



# THE THAI-ASIA FUND LIMITED

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 540)

## ANNOUNCEMENT OF 2004 UNAUDITED INTERIM RESULTS

### FINANCIAL RESULTS

The Board of Directors of The Thai-Asia 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>	3	<b>2,597,249</b>	4,246,220
Cost of investment sold		<b>(1,263,051)</b>	(4,149,943)
		<b>1,334,198</b>	96,277
Unrealised (depreciation)/ appreciation from revaluation of investments in securities		<b>(3,760,378)</b>	2,959,481
		<b>(2,426,180)</b>	3,055,758
<b>OPERATING EXPENSES</b>			
Administration fee to Investment Manager	4	<b>(9,516)</b>	(6,470)
Administration fee to Administrator	4	<b>(22,903)</b>	(11,702)
Advisory fee to Investment Adviser	4	<b>(45,807)</b>	(23,404)
Management fee to Investment Manager	4	<b>(47,844)</b>	(32,350)
Auditors’ remuneration		<b>(7,500)</b>	(4,290)
Supervisory fee		<b>(7,655)</b>	(5,176)
Directors’ emoluments		<b>(10,000)</b>	(7,500)
Legal & professional fees for opening-up of the Fund		—	(21,895)
Others		<b>(46,486)</b>	(38,504)
		<b>(197,711)</b>	(151,291)

<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(2,623,891)</b>	2,904,467
Taxation	5	<u>(28,235)</u>	<u>(35,669)</u>
<b>(LOSS)/PROFIT AFTER TAXATION</b>		<b><u>(2,652,126)</u></b>	<b><u>2,868,798</u></b>
<b>(LOSS)/EARNINGS PER SHARE</b>	6	<b><u>(0.05)</u></b>	<b><u>0.06</u></b>
		<b>June 30, 2004</b>	December 31, 2003
<b>NET ASSET VALUE PER SHARE</b>	7	<b><u>0.34</u></b>	<b><u>0.40</u></b>

*Notes:*

**1. Basis of Preparation**

The condensed interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice No. 25 “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.

**2. Significant accounting policies**

The condensed interim financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments in securities.

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 pages 22 & 23 of the Company’s 2003 annual audited financial statements.

**3. 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:

	<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
	<i>US\$</i>	<i>US\$</i>
Proceeds from sale of investments	2,184,612	3,937,624
Dividend income	410,247	306,319
Interest income	2,390	2,277
	<b>2,597,249</b>	<b>4,246,220</b>

#### 4. Connected party transactions

Except for the fee paid to Investment Manager, Investment Adviser and Administrator as disclosed on page 13 of the interim report, during the six months the Company has not entered into transactions between the Investment Manager, the Investment Adviser, Thai-Asia Open-end Fund (the “Fund”) or any entity in which those parties or their connected persons have a material interest.

#### 5. Taxation

	<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
	<i>US\$</i>	<i>US\$</i>
Thai withholding tax on distributions made by the Fund in Thailand to the Company in Hong Kong	28,235	35,669
Taxation for the period	<b>28,235</b>	<b>35,669</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.

#### 6. (Loss)/Earnings per share

The calculation was based on the loss after taxation for the six months of US\$2,652,126 (2003: profit of US\$2,868,798) and on 50,340,800 (2003: 50,340,800) ordinary shares in issue during the six months.

## 7. Net asset value per share

The calculation of net asset value per share is based on the net assets of US\$17,061,518 (December 31, 2003: US\$20,288,957) and 50,340,800 (December 31, 2003: 50,340,800) ordinary shares in issue as at June 30, 2004.

## DISCUSSION AND ANALYSIS OF PERFORMANCE

### RESULTS

During the first half of 2004, the Company recorded a loss after tax of US\$2,652,126 (compared with a profit of US\$2,868,798 during the previous corresponding period), attributable largely to the increase of unrealised depreciation from revaluation of investments in securities which has set off the dividend income and realised gain on listed investments of the same period.

The net asset value of the Company, as at June 30, 2004, was US\$17,061,518. The net asset value per share was US\$0.34, compared with US\$0.40 as at December 31, 2003, a decrease over the period of 15.00% 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 3.90%.

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 93.97% 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-Asia 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 from the redemption which, in turn, will return to shareholders by way of payment of dividends. The Board will give notice to shareholders of such declaration and payment of dividends 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 financial statements 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 Kwo Seng and Thomas Ng Tung Ming since June 28, 1999.

With effect from September 20, 2004, Mr. Yod Jin Uahwatanasakul, 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, Chaibhondh Osataphan, Dominic Kwok Chung Kwong and Pichit Akrathit, and the independent non-executive directors of the Company are Messrs. Yod Jin Uahwatanasakul, Narong Chulajata, Heng Kwo Seng and Thomas Ng Tung Ming.

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