

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended December 31, 2001.

PRINCIPAL ACTIVITY

The Company

The principal activity of the Company continued to be the investment in Thai securities for long-term capital appreciation through The Thai-Asia Fund (the "Fund").

The Fund

The Fund is a contractual investment fund established under the laws of Thailand and is an authorised vehicle for portfolio investments by non-residents in securities listed on The Stock Exchange of Thailand.

RESULTS

The results of the Company for the year ended December 31, 2001 are set out in the financial statements on page 18 of the annual report.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

RESERVES

Movements in reserves during the year are set out in note 9 to the financial statements.

FINANCIAL SUMMARY

A five year summary of the results and of the assets and liabilities of the Company is set out on page 26 of the annual report.

DIRECTORS

The directors during the year and up to the date of this report were:

Yod Jin Uahwatanasakul*
Narong Chulajata*
Andrew Lo Tak Shing
The Honourable Michael D'Arcy Benson
Heng Kwo Seng*
Chaibhondh Osataphan
Thomas Ng Tung Ming*
Dominic Kwok Chung Kwong
Chesada Loha-unchit

** Independent non-executive directors*

There being no provision in the Company's Articles of Association to the contrary, all the directors continue in office.

No directors have service contracts with the Company.

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DISCLOSURE OF DIRECTORS' INTERESTS

- (a) None of the directors or their associates had any interest or right in the share capital of the Company as at December 31, 2001.
- (b) At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or warrants or debentures of, the Company or any other body corporate and none of the directors, or their spouses and children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such right.
- (c) The Honourable Michael D' Arcy Benson and Mr. Andrew Lo Tak Shing are directors 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.

Dr. Chesada Loha-unchit is a director of MFC Asset Management Public Company Limited ("MFC"), the Fund's Investment Manager, to which the fees are payable by the Fund for acting in that capacity, described under the Investment Contract.

- (d) None of the directors has a service contract with the Company.

Except as disclosed in this annual report and financial statements, 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 year or at any time during the year.

MANAGEMENT CONTRACTS

On October 24, 1989, the Company entered into an Investment Contract with MFC (the "Investment Manager") and Capital House Investment Management (Asia) Limited, (the "Investment Adviser") for the day-to-day management of the Fund. Under this contract, the Investment Manager and the Investment Adviser receive fees calculated as a percentage of the net asset value of the Fund and the Company (respectively) on the last business day of each week as follows:

The Investment Manager:

- | | |
|-------------------------------|----------------|
| - for investment management | 0.5% per annum |
| - for administrative services | 0.1% per annum |

The Investment Adviser:

- | | |
|------------------------------------|----------------|
| - for investment advisory services | 0.5% per annum |
|------------------------------------|----------------|

On October 31, 1989, the Company entered into a Custodian Agreement with the Investment Manager and Standard Chartered Bank, Bangkok Branch (the "Custodian"). Under this agreement, the Custodian holds in safe custody the assets of the Fund in Thailand in return for a fee ("custodian fee") equal to 0.1% per annum of the net asset value ("NAV") of the Fund on the last business day of each week. Effective from November 1, 1998, the custodian fee has been reduced to 0.09% per annum of the Fund's NAV on the last business day of each week by way of the Supplementary Agreement to the Custodian Agreement made on October 30, 1998. Effective from June 22, 2001, the custodian fee has been reduced to 0.08% of the net asset value as a result of the change of the custodian from Standard Chartered Bank to The Siam Commercial Bank Public Company Limited.

On November 1, 1989, the Company entered into an Administration Agreement with Capital House Investment Management (Asia) Limited (the "Administrator") for administrative services to the Company. Under this agreement, the Administrator receives a fee equal to 0.25% per annum of the net asset value of the Company on the last business day of each week.

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On December 29, 1994, the Company entered into novation agreements which provided for the resignation of Capital House Investment Management (Asia) Limited as Investment Adviser and Administrator respectively and the appointment of INVESCO Asia Limited in its place under the same terms and conditions. The Office of the Securities and Exchange Commission of Thailand gave its consent on January 23, 1995 and the above resignation and appointment became effective on February 1, 1995.

ARRANGEMENTS TO PURCHASE, SELL OR REDEEM SHARES

The Company did not purchase, sell, redeem or cancel any of its shares during the year ended December 31, 2001.

SUBSTANTIAL SHAREHOLDER'S INTEREST

As at December 31, 2001, the register of substantial shareholders maintained under Section 16(1) of the Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") showed that the following shareholders had an interest of 10% or more in the issued share capital of the Company:

	<u>Number of Shares</u>	<u>% of issued Share Capital</u>
Acetop Investment Ltd.	15,470,475	30.73
Chan Wan Han	33,447,675	66.44
Heung Chit Kau	33,447,675	66.44
Swiss Reinsurance Company	6,027,600	11.97
Tai Tsuen Enterprises Ltd.	7,652,600	15.20

Heung Chit Kau 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 Acetop Investment Ltd. and Tai Tsuen Enterprises Ltd., respectively, and 10,324,600 shares are held personally. Chan Wan Han is deemed to be interested in the same 33,447,675 shares as Heung Chit Kau, of which 7,652,600 shares are held through Tai Tsuen Enterprises Ltd. and 25,795,075 shares through Heung Chit Kau.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more in the Company's issued share capital as at December 31, 2001.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands.

AUDITORS

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

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AUDIT COMMITTEE

Pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, an audit committee, comprising two independent non-executive directors, namely Messrs. Heng Kwoo Seng and Thomas Ng Tung Ming, was established on June 28, 1999. By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants, written terms of reference which describe the authority and duties of this audit committee were prepared and adopted by the Board on the same date.

This audit committee's principal duties include the review and supervision of the Company's financial reporting process and internal controls. The audit committee members had reviewed the annual report for the year ended December 31, 2001 before the report was put forward to the Board for approval.

CODE OF BEST PRACTICE

With the exception that independent non-executive Directors are not appointed for a fixed term, the Company has complied 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 year ended December 31, 2001.

UPDATE ON FUND'S REGISTRATION STATUS

As at June 22, 2001, the Fund has been registered as a mutual fund in accordance with the Securities and Exchange Act B.E. 2535 ("SEA") (Registration Number 15/2544) under the approval of the Thai Securities and Exchange Commission ("SEC").

This means that:

- a. The regulatory supervision of the Fund has been transferred from the Bank of Thailand to the SEC.
- b. The Supervisor, The Siam Commercial Bank Public Company Limited ("SCBPC"), has replaced the Custodian, Standard Chartered Bank, with the Supervisor's duties being wider than those of the Custodian, the main responsibilities being:
 - (i) to ensure that the Investment Manager complies strictly with Section 125 of the SEA; and
 - (ii) to verify the Investment Manager's calculation of the Fund's Net Asset Value.

SCBPC gives a favourable charge on the supervisory fee of 0.08%* p.a. of the Fund's NAV on the last business day of each week and deducted monthly from the Fund.

* 0.01% reduction from the previous custodian fee of 0.09%

This new registration has the main advantage of paving the way for the Fund to apply for future open-end status with the SEC, which would require it to operate under the governing laws of the SEA.

For and on behalf of the Board

Chesada Loha-unchit
Director

Andrew Lo Tak Shing
Director

April 22, 2002