



# THE THAI-ASIA FUND LIMITED

*(Incorporated with limited liability in the Cayman Islands)*

**(Stock Code: 540)**

## ANNOUNCEMENT OF 2005 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, 2005 were as follows:

### CONDENSED INCOME STATEMENT (UNAUDITED)

	<b>Six months ended June 30,</b>	
	<b>2005</b>	<b>2004</b>
	<i>US\$</i>	<i>US\$</i>
<b>TURNOVER</b>	<b>1,277,897</b>	2,597,249
Cost of investments sold	<b>(591,558)</b>	(1,263,051)
	<b>686,339</b>	1,334,198
Unrealised depreciation from changes in fair value of investment securities	<b>(181,827)</b>	(3,760,378)
	<b>504,512</b>	(2,426,180)
<b>OPERATING EXPENSES</b>		
Administration fee to Investment Manager	<b>(6,469)</b>	(9,516)
Administration fee to Administrator	<b>(17,215)</b>	(22,903)
Advisory fee to Investment Adviser	<b>(34,430)</b>	(45,807)
Management fee to Investment Manager	<b>(32,347)</b>	(47,844)
Auditors’ remuneration	<b>(7,700)</b>	(7,500)
Supervisory fee	<b>(5,175)</b>	(7,655)
Directors’ emoluments	<b>(10,000)</b>	(10,000)
Professional fees for liquidating the Company	<b>(34,500)</b>	—
Others	<b>(50,315)</b>	(46,486)
	<b>(198,151)</b>	(197,711)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>306,361</b>	(2,623,891)
Taxation	<b>(19,412)</b>	(28,235)
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>286,949</b>	(2,652,126)
<b>EARNINGS/(LOSS) PER SHARE</b>	<b>0.01</b>	(0.05)

## CONDENSED BALANCE SHEET

	(UNAUDITED) June 30, 2005	(AUDITED) December 31, 2004
	US\$	US\$
<b>CURRENT ASSETS</b>		
Investments in securities, at fair value	10,973,688	11,559,463
Interest and dividends receivable	2,535	5,239
Prepayment	—	20,645
Bank balances and cash	564,199	6,866,851
	<u>11,540,422</u>	<u>18,452,198</u>
<b>CURRENT LIABILITIES</b>		
Accrued charges	98,807	86,753
Account payable	64,781	—
Special dividend declared	—	6,639,952
	<u>163,588</u>	<u>6,726,705</u>
<b>NET ASSETS</b>	<u>11,376,834</u>	<u>11,725,493</u>
<b>CAPITAL AND RESERVES</b>		
SHARE CAPITAL	503,408	503,408
RESERVES	10,873,426	11,222,085
<b>TOTAL CAPITAL AND RESERVES</b>	<u>11,376,834</u>	<u>11,725,493</u>
<b>NET ASSET VALUE PER SHARE</b>	<u>0.23</u>	<u>0.23</u>

*Notes:*

### **Basis of Preparation**

The condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “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.

The functional currency of the Company is Thai Baht. The presentational currency is United States dollars (US\$), the currency in which investors subscribe to the Company and in which the accounting records are maintained.

### **Significant accounting policies**

The condensed interim financial statements have been prepared under the historical cost convention, except for investment in securities which are measured at fair value.

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 the Company's 2004 annual audited financial statements. In the current period, the Company has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after January 1, 2005. The adoption of the new HKFRSs, including HKAS39 (Financial Instruments: Recognition and Measurement), has had no material effect on how the results for the current or prior accounting periods are prepared.

### 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>2005</b>	2004
	<i>US\$</i>	<i>US\$</i>
Proceeds from sale of investments	<b>905,994</b>	2,184,612
Dividend income	<b>364,577</b>	410,247
Interest income	<b>7,326</b>	2,390
	<b><u>1,277,897</u></b>	<u>2,597,249</u>

### Connected party transactions

Except for the fee paid to Investment Manager, Investment Adviser and Administrator as disclosed on page 15 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.

### Taxation

	<b>Six months ended June 30,</b>	
	<b>2005</b>	2004
	<i>US\$</i>	<i>US\$</i>
Thai withholding tax on distributions made by the Fund in Thailand to the Company in Hong Kong	<b>19,412</b>	28,235
Taxation for the period	<b><u>19,412</u></b>	<u>28,235</u>

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.

