



# THE THAI ASSET FUND LIMITED

(Incorporated with limited liability in Guernsey)

(Stock Code: 543)

## ANNOUNCEMENT OF 2004 UNAUDITED INTERIM RESULTS

### FINANCIAL RESULTS

The Board of Directors of The Thai Asset Fund Limited (the “Company”) announce that the unaudited results of the Company for the six months ended June 30, 2004 were as follows:

		Six months ended June 30,	
		2004	2003
	Notes	US\$	US\$
<b>Turnover</b>	<i>b</i>	<b>317,903</b>	240,826
Expenses			
Investment management fees		<b>(40,450)</b>	(27,741)
Investment advisory fees		<b>(42,475)</b>	(32,861)
Administration fees		<b>(22,149)</b>	(20,043)
Custodian fees		<b>(9,964)</b>	(9,754)
Supervisory fee		<b>(5,884)</b>	(4,035)
Audit fees		<b>(15,796)</b>	(17,276)
Legal and professional fees for opening-up of the Fund		—	(19,516)
Other expenses		<b>(29,275)</b>	(52,330)
		<b>(165,993)</b>	(183,556)
Net profit before realised gain/(loss) on disposal of investments		<b>151,910</b>	57,270
Realised gain/(loss) on disposal of investments		<b>709,561</b>	(150,348)
Net profit/(loss) before taxation		<b>861,471</b>	(93,078)
<b>Taxation</b>	<i>c</i>	<b>(42,353)</b>	(37,059)

<b>Net profit/(loss) after taxation</b>		<b>819,118</b>	(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>
<b>NET PROFIT/(LOSS) AFTER TAXATION PER SHARE</b>	<i>d</i>	<u><b>0.20</b></u>	<u>(0.03)</u>
		<b>June 30, 2004</b>	December 31, 2003
<b>NET ASSET VALUE PER SHARE</b>	<i>e</i>	<u><b>3.23</b></u>	<u>3.86</u>

Notes:

**a. 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.

**b. Turnover**

	<b>Six months ended June 30,</b>	
	<u>2004</u>	<u>2003</u>
	<i>US\$</i>	<i>US\$</i>
Dividends received from third parties		
— from listed investments	<b>316,515</b>	239,300
Interest received from third parties		
— from bank deposits	<b>1,388</b>	1,526
	<u><b>317,903</b></u>	<u>240,826</u>

**c. Taxation**

	<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
	<i>US\$</i>	<i>US\$</i>
Withholding tax in Thailand on distributions from Thai Asset Open-end Fund (the “Fund”) to the Company	<b>42,353</b>	<b>37,059</b>

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.

**d. 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.

**e. 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.

**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.*

## **DIVIDEND**

No interim dividend was declared or paid for the six months ended June 30, 2004 (2003: Nil).

## **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.

## **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 Kwoo 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.

## **PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")**

All information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange in force prior to March 31, 2004, which remain applicable to results announcements in

respect of accounting periods commencing before July 1, 2004 under the transitional arrangements, will be published on the website of the Stock Exchange in due course.

By order of the Board  
**Jeremy Charles Simpson**  
*Secretary*

Hong Kong, September 20, 2004

*As at the date of this announcement, the executive directors of the Company are Messrs. Andrew Lo Tak Shing, Dominic Kwok Chung Kwong and Pichit Akrathit, the independent non-executive directors of the Company are Messrs. Narong Chulajata, Heng Kwoong Seng and Thomas Ng Tung Ming and the non-executive director of the Company is Mr. John Yang Chung Hsiung.*

Please also refer to the published version of this announcement in The Standard.