



THE THAI-ASIA FUND LIMITED

(Incorporated with limited liability in the Cayman Islands)

**INTERIM REPORT (UNAUDITED)
JUNE 30, 2005**

REVIEW OF PERFORMANCE

During the first half of 2005, the Company recorded a profit after tax of US\$286,949 (compared with a loss of US\$2,652,126 during the previous corresponding period), attributable largely to the decrease of unrealised depreciation from changes in fair value of investment securities.

The net asset value of the Company, as at June 30, 2005, was US\$11,376,834. The net asset value per share was US\$0.23, same as the figure as at December 31, 2004. Over the same period, the Stock Exchange of Thailand Index decreased by 4.26% in US\$ terms, The Company, in turn, outperformed the market by 4.26%.

As at June 30, 2005, the Company was 96.46% 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 5.31% against the US dollar.

OUTLOOK OF THE COMPANY

The Board of the Company has already passed a resolution on August 5, 2005 to proceed with the following unit redemption of Thai-Asia Open-end Fund (the “Fund”) :

- 10% of 5,000,000 units redeemed upon the Fund’s trading day in August 2005;
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in September 2005;
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in October 2005;
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in November 2005; and
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in December 2005.

The unit redemption proceeds will be returned to shareholders by way of dividend payment with which the payment details will be announced in due course.

CURRENT INVESTMENTS AND ACTIVITIES REPORT

For the six months ended June 30, 2005

1. ACTIVITIES

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

As at June 30, 2005, the total net asset value of the Company was US\$11,376,834 equivalent to a net asset value of US\$0.23 per share.

No interim dividend was declared or paid for the six months ended June 30, 2005 (2004: 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, 2005, the Company was 96.46% invested in Thai equities, with the balance being held in the form of bank deposits.

As at June 30, 2005, the ten largest investments held by the Company through its investments in the Fund were:

	Stock Weighting (%)	
	Company	SET Index
1. PTT	14.84	13.54
2. Siam Cement	10.73	6.07
3. Advanced Info Service	9.44	6.41
4. Bangkok Bank	8.33	4.28
5. PTT Exploration & Production	6.21	5.57
6. Kasikorn Bank	5.64	2.89
7. Shin Corporations	5.31	2.50
8. Siam Commercial Bank	3.75	1.81
9. Thai Oil	2.73	2.88
10. Krung Thai Bank	2.14	2.31
TOTAL	<u>69.12</u>	<u>48.26</u>

An analysis by industry of the equity investments held by the Company as at June 30, 2005, together with a comparison with the composition of The Stock Exchange of Thailand (“SET”), is as follows:

Industry	No. of Stocks in		Sector Weightings (%)	
	Company	SET	Company	SET Index
1. Agribusiness	0	19	0.00	1.08
2. Automotive	1	17	0.93	1.04
3. Banking	4	12	19.86	15.45
4. Commerce	1	11	0.39	2.15
5. Communication	3	17	15.48	11.40
6. Companies under rehabilitation	0	45	0.00	2.84
7. Construction Materials	4	31	13.83	10.17
8. Electrical Products & Computer	0	16	0.00	0.59
9. Electronic Components	1	10	0.38	1.41
10. Energy	7	17	29.96	26.86
11. Entertainment & Recreation	0	17	0.00	2.19
12. Fashion	0	25	0.00	1.02
13. Finance and Securities	3	35	2.95	3.35
14. Foods & Beverages	0	22	0.00	1.59
15. Health Care Services	0	13	0.00	1.01
16. Hotels & Travel Services	0	12	0.00	0.93
17. Household Goods	0	8	0.00	0.24
18. Insurance	0	19	0.00	0.78
19. Machinery & Equipment	0	2	0.00	0.03
20. Mining	0	1	0.00	0.06
21. Packaging	0	15	0.00	0.39
22. Paper & Printing Materials	0	3	0.00	0.39
23. Personal Products & Pharmaceuticals	0	4	0.00	0.09
24. Petrochemicals & Chemicals	3	13	4.60	3.76
25. Printing & Publishing	0	9	0.00	0.26
26. Professional Services	0	4	0.00	0.06
27. Property Development	6	41	5.85	5.95
28. Transportation & Logistics	2	13	2.23	4.91
29. Others (Note)	0	0	0.00	0.00
30. Unlisted Securities	2	0	0.00	0.00
31. Debentures & Convertibles	0	0	0.00	0.00
	<u>37</u>	<u>451</u>	<u>96.46</u>	<u>100.00</u>

