received from third parties		
— from listed investments	316,515	239,300
Interest received from third parties		
— from bank deposits	1,388	1,526
	<u>317,903</u>	<u>240,826</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 redeemable preference shares, equal to 0.60% per annum of the net asset value of the participating redeemable 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 redeemable 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,	
	2004	2003
	<i>US\$</i>	<i>US\$</i>
Withholding tax in Thailand on distributions from the Fund to the Company	<u>42,353</u>	<u>37,059</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. Net Profit/(Loss) after taxation per Share

The calculation of net profit after taxation per share is based on the net profit after tax for the six months of US\$819,118 (June 30, 2003: loss of US\$130,137) and 4,052,525 (June 30, 2003: 5,000,000) shares outstanding during the six months.

7. Investments

	June 30, 2004	Dec 31, 2003
	<i>US\$</i>	<i>US\$</i>
Listed investments		
Securities of corporations listed on the Stock Exchange of Thailand, at fair value	12,343,179	15,465,466
Unlisted investments		
Securities of corporations in Thailand, at fair value	<u>6</u>	<u>6</u>
	<u>12,343,185</u>	<u>15,465,472</u>
Cost of investments		
– listed on the Stock Exchange of Thailand	7,504,516	7,544,678
– unlisted	<u>915,860</u>	<u>945,771</u>
	<u>8,420,376</u>	<u>8,490,449</u>

8. Share Capital

	June 30, 2004		Dec 31, 2003	
	No. of Shares	US\$	No. of Shares	US\$
(a) Authorised				
Founder shares of US\$1 each	10	10	10	10
Participating redeemable preference shares of US\$1 cent each	5,000,000	50,000	5,000,000	50,000
Unclassified shares of US\$1 cent each	5,000,000	50,000	5,000,000	50,000
	<u>10,000,010</u>	<u>100,010</u>	<u>10,000,010</u>	<u>100,010</u>

(b) Issued and fully paid

	June 30, 2004		Dec 31, 2003	
	No. of Shares	US\$	No. of Shares	US\$
Founder shares of US\$1 each	10	10	10	10
Participating redeemable preference shares of US\$1 cent each	5,000,000	50,000	5,000,000	50,000
Redemption of Participating redeemable preference shares of US\$1 cent each	(947,475)	(9,475)	(947,475)	(9,475)
Issue of Nominal shares of US\$1 cent each	947,475	9,475	947,475	9,475
Total	<u>5,000,010</u>	<u>50,010</u>	<u>5,000,010</u>	<u>50,010</u>

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

9. Net Asset Value per Share

The calculation of net asset value per share is based on net assets of US\$13,107,362 (December 31, 2003: US\$15,631,942) and 4,052,525 (December 31, 2003: 4,052,525) issued shares 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 at 01/01/04	Purchases	Sales	Holding at 30/06/04	Fair Value US\$	Percentage of Net Assets %
BANKING						
Bank of Ayudhya	1,148,200	221,000	1,369,200	—	—	—
Bangkok Bank	541,300	—	43,600	497,700	1,145,202	8.74
Krung Thai Bank	1,611,200	—	—	1,611,200	437,783	3.34
Siam Commercial Bank	689,400	—	80,900	608,500	692,628	5.28
Kasikorn Bank	878,400	—	94,200	784,200	969,404	7.40
					<u>3,245,017</u>	<u>24.76</u>
BUILDING AND FURNISHING						
Dynasty Ceramic	190,000	48,700	—	238,700	116,277	0.89
Siam Cement	305,800	—	45,200	260,600	1,479,956	11.29
Siam City Cement	30,366	—	900	29,466	152,913	1.17
Tycoons Worldwide Group	152,600	—	152,600	—	—	—
Vanachai Group	402,700	—	—	402,700	105,476	0.80
					<u>1,854,622</u>	<u>14.15</u>
CHEMICALS AND PLASTICS						
Aromatics (Thailand)	—	173,300	41,100	132,200	176,366	1.35
National Petrochemical	121,400	—	35,200	86,200	202,565	1.55
Thai Olefins	169,900	—	27,800	142,100	201,748	1.54
					<u>580,679</u>	<u>4.44</u>
COMMERCE						
Berli Jucker	54,800	—	—	54,800	95,912	0.73

