

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended December 31, 2004.

PRINCIPAL ACTIVITY

The Company

The Company was incorporated with limited liability in the Cayman Islands. The principal activity of the Company continued to be investment in Thai securities for long-term capital appreciation through Thai-Asia Open-end Fund (formerly named as 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 AND APPROPRIATIONS

The results of the Company for the year ended December 31, 2004 are set out in the financial statements on page 18 of the annual report.

Details of the special dividends are set out in note 7.

The directors do not recommend the payment of a final 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
Heng Kwo Seng*
Chaibhondh Osataphan
Thomas Ng Tung Ming*
Dominic Kwok Chung Kwong
Pichit Akrahit

** Independent non-executive directors*

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, 2004.
- (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) 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 ("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.
- (e) As at December 31, 2004, none of the directors, including the chief executive of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

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, subsisted 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 |

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 0.5% per annum of the NAV of the Fund is subject to a minimum monthly payment of Thai Baht 150,000.

The Investment Adviser:

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

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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.

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, 2004.

SUBSTANTIAL SHAREHOLDER'S INTEREST

As at December 31, 2004, the following interests in shares were recorded in the register of interests and short position required to be kept by the Company pursuant to section 336 of the SFO:

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

Notes:

- (i) Heung Chit Kau (deceased) is deemed to be interested in a total of 33,447,675 shares, representing 66.44% of the issued share capital of the Company, of which 15,470,475 shares and 7,652,600 shares are held through his 100% beneficial interest in Acetop Investment Limited and his 50% beneficial interest in Tai Tsuen Enterprises Limited respectively.
- (ii) Chan Wan Han (the spouse of Heung Chit Kau (deceased)) is deemed to be interested in the same 33,447,675 shares as Heung Chit Kau (deceased), of which 7,652,600 shares are held through her 50% beneficial interest in Tai Tsuen Enterprises Limited and 25,795,075 shares through Heung Chit Kau (deceased) as family interest.

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According to the register of interests in shares and short positions kept by the Company under section 336 of the SFO and so far as was known to the directors, other than the interests disclosed above, there were no persons who, as at December 31, 2004, had notified to the Company of any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or in any options in respect of such capital.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a prorata basis to existing shareholders.

AUDITORS

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

AUDIT COMMITTEE

Pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, an audit committee, comprising three independent non-executive directors, namely Messrs. Heng Kwo Seng, Thomas Ng Tung Ming and Yod Jin Uahwatanasakul, was established. By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants, written terms of reference which describe the authority and duties of this audit committee were prepared and adopted by the Board.

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, 2004 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, 2004.

For and on behalf of the Board

Pichit Akkrathit
Director

Andrew Lo Tak Shing
Director

April 22, 2005