## Share Capital

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
	<i>US\$</i>	<i>US\$</i>
Authorised:		
100,000,000 shares of US\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
50,340,800 shares of US\$0.01 each	<u>503,408</u>	<u>503,408</u>

## Earnings/(Loss) per share

The calculation was based on the profit after taxation for the six months of US\$286,949 (2004: loss of US\$2,652,126) and on 50,340,800 (2004: 50,340,800) ordinary shares in issue during the six months.

## Net asset value per share

The calculation of net asset value per share is based on the net assets of US\$11,376,834 (December 31, 2004: US\$11,725,493) and 50,340,800 (December 31, 2004: 50,340,800) ordinary shares in issue as at June 30, 2005.

## Subsequent events

On August 5, 2005, the Board of Directors resolved to redeem the Company's investments, with the aim to return the proceeds to shareholders as soon as possible. Following the redemption and distribution of all the remaining net proceeds of the Fund to shareholders, it is proposed to wind up the Company and to follow the procedures for withdrawing the listing status of the Company in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## REVIEW OF PERFORMANCE

During the first half of 2005, the Company recorded a profit after tax of US\$286,949 (compared with a loss of US\$2,652,126 during the previous corresponding period), attributable largely to the decrease of unrealised depreciation from changes in fair value of investment securities.

The net asset value of the Company, as at June 30, 2005, was US\$11,376,834. The net asset value per share was US\$0.23, same as the figure as at December 31, 2004. Over the same period, the Stock Exchange of Thailand Index decreased by 4.26% in US\$ terms, The Company, in turn, outperformed the market by 4.26%.

As at June 30, 2005, the Company was 96.46% 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 5.31% against the US dollar.

## **OUTLOOK OF THE COMPANY**

The Board of the Company has already passed a resolution on August 5, 2005 to proceed with the following unit redemption of Thai-Asia Open-end Fund (the “Fund”) :

- 10% of 5,000,000 units redeemed upon the Fund’s trading day in August 2005;
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in September 2005;
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in October 2005;
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in November 2005; and
- 10% of 5,000,000 units redeemed upon the Fund’s trading day in December 2005.

The unit redemption proceeds will be returned to shareholders by way of dividend payment with which the payment details will be announced in due course.

## **DIVIDEND**

No interim dividend was declared or paid for the six months ended June 30, 2005 (2004: 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, 2005.

## **AUDIT COMMITTEE**

The Company has set up the Audit Committee, comprising of three independent non-executive directors, namely Messrs. Heng Kwoo Seng, Thomas Ng Tung Ming and Yod Jin Uahwatanasakul. The Audit Committee’s principal duties include the review and supervision of the Company’s financial reporting process and internal controls.

The Audit Committee of the Company has reviewed the unaudited interim financial statements for the six months ended June 30, 2005.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (APPENDIX 10 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED) (“MODEL CODE”)**

The Company has adopted the Model Code as its code of conduct regarding Directors’ transactions in securities. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended June 30, 2005, and they have all confirmed their respective full compliance with the required standard set out in the Model Code throughout the period under review.

**CODE ON CORPORATE GOVERNANCE PRACTICES (APPENDIX 14 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED) (THE “CODE”)**

The Company has complied with the Code throughout the six months to June 30, 2005, except for the following deviations :

**Code Provision A.2.1**

The Company at present does not stipulate the roles of chairman and chief executive officer.

**Code Provisions A.4.1 & A.4.2**

All Directors of the Company are neither appointed for a specific term nor subject to re-election except for those Directors who are appointed to fill a casual vacancy would be subject to election by shareholders at the first annual general meeting after their appointment.

**Code Provision B.1.1**

The Directors remuneration policy is governed by the Company’s Articles of Association to which the establishment of a remuneration committee is no longer necessary.

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

Hong Kong, September 23, 2005

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 Akraithit, and the independent non-executive directors of the Company are Messrs. Yod Jin Uahwatanasakul, Narong Chulajata, Heng Kwoong Seng and Thomas Ng Tung Ming.

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