Note: Stocks not classified under sectors listed above.

3. TRANSACTIONS

For the six months ended June 30, 2005, total listed securities purchased by the Company amounted to US\$0.80 million, while total sales amounted to US\$0.90 million. The net realised gains for the period amounted to US\$0.31 million.

A summary of purchases and sales of listed investments by the Company over the six months ended June 30, 2005, is as follows:

Month	(Million US\$)		
	Purchases	Sales	Realised Gains/(Losses)
January	0.06	0.09	0.05
February	0.04	0.16	0.06
March	0.08	0.15	0.06
April	0.32	0.14	0.02
May	0.04	0.34	0.13
June	0.26	0.02	(0.01)
TOTAL	<u>0.80</u>	<u>0.90</u>	<u>0.31</u>

Note: Using an averaged exchange rate US\$1=Baht 39.525

4. PERFORMANCE

	June 30, 2005	December 31, 2004	% Change
NAV/Share (US\$)	0.23	0.23	0.00 %
Baht/US\$ Exchange rate	41.210	39.021	-5.31%
SET Index (Baht)	675.50	668.10	+1.11%
(US\$)	16.39	17.12	-4.26%
Performance to SET Index			+4.26%

During the six months ended June 30, 2005, the net asset value per share of the Company in US\$ terms was US\$0.23, same as the figure as at December 31, 2004. Over the same period the SET Index decreased by 4.26% in US\$ terms. The Company outperformed the market by 4.26%.

	June 30, 2005	November 15, 1989	% Change since inception
NAV/Share (US\$)	1.23 ^{*1}	1.00 ^{*2}	+22.75 %
Baht/US\$ Exchange rate	41.210	25.825	-37.33%
SET Index (Baht)	675.50	746.22	-9.48%
(US\$)	16.39	28.90	-43.29%
Performance to SET Index			+66.04%

^{*1} After adjusting for the dividend of US\$0.9975 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 22.75% in US\$ terms. Over the same period the SET Index decreased by 43.29% in US\$ terms. The Company has outperformed the market by 66.04%.

5. REVIEW OF THE THAI ECONOMY AND STOCK MARKET

Thai Economy

The Thai economy expanded at a slow pace during the first five months of 2005. The economy experienced the uncertainties both internal and external factors such as high world oil prices, slowdown of the global economy, drought, Tsunami disaster and rising trend of interest rate. Those factors deteriorated the consumption and investment.

The economy in the first quarter grew only 3.3%, after 5.3% in the fourth quarter of 2004. Besides the Tsunami disaster that caused the slowdown impacts, a few factories, such as those in steel and petrochemical industries had temporarily shut down for maintenance. Consumption was also flat as consumers were careful on their spending amid rising oil prices. Investment, even though slowed from the previous year, was the only bright spot. Cement sales continued to be healthy as constructions were carried over from 2004. Sales of one-ton pick up truck were strong as its fuel prices — diesel oil — was subsidized by the government.

The country registered a trade deficit for five consecutive months, totaling US\$6.7 billion. High oil prices were the key factor of fast growing imports of 30.5%. Other significant import items were gold and replacement of aircrafts. Due to a slowdown in the external demand for electronics and electrical appliances, exports grew 13% during the first five months. Coupled with the weakening tourism income from the effect of Tsunami disaster, current account deficit was US\$4.7 billion, one of the areas of concerns.