LISTED SECURITIES	Number of shares				As at June 30, 2004	
	Holding at 01/01/04	Purchases	Sales	Holding at 30/06/04	Fair Value US\$	Percentage of Net Assets %
COMMUNICATION						
Advanced Info Service	531,200	—	—	531,200	1,157,270	8.83
CS Loxinfo	—	15,100	15,100	—	—	—
Shin Corporation	800,000	—	—	800,000	714,775	5.45
True Corporation ^{†1}	1,800	—	1,800	—	—	—
United Communication	—	10,900	—	10,900	13,141	0.10
					<u>1,885,186</u>	<u>14.38</u>
ELECTRONIC COMPONENTS						
Kce Electronics	465,800	—	—	465,800	131,125	1.00
ENERGY						
Banpu	—	76,000	—	76,000	239,988	1.83
Electricity Generating	87,200	—	—	87,200	144,081	1.10
PTT	347,500	56,600	—	404,100	1,523,338	11.62
PTT Exploration & Production	78,500	8,900	—	87,400	573,367	4.37
Ratchaburi Electricity Generating	113,700	—	113,700	—	—	—
					<u>2,480,774</u>	<u>18.92</u>
ENTERTAINMENT						
BEC World ^{†2}	289,000	—	136,900	152,100	67,018	0.51
FINANCE & SECURITIES						
Asia Plus Securities ^{†3}	59,300	17,800	5,100	72,000	161,265	1.23
National Finance	489,800	—	—	489,800	175,048	1.33
Tisco Finance	159,000	—	—	159,000	106,060	0.81
					<u>442,373</u>	<u>3.37</u>

LISTED SECURITIES	Number of shares				As at June 30, 2004	
	Holding at 01/01/04	Purchases	Sales	Holding at 30/06/04	Fair Value	Percentage of Net Assets
					US\$	%
PROPERTY DEVELOPMENT						
Amata Corp	630,400	—	—	630,400	183,633	1.40
Asian Property Development	1,106,000	—	460,100	645,900	68,302	0.52
Italian-Thai Development ⁴	511,000	105,000	—	616,000	152,296	1.16
Land and Houses	1,570,400	253,500	569,400	1,254,500	274,840	2.09
L.P.N. Development ⁵	1,912,000	478,000 ⁶	—	2,390,000	155,620	1.19
Powerline Engineering	331,900	—	—	331,900	117,805	0.90
Supalai	1,796,400	—	—	1,796,400	139,835	1.07
Sino-Thai Engineering	379,700	40,800	5,900	414,600	112,652	0.86
					<u>1,204,983</u>	<u>9.19</u>
TRANSPORTATION						
Bangkok Expressway	271,600	—	—	271,600	158,232	1.21
Thai Airways International	—	21,600	—	21,600	29,874	0.23
Thoresen Thai Agencies	176,800	33,600	—	210,400	167,385	1.28
					<u>355,490</u>	<u>2.72</u>
TOTAL LISTED SECURITIES					<u><u>12,343,179</u></u>	<u><u>94.17</u></u>

UNLISTED SECURITIES	Number of shares				As at June 30, 2004	
	Holding at 01/01/04	Purchases	Sales	Holding at 30/06/04	Fair Value US\$	Percentage of Net Assets %
COMMUNICATION						
CS LOXINFO-N	—	15,100	15,100	—	—	—
ELECTRICAL EQUIPMENT						
SPEC Thai	105,000	—	—	105,000	1	—
HEALTH CARE SERVICES						
Priyavate 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>12,343,185</u>	<u>94.17</u>
Net current assets					<u>764,177</u>	<u>5.83</u>
TOTAL NET ASSETS					<u>13,107,362</u>	<u>100.00</u>

- *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

Andrew Lo Tak Shing
Narong Chulajata
Heng Kwoo Seng
Dominic Kwok Chung Kwong
Thomas Ng Tung Ming
John Yang Chung Hsiung
Pichit Akrathit

INVESTMENT MANAGER

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

INVESTMENT ADVISER

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

SUPERVISOR

The Siam Commercial Bank
Public Company Limited
Head Office
9 Ratchadapisek Road
Bangkok 10900
Thailand

CUSTODIAN

Bank of Bermuda (Guernsey) Limited
P.O. Box 208
Arnold House
St. Julian's Avenue
St. Peter Port
Guernsey

AUDITORS

PricewaterhouseCoopers
22nd Floor
Prince's Building
Hong Kong

SECRETARY

Jeremy Simpson

ADMINISTRATOR AND REGISTERED OFFICE OF THE COMPANY

Management International (Guernsey)
Limited
P.O. Box 208
Arnold House
St. Julian's Avenue
St. Peter Port
Guernsey

REGISTRAR

Bank of Bermuda (Guernsey) Limited
P.O. Box 208
Arnold House
St. Julian's Avenue
St. Peter Port
Guernsey

Branch Registrar

Bermuda Trust (Far East) Limited
39th Floor
Edinburgh Tower
The Landmark
Hong Kong

A Chinese version of this Interim Report can be obtained from:

Branch Registrar in Hong Kong:

Bermuda Trust (Far East) Limited
39th Floor, Edinburgh Tower
The Landmark
Hong Kong

此中期報告書之中文版本可於下列地點索取：

香港股份過戶登記分處：

百慕達信託（遠東）有限公司
香港
置地廣場
公爵大廈 39 樓