

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended December 31, 2002.

PRINCIPAL ACTIVITY

The Company

The principal activity of the Company continued to be 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, 2002 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.

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

Pichit Akrathit

(appointed on January 15, 2003)

Chesada Loha-unchit

(resigned on January 15, 2003)

** Independent non-executive directors*

In accordance with Articles 96 of the Company's Articles of Association, Mr. Pichit Akrathit retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. All other remaining directors continue in office for the ensuing year.

There being no provision in the Company's Articles of Association to the contrary, all the remaining 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, 2002.
- (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 was and Mr. Pichit Akrathit is a director of MFC Asset Management Public Company Limited ("MFC"), the Fund's Investment Manager, to which fees are payable by the Fund for acting in that capacity, described in the Investment Contract.

- (d) 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 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 was 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 Supervisor, The Siam Commercial Bank Public Company Limited, has replaced the Custodian, Standard Chartered Bank. The supervisory fee was then reduced to 0.08% per annum of the Fund's NAV as a result of this replacement.

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, 2002.

SUBSTANTIAL SHAREHOLDER'S INTEREST

As at December 31, 2002, 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:

	Number of Shares	% of issued Share Capital
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 as family interest.

* The SDI Ordinance was repealed by the Securities and Futures Ordinance ("SFO") as of 1 April 2003. All the aforesaid interests are currently recorded under the Register of interests in shares and short positions of substantial shareholders pursuant to Section 336 of the SFO.

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 Kwo 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 reviewed the annual report for the year ended December 31, 2002 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, 2002.

For and on behalf of the Board

Pichit Akkrathit
Director

Andrew Lo Tak Shing
Director

April 11, 2003