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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

Except for any persons who were holders of participating redeemable preference shares of the Company immediately before such shares were redeemed by the Company on the Redemption Date, **if you have sold or transferred** all of your shares in The Thai Asset Fund Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the stockbroker or other agent through which the sale or transfer was effected for transmission to the purchaser or transferee.

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THE THAI ASSET FUND LIMITED

(incorporated with limited liability in Guernsey)

(Stock Code: 543)

PROPOSED VOLUNTARY WINDING-UP OF THE COMPANY

A notice convening an extraordinary general meeting of The Thai Asset Fund Limited to be held at 12:00 p.m. on 10 March 2006 at 32nd Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong is set out at the end of this circular. Whether or not you propose to attend the extraordinary general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company at 32nd Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting.

10 February 2006

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:-

“Articles of Association”	articles of association of the Company
“Board”	Board of Directors
“Companies Law”	Companies (Guernsey) Law, 1994, as amended
“Company”	The Thai Asset Fund Limited
“Directors”	directors of the Company
“Extraordinary General Meeting”	an extraordinary general meeting to be held at 12:00 p.m. on 10 March 2006 at 32nd Floor, Three Pacific Place, 1 Queen’s Road East, Hong Kong to consider and, if thought fit, to approve, among others, the voluntary winding-up of the Company and the appointment of liquidators
“Founder Shares”	10 Founder Shares of USD1.00 each in the capital of the Company, which were created at the time when the Company was established
“Fund”	Thai Asset Open-end Fund, formerly known as The Thai Asset Fund, established in 1989, all of whose Investment Units were held by the Company
“Initial Investment Units”	the Investment Units, of which there were 4,900,000 in issue at the time when the Thai SEC granted formal approval for the conversion of the Investment Plan to an open-end structure
“Investment Plan”	the open-end plan for the investment of the Company through the Fund in securities in Thailand
“Investment Unit(s)”	investment unit(s) of the Investment Plan
“Listing Committee”	listing sub-committee of the directors of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Nominal Shares”	shares of USD0.01 each in the capital of the Company having the rights and obligations attaching thereto as set out in the Articles of Association
“Proposal”	the proposal relating to the implementation of the amendment of the Investment Plan, including the implementation of the proposal for redeeming the Investment Units and the Shares, as more particularly described in the Company’s circular dated 19 June 2003

DEFINITIONS

“Redemption Date”	9:00 a.m. on 27 January 2006
“Shares”	participating redeemable preference shares of USD0.01 each in the capital of the Company having the rights and obligations attaching thereto as set out in the Articles of Association, all of such shares have already been redeemed pursuant to the Proposal
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thai SEC”	The Securities and Exchange Commission of Thailand
“USD”	United States dollars, the lawful currency of the United States of America

EXPECTED TIMETABLE

Suspension of trading of the Shares on the Stock Exchange	9:30 a.m. on 24 January 2006
Withdrawal of listing of the Company	4:00 p.m. on 27 January 2006
Latest time for lodging proxy forms for the Extraordinary General Meeting	12:00 p.m. on 8 March 2006
Extraordinary General Meeting	12:00 p.m. on 10 March 2006

LETTER FROM THE BOARD OF DIRECTORS



THE THAI ASSET FUND LIMITED

(incorporated with limited liability in Guernsey)

(Stock Code: 543)

Directors:–

Andrew Lo Tak Shing
Dominic Kwok Chung Kwong
Pichit Akrathit
Narong Chulajata*
Heng Kwo Seng*
Thomas Ng Tung Ming*
John Yang Chung Hsiung#

Registered office:–

HSBC Securities Services (Guernsey) Limited
P.O. Box 208, Arnold House
St. Julian's Avenue
St. Peter Port
Guernsey

* *Independent non-executive Directors*

Non-executive Director

10 February 2006

*To all holders of Founder Shares and Nominal Shares and,
for information purposes, to all persons who were Shareholders immediately
before the Shares were redeemed on the Redemption Date*

Dear Sir or Madam,

PROPOSED VOLUNTARY WINDING-UP OF THE COMPANY

INTRODUCTION

As announced on 16 January 2006, the Directors have proposed to wind up the Company voluntarily. The purpose of this circular is to provide members of the Company with further details of the proposed voluntary winding-up of the Company.

BACKGROUND

The Company, which is incorporated in Guernsey, is a closed-end investment company. The Shares were, until 27 January 2006, listed on the Stock Exchange since 29 November 1989. The Company had been investing in Thai securities through the Fund, established under the laws of Thailand and regulated by the Thai SEC.

The Company had, in its placing memorandum dated 3 November 1989, foreshadowed that it might become 'open ended' after ten years of the Company's establishment. On 10 June 1999, the Shareholders passed a special resolution at the Company's annual general meeting to 'open end' the Investment Plan, subject to obtaining all necessary regulatory consents.

LETTER FROM THE BOARD OF DIRECTORS

On 1 February 2002, the Company announced that it had obtained in principle approval from the Thai SEC to the phased open ending of the Investment Plan over a period of three years. The Fund was formally converted to an open-ended fund upon receiving the Thai SEC's formal approval to the open ending of the Investment Plan on 9 June 2003.

On 22 July 2003, an extraordinary general meeting of the Company was convened to consider, among others, the Proposal. On the same day, the Company announced that all resolutions necessary for approving the Proposal were unanimously passed by the Shareholders present at the extraordinary general meeting. The implementation of the Proposal was to enable Shareholders to realise a return on their investment that closely reflects the value of the Company's net assets, which would not have been possible without the open ending of the Investment Plan. Under the Proposal (as approved by the Shareholders), the Company would commence redeeming its Investment Units and then, following such redemptions, the Directors would effectively cause the Company to return the net proceeds of such redemptions to Shareholders through a phased redemption of the Shares, thereby allowing Shareholders to realize their investment in the Company. It was also stated in the Company's circular dated 19 June 2003 that, following the redemption of all remaining Shares, the remaining Shareholders would resolve to wind up the Company and the Company would follow the procedures for withdrawing its listing on the Stock Exchange. The timeframe and parameters according to which the Company was authorised by the Thai SEC to effect redemptions of its Investment Units were as follows:–

- Year 1* A maximum of 20% of the Initial Investment Units – redeemable within the first 12 months following 9 June 2003, the date of the formal Thai SEC approval to the open ending of the Investment Plan;
- Year 2* A maximum of 30% of the Initial Investment Units – redeemable within the 12-month period following Year 1, plus any entitlement not used from the previous year; and
- Year 3* The remaining Investment Units – redeemable after Year 2.

REASONS FOR VOLUNTARY WINDING-UP

In accordance with the Proposal, the Company redeemed in aggregate approximately 50% of its issued Shares on 10 October 2003 and 12 January 2005. On 9 January 2006, the Company announced that all remaining Investment Units had been redeemed and that all outstanding Shares would be subsequently redeemed for USD3.38 per Share on the Redemption Date. The aggregate redemption amount on the Redemption Date was USD8,750,914.64. As a result, all the listed securities of the Company were redeemed on the Redemption Date and the Company ceased to have any securities listed on the Stock Exchange with effect from the Redemption Date.

Now that all