



THE THAI ASSET FUND LIMITED

(Incorporated with limited liability in Guernsey)

(Stock Code: 543)

2004 AUDITED RESULTS

RESULTS

The Board of Directors of The Thai Asset Fund Limited (the “Company”) announces that the audited results of the Company for the year ended December 31, 2004 are as follows:

		Year ended December 31, 2004 US\$	Year ended December 31, 2003 US\$
Net Asset Value per Share	<i>b</i>	<u>3.47</u>	<u>3.86</u>
Turnover	<i>c</i>	<u>462,536</u>	<u>380,201</u>
Expenses			
Investment management fees		(75,913)	(63,306)
Investment advisory fees		(83,712)	(72,937)
Administration fees		(43,762)	(53,984)
Custodian fees		(19,964)	(20,001)
Supervisory fees		(11,042)	(9,208)
Audit fees		(24,091)	(23,334)
Legal & professional fees for opening-up of the Fund		—	(131,990)
Other expenses		<u>(104,531)</u>	<u>(151,856)</u>
		<u>(363,015)</u>	<u>(526,616)</u>
Net Profit/(loss) before realised gain/(loss) on disposal of investments		99,521	(146,415)
Realised gain on disposal of investments		<u>2,539,462</u>	<u>1,291,822</u>
Net profit before taxation		2,638,983	1,145,407
Taxation	<i>d</i>	<u>(42,353)</u>	<u>(63,529)</u>
Net profit after taxation		2,596,630	1,081,878
Accumulated deficit brought forward		<u>(22,578,974)</u>	<u>(23,660,852)</u>
Accumulated deficit carried forward		<u>(19,982,344)</u>	<u>(22,578,974)</u>
Net profit after taxation per Share	<i>e</i>	<u>0.64</u>	<u>0.27</u>
Other Movements on Reserves			
Capital reserve brought forward		(9,138,809)	(17,514,872)
Exchange gain		35,128	763,199
Change in unrealised gain of investments		<u>(4,211,552)</u>	<u>7,612,864</u>
Capital reserve carried forward		<u>(13,315,233)</u>	<u>(9,138,809)</u>

Notes:

a. Recently issued accounting standards

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after January 1, 2005.

The Company has not early adopted these new HKFRSs in the financial statements for the year ended December 31, 2004. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

b. Net Asset Value per Share

The calculation of net asset value per share is based on net assets of US\$14,052,148 (2003: US\$15,631,942) and 4,052,525 (2003: 4,052,525) issued shares as at December 31, 2004.

c. Turnover

	2004 US\$	2003 US\$
Dividends income from listed investments	448,913	376,012
Interest income from bank deposits	13,623	4,189
	<u>462,536</u>	<u>380,201</u>

d. Taxation

	2004 US\$	2003 US\$
Withholding tax in Thailand on distributions from Thai Asset Open-end Fund (the “Fund”)*:		
Attributable to retained earnings	<u>42,353</u>	<u>63,529</u>

Withholding tax is payable in Thailand at the rate of 15% on distributions made by the Fund to the Company. 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.

e. Net profit after taxation per Share

The calculation of net profit after taxation per share is based on the Company’s net profit after tax of US\$2,596,630 (2003: profit US\$1,081,878) and 4,052,525 (2003: 4,052,525) shares outstanding during the year.

DISCUSSION AND ANALYSIS OF PERFORMANCE

RESULTS

During 2004, the Company recorded a net profit after tax of US\$2,596,630 (compared with a profit of US\$1,081,878 during the previous corresponding year), attributable largely to the realised gain on disposal of investments.

The net asset value of the Company, as at December 31, 2004, was US\$14,052,148. The net asset value per share was US\$3.47, compared with US\$3.86 as at December 31, 2003, a decrease over the year of 10.10% in US\$ terms. Over the same period, the SET Index decreased by 12.30% in US\$ terms. The Company, in turn, outperformed the market by 2.20%.

During the year under review, the Thai economy was under the pressures of high oil prices, Thailand southern unrest and the December 26 tsunami disaster. Despite these risks, the Thai domestic consumption and private investments helped drive a moderate growth in the Thai economy with a growth rate of 6.4% in the first three quarters of 2004.

The Thai stock market recovered with a short rally when oil prices declined in November 2004 and there was the expectation of stronger Asian currencies against US dollar. The strengthening of the Baht stimulated investors' appetite for Thai stocks but such a rally was attacked by the tsunami disaster in late December 2004 which had dragged down the performance as a whole.

The Company's outperformance of the SET Index is attributable to the strong performance of the energy stocks, banking sector and telecom stocks in which Thai Asset Open-end Fund has taken a relative overweight position during the year, though a high cash position which was held as a result of the payment of the redemption of the Company's Participating Shares had reduced stock holding proportionately.

As at December 31, 2004, the Company was 62.76% 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 year, the Baht slightly appreciated by 1.38% against the US dollar, which supported the performance.

OUTLOOK

Economic and Market Outlook

We view 2005 with cautious optimism. The Thai economy should be able to be recovered following the reconstruction activity in the affected areas by the tsunami incident. The possibility of further US dollar weakness against the Baht is expected to induce fund inflows in the Thai stock market where there is a forecast of Thai corporate earnings growth and attractive dividend yield.

Company

In December 2004, the Company had approved to redeem a total of 1,463,497 Participating Shares* on January 12, 2005. The Shares were redeemed pro-rata among the holders of all the Shares and the total number of Shares being redeemed corresponded as closely as possible to the proportion that the net proceeds received by the Company from the redemption of Initial Investment Units* bears to the net asset value of the Company.

The redemption price of US\$3.46 per share was paid to all Shareholders recorded on the register of members as at the close of business on January 11, 2005.

The Company will commence its third tranche of unit redemption of the Initial Investment Units* in August 2005, the proceeds of which will return to Shareholders.

* corresponding to the terms defined in the Announcement of December 22, 2004.

DIVIDENDS

The Directors of the Company do not recommend the payment of a final dividend for the year ended December 31, 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 year ended December 31, 2004.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

All information required by paragraphs 45(1) to 45(3) 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 this results announcements, will be published on the website of the Stock Exchange by end of April 2005.

By order of the Board
Jeremy Charles Simpson
Secretary

Hong Kong, April 22, 2005

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.