For monetary conditions, the Bank of Thailand (“BOT”) raising oil prices has put more pressures on inflation and the Bank of Thailand Governor recently signaled that the BOT could adopt a more tightening monetary policy to curb down the inflation and reduce the interest rate gap between the Thai interest rate and US interest rate to prevent large capital outflows. Many commercial banks had increased both the deposits and lending rates, the first time since the BOT started increasing the repo 14-days since August 25, 2004 to be in line with the rising global interest rate trend. Higher world oil prices, which caused rising domestic oil prices put more pressures on consumer prices as the inflation in the 1Q 2005 rose by 2.8% y-o-y, increasing to 3.6% in April, 3.7% in May and 3.8% in June

2005. The reduction of diesel oil prices subsidy that took effect in July 2005 would put more pressure on goods prices. Deteriorating domestic economy had put pressures on the Baht to weaken from 39.06Baht/US\$ in January to 41.21Baht/US\$ in June 2005.

The latest forecast by the BOT has called for GDP growth of 4.5-5.5% in 2005. Furthermore, many private agencies revised down the economic forecasts within the range between 2.8-4.9% in 2005. The Thai economy is still at risk with uncertainties on high oil prices, drought, and continuing unrests in the southern provinces. Oil prices would cause higher inflation while impacts of the drought, especially in the Eastern Industrial Estate area might adversely affect production and hurt the economy than originally expected. External factors are slowing down the trading partners' economies especially in the Euro zone. However, the surging imports of capital, raw materials and fuels suggest that they were for production rather than for consumption. In addition, the resilient economic growth of countries in this region, especially China and ASEAN will support the external trading sector of the Thai economy because of the increasingly importance of an intra-regional trade.

Thai Stock Market

Thai stock index rose from 668.00 points at the end of year 2004 to 675.50 points at the end of June 2005, or an increase of 1.11%. The average daily turnover was increased from Baht 16.54 billion to Baht 18.49 billion or 11.08% increase. Foreign investors resumed net-buyer positions of Baht 75.89 billion whereas local institutional investors were net-sellers of Baht 38.07 billion, and retail investors were net-sellers of Baht 37.82 billion.

For the first quarter of 2005, SET index increased 13.39 points, 2%, from 668 at the beginning of 2005 and ended at 681.49 in March. Foreign investors were net-buyers, mostly in big cap stocks, before and after general election on February 6. TRT party overwhelmingly won the election and Mr. Thaksin resumed his role as prime minister. The winning of TRT had created high expectations and confidences among investors. As a result, SET index rose to its peak at 746.10 points at end of February before entering into the downtrend through the rest of the period. The negative factors flew through the market as concerns over the global economic slowdown, especially when high energy prices continuously pressured confidences in expected earnings. The high interest rate policy implemented by US central bank to cope with high inflation number was another major concern to the equity markets throughout the region. Investors started to reduce their equity weighting in Asia and moved back to US market as they expected the dollar to be stronger against Asian currencies until the end of US monetary tightening cycle.

For second quarter of 2005, SET index moved in a narrow band and downed from 681 points to 675 points at end of June. Oil prices continued its run, which resulted in multiple price increases in Benzene and Diesel. Major political factor was the scandal in the acquisition of explosive-detection system, CTX, at Suvarnabhumi Airport. In addition, the fear of China economic slow down that may led down all petrochemical and commodity prices; the downgrading of Thai GDP number and the increasing current account deficit number started from the beginning of the year. Even with the strong corporate earnings announcement from banking and petrochemical sectors, investors still trimmed down their weighting as these were in line with what they expected. All petrochemical and some energy stocks were the hardest hit in the last week of May as the local newspapers reported the severe drought situation in Eastern Industrial Estate area in which all the petrochemical plants are located. Through the half year the baht depreciated by 5.50% from 39.06 Baht/US\$ to 41.21 Baht/US\$. Towards the end of June, the SET announced the rules to curb volatile movements caused by speculation.

The equity holding has decreased substantially from 98.58% at the end of December 2004 to 96.46% since the market has changed to downtrend. The portfolio reduced the overweighting in commodity related stocks especially in Transportation and Petrochemical stocks. The Company strategy focused more on defensive and dividend stocks. The Company substantially increased weight in Energy sector and also remains overweight in Banking stock because of the strong revenue growth. Communication sector, the overweight sector, will benefit from the telecom reform.

6. OUTLOOK FOR THE THAI ECONOMY AND STOCK MARKET

In the short-term, SET Index is expected to move sideways down as the market sentiment is still pressured by the weaken baht, political stability, volatility in oil price, and Thai economic slowdown. However, SET index is likely to move down with limitation, because the Thai stock market already discounted most of risk factors and value still below their fundamentals. Most of the listed companies generally have strong balance sheets and businesses that can sustain adequate profitability even if there are some downward revisions.

For the medium- to long-term, SET index is expected to be on an upward growth track due to improvements in future Thai economy. Moreover, the market now expects impressive 2Q05 banks' earnings results, which support the SET Index going upward. Improvement in economic data in 2H05 is expected. Floating diesel price could have negative impact in the short-term. Thai economic data in 2H05 should improve from government spending, tourism recovery and better export earnings. Moreover, listing of big market capitalization companies, EGAT and Beer Chang, should provide positive sentiments to investors.

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 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.

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, 2005, 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, 2005, 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
City of London Investment Management Company 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.
- (iii) City of London Investment Management Company Limited (“CLIM”) first became a substantial shareholder of the Company with the total shareholding of 4,027,600 shares (8% of the Company’s total issued capital) on July 30, 2003. Subsequently, CLIM acquired a further 2,000,000 shares on August 8, 2003 reaching its total shareholding to 6,027,600 shares (11.97% of the Company’s total issued 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, 2005.

10. AUDIT COMMITTEE

The Company has set up the Audit Committee, comprising of three independent non-executive directors, namely Messrs. Heng Kwoo Seng, Thomas Ng Tung Ming and Yod Jin Uahwatanasakul. The Audit Committee's principal duties include the review and supervision of the Company's financial reporting process and internal controls.

The Audit Committee of the Company has reviewed the unaudited interim financial statements for the six months ended June 30, 2005.

11. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (APPENDIX 10 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED) ("MODEL CODE")

The Company has adopted the Model Code as its code of conduct regarding Directors' transactions in securities. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended June 30, 2005, and they have all confirmed their respective full compliance with the required standard set out in the Model Code throughout the period under review.

12. CODE ON CORPORATE GOVERNANCE PRACTICES (APPENDIX 14 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED) (THE "CODE")

The Company has complied with the Code throughout the six months to June 30, 2005, except for the following deviations:

Code Provision A.2.1

The Company at present does not stipulate the roles of chairman and chief executive officer while the Company's daily investment activities are mainly performed by the investment manager/investment adviser and administered by the administrator.

The Board will meet to consider major matters affecting the operation and business of the Company. As such, the Board considers that the current structure will not impair the balance of power and authority between the Board and management of the Company.

Code Provisions A.4.1 & A.4.2

All Directors of the Company are not appointed for a specific term and according to the Company's Articles of Association, all Directors of the Company are not subject to re-election except for those Directors who are appointed to fill a casual vacancy would be subject to election by shareholders at the first annual general meeting after their appointment.

While it is anticipated that the Company be voluntarily wound up following the redemption and distribution of all of the Fund's remaining net proceeds to shareholders by the end of this year, the Board considers that it is no longer necessary to fully comply with Code Provisions A.4.1 & A.4.2 during this interim period.

Code Provision B.1.1

The Company does not propose to comply with Code Provision B.1.1 while the Directors' remuneration policy is governed by the Company's Articles of Association to which the establishment of a remuneration committee is no longer necessary.

On behalf of the Board
Andrew Lo Tak Shing
Director

Hong Kong, September 23, 2005

CONDENSED INCOME STATEMENT (UNAUDITED)

For the six months ended June 30

		Six months ended June 30,	
		2005	2004
		US\$	US\$
	<i>Notes</i>		
TURNOVER	4	1,277,897	2,597,249
Cost of investments sold		(591,558)	(1,263,051)
		686,339	1,334,198
Unrealised depreciation from changes in fair value of investment securities		(181,827)	(3,760,378)
		504,512	(2,426,180)
OPERATING EXPENSES			
Administration fee to Investment Manager	5	(6,469)	(9,516)
Administration fee to Administrator	5	(17,215)	(22,903)
Advisory fee to Investment Adviser	5	(34,430)	(45,807)
Management fee to Investment Manager	5	(32,347)	(47,844)
Auditors' remuneration		(7,700)	(7,500)
Supervisory fee		(5,175)	(7,655)
Directors' emoluments		(10,000)	(10,000)
Professional fees for liquidating the Company		(34,500)	—
Others		(50,315)	(46,486)
		(198,151)	(197,711)
PROFIT/(LOSS) BEFORE TAXATION		306,361	(2,623,891)
Taxation	6	(19,412)	(28,235)
PROFIT/(LOSS) AFTER TAXATION		286,949	(2,652,126)
EARNINGS/(LOSS) PER SHARE	8	0.01	(0.05)

CONDENSED BALANCE SHEET

As at

		(UNAUDITED)	(AUDITED)
		June 30, 2005	Dec 31, 2004
<i>Note</i>		<i>US\$</i>	<i>US\$</i>
CURRENT ASSETS			
Investments in securities, at fair value		10,973,688	11,559,463
Interest and dividends receivable		2,535	5,239
Prepayment		—	20,645
Bank balances and cash		564,199	6,866,851
		11,540,422	18,452,198
CURRENT LIABILITIES			
Accrued charges		98,807	86,753
Account payable		64,781	—
Special dividend declared		—	6,639,952
		163,588	6,726,705
NET ASSETS		11,376,834	11,725,493
CAPITAL AND RESERVES			
SHARE CAPITAL	7	503,408	503,408
RESERVES		10,873,426	11,222,085
TOTAL CAPITAL AND RESERVES		11,376,834	11,725,493
NET ASSET VALUE PER SHARE	9	0.23	0.23

**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, 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 recognised directly in equity	—	—	(575,313)	—	—	(575,313)
Loss for the period	—	—	—	—	(2,652,126)	(2,652,126)
Total recognised(loss) for the period	—	—	(575,313)	—	(2,652,126)	(3,227,439)
At June 30, 2004	503,408	46,723,484	(13,580,848)	31,592	(16,616,118)	17,061,518
Exchange gain arising on translation of overseas operations recognised directly in equity	—	—	576,498	—	—	576,498
Profit for the period	—	—	—	—	727,429	727,429
Total recognised income for the period	—	—	576,498	—	727,429	1,303,927
Dividend declared during the period	—	—	—	—	(6,639,952)	(6,639,952)
At December 31, 2004	<u>503,408</u>	<u>46,723,484</u>	<u>(13,004,350)</u>	<u>31,592</u>	<u>(22,528,641)</u>	<u>11,725,493</u>
At January 1, 2005	503,408	46,723,484	(13,004,350)	31,592	(22,528,641)	11,725,493
Exchange loss arising on translation of overseas operations recognised directly in equity	—	—	(635,608)	—	—	(635,608)
Profit for the period	—	—	—	—	286,949	286,949
Total recognised income/(loss) for the period	—	—	(635,608)	—	286,949	(348,659)
At June 30, 2005	<u>503,408</u>	<u>46,723,484</u>	<u>(13,639,958)</u>	<u>31,592</u>	<u>(22,241,692)</u>	<u>11,376,834</u>

**CONDENSED
CASH FLOW STATEMENT (UNAUDITED)**

For the six months ended June 30

	Six months ended June 30,	
	2005	2004
	<i>US\$</i>	<i>US\$</i>
OPERATING ACTIVITIES		
Profit/(loss) for the period	286,949	(2,652,126)
(Increase)/decrease in investment securities	(29,445)	3,475,848
Decrease/(increase) in interest and dividends receivable	2,704	(1,042)
Decrease in account receivable	—	41,046
Decrease in prepayment	20,645	—
Increase in account payable	64,781	—
Increase/(decrease) in accrued charges	12,054	(81,746)
	357,688	781,980
NET CASH INFLOW FROM OPERATING ACTIVITIES		
	357,688	781,980
FINANCING ACTIVITIES		
Special dividend paid	(6,639,952)	—
	(6,639,952)	—
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		
	(6,639,952)	—
	(6,282,264)	781,980
NET CASH (OUTFLOW)/INFLOW		
	(6,282,264)	781,980
CASH AND CASH EQUIVALENTS AT JANUARY 1		
	6,866,851	328,845
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		
	(20,388)	(56,276)
	564,199	1,054,549
CASH AND CASH EQUIVALENTS AT JUNE 30		
	564,199	1,054,549
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	564,199	1,054,549

Notes to the condensed interim financial statements:

1. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “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.

The functional currency of the Company is Thai Baht. The presentational currency is United States dollars (US\$), the currency in which investors subscribe to the Company and in which the accounting records are maintained.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention, except for investment in securities which are measured at fair value.

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 the Company’s 2004 annual audited financial statements. In the current period, the Company has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after January 1, 2005. The adoption of the new HKFRSs, including HKAS39 (Financial Instruments: Recognition and Measurement), has had no material effect on how the results for the current or prior accounting periods are prepared.

3. **Financial risk management**

The Company's principal activity is investment in Thai securities through a special investment vehicle, Thai-Asia Open-end Fund (formerly named as 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 risk exposures inherent in the Company as at June 30, 2005 are summarized below:

(a) Market price risk

The Company's investments are subject to the securities price risk inherent in all securities in Thailand i.e. the value of holdings may fall as well as rise. The Company's market risk is managed through diversification of investment portfolio by the Fund.

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Company's financial assets which are potentially subject to concentrations of credit risk consist principally of securities and bank balances.

The Company limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activity with well established broker-dealers, banks and regulated exchanges with high credit ratings.

All transactions in securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.

Accordingly, the Company has no significant concentration of credit risk.

(c) Interest rate risk

The Company is exposed to a minimal interest rate risk as the Company invests mainly in equity securities and only the bank balances are exposed to interest rate risk which is considered to be minimal.

(d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to the changes in foreign exchange rates.

The Company is exposed to currency risk as its functional currency is Thai Baht and the presentation currency is United States dollars (US\$) which fluctuate due to change in exchange rate. The Company's policy is not to enter into any currency hedging transactions.

The Company holds assets denominated in currencies other than the Thai Baht, the functional currency, total of US\$13,518 (2004: US\$6,672,611) which equal to 0.1% (2004: 56.9%) of the net asset value and holds liabilities total of US\$86,775 (2004: US\$6,711,343) which equal to 0.8% (2004: 57.2%) of the net asset value.

(e) Liquidity risk

The Company is exposed a minimum liquidity risk as its majority of investments are traded in an active market and can be readily disposed of.

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.

Turnover is analysed as follows:

	Six months ended June 30,	
	2005	2004
	<i>US\$</i>	<i>US\$</i>
Proceeds from sale of investments	905,994	2,184,612
Dividend income	364,577	410,247
Interest income	7,326	2,390
	<u>1,277,897</u>	<u>2,597,249</u>

5. Connected party transactions

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

6. Taxation

	Six months ended June 30,	
	2005	2004
	<i>US\$</i>	<i>US\$</i>
Thai withholding tax on distributions made by the Fund in Thailand to the Company in Hong Kong	19,412	28,235
Taxation for the period	<u>19,412</u>	<u>28,235</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.

7. Share Capital

	June 30, 2005	December 31, 2004
	<i>US\$</i>	<i>US\$</i>
Authorised:		
100,000,000 shares of US\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
50,340,800 shares of US\$0.01 each	<u>503,408</u>	<u>503,408</u>

8. Earnings/(Loss) per share

The calculation was based on the profit after taxation for the six months of US\$286,949 (2004: loss of US\$2,652,126) and on 50,340,800 (2004: 50,340,800) ordinary shares in issue during the six months.

9. Net asset value per share

The calculation of net asset value per share is based on the net assets of US\$11,376,834 (December 31, 2004: US\$11,725,493) and 50,340,800 (December 31, 2004: 50,340,800) ordinary shares in issue as at June 30, 2005.

10. Subsequent events

On August 5, 2005, the Board of Directors resolved to redeem the Company's investments, with the aim to return the proceeds to shareholders as soon as possible. Following the redemption and distribution of all the remaining net proceeds of the Fund to shareholders, it is proposed to wind up the Company and to follow the procedures for withdrawing the listing status of the Company in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

STATEMENT OF CHANGES IN INVESTMENTS

(For the six months ended June 30, 2005)

LISTED SECURITIES	Number of shares				As at June 30, 2005	
	Holding	Purchase	Sales	Holding	Fair	Percentage of
	at 01/01/05			at 30/06/05	Value	Net Assets
					<i>US\$</i>	<i>%</i>
BANKING						
Bangkok Bank	386,700	—	—	386,700	947,748	8.33
Kasikorn Bank	496,400	—	15,800	480,600	641,422	5.64
Krung Thai Bank	1,077,500	—	—	1,077,500	243,163	2.14
Siam Commercial Bank	455,500	—	77,800	377,700	426,184	3.75
					2,258,517	19.86
CONSTRUCTION MATERIALS						
Dynasty Ceramic	309,500	—	—	309,500	124,671	1.10
Siam Cement	227,000	—	6,400	220,600	1,220,500	10.73
Siam City Cement	29,732	—	5,800	23,932	161,444	1.42
Vanachai Group	522,200	—	—	522,200	66,526	0.58
					1,573,141	13.83
PETROCHEMICALS & CHEMICALS						
Aromatics (Thailand)	139,400	43,300	—	182,700	228,320	2.01
National Petrochemical	46,900	—	9,200	37,700	111,609	0.98
Thai Olefins	131,600	—	—	131,600	183,620	1.61
					523,549	4.60

LISTED SECURITIES	Number of shares				As at June 30, 2005	
	Holding	Purchase	Sales	Holding	Fair	Percentage of
	at 01/01/05			at 30/06/05	Value	Net Assets
					US\$	%
COMMERCE						
Berli Jucker	35,000	—	—	35,000	44,589	0.39
					44,589	0.39
COMMUNICATION						
Advanced Info Service	430,500	20,900	—	451,400	1,073,458	9.44
Shin Corporations	642,700	21,500	—	664,200	604,404	5.31
United Communication	14,400	59,100	—	73,500	83,381	0.73
					1,761,243	15.48
ELECTRONIC COMPONENTS						
KCE Electronics	555,900	—	190,100	365,800	43,495	0.38
					43,495	0.38
ENERGY						
Banpu	69,800	—	6,900	62,900	227,423	2.00
Electricity Generating	125,100	—	—	125,100	239,818	2.11
Glow Energy ^{*1}	—	178,300	—	178,300	98,214	0.86
PTT	363,300	—	44,200	319,100	1,688,032	14.84
PTT Exploration & Production	79,300	—	3,500	75,800	706,314	6.21
Ratchaburi Electricity Generating	139,900	—	—	139,900	137,490	1.21
Thai Oil	141,500	60,200	—	201,700	310,797	2.73
					3,408,088	29.96

LISTED SECURITIES	Number of shares				As at June 30, 2005	
	Holding	Purchase	Sales	Holding	Fair	Percentage of
	at 01/01/05			at 30/06/05	Value	Net Assets
					US\$	%
FINANCE & SECURITIES						
Asia Plus Securities ^{*2}	630,000	—	—	630,000	76,132	0.67
Bualuang Securities ^{*3}	—	2,500	2,500	—	—	—
National Finance	436,700	—	—	436,700	135,641	1.19
Tisco Finance	204,700	—	—	204,700	124,181	1.09
					<u>335,954</u>	<u>2.95</u>
PROPERTY DEVELOPMENT						
Amata Corporation	252,700	—	—	252,700	71,131	0.62
Asian Property Development	794,900	—	—	794,900	69,826	0.61
Italian-Thai Development	736,000	64,800	204,000	596,800	138,302	1.22
Land & Houses	931,700	366,500	—	1,298,200	214,214	1.88
Powerline Engineering ^{*4}	211,500	338,300	—	549,800	120,073	1.06
Sino-Thai Engineering	415,300	—	214,900	200,400	52,033	0.46
					<u>665,579</u>	<u>5.85</u>
AUTOMOTIVE						
Apico Hitech	—	129,300	—	129,300	105,894	0.93
					<u>105,894</u>	<u>0.93</u>
TRANSPORTATION & LOGISTICS						
Bangkok Expressway	175,900	—	—	175,900	110,978	0.98
Thai Airways International	147,900	—	—	147,900	142,660	1.25
Thoresen Thai Agencies	154,200	—	154,200	—	—	—
					<u>253,638</u>	<u>2.23</u>
TOTAL LISTED SECURITIES					<u><u>10,973,687</u></u>	<u><u>96.46</u></u>

UNLISTED SECURITIES	Number of shares				As at June 30, 2005	
	Holding	Purchase	Sales	Holding	Fair	Percentage of
	at 01/01/05			at 30/06/05	Value	Net Assets
					US\$	%
ENERGY						
Glow Energy ^{*1}	—	178,300	178,300	—	—	—
FINANCE & SECURITIES						
Bualuang Securities ^{*3}	—	2,500	2,500	—	—	—
HEALTH CARE SERVICES						
Piyavate Hospital	330,000	—	—	330,000	1	—
WARRANTS						
KfW-TA	237,821	—	—	237,821	—	—
STEC-W2 ^{*5}	—	33,400	33,400	—	—	—
					—	—
TOTAL UNLISTED SECURITIES					<u>1</u>	<u>—</u>

TOTAL LISTED AND UNLISTED SECURITIES	10,973,688	96.46
NET CURRENT ASSETS	<u>403,146</u>	<u>3.54</u>
TOTAL NET ASSETS	<u><u>11,376,834</u></u>	<u><u>100.00</u></u>

*1 Glow Energy — changed from unlisted security to listed security effective from April 21, 2005.

*2 Asia Plus Securities — par value changed from 10 baht to 1 baht effective from April 18, 2005.

*3 Bualuang Securities — changed from unlisted security to listed security effective from February 28, 2005.

*4 Powerline Engineering — capital increase right 1 old : 1 new @ 8 baht.

*5 STEC-W2 — capital increase right 6 old : 1 new @ 3 baht.

CORPORATE INFORMATION

Stock Exchange Listing

The Stock Exchange of Hong Kong Limited

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Andrew Lo Tak Shing
Heng Kwoo Seng
Chaibhondh Osataphan
Dominic Kwok Chung Kwong
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Jeremy Simpson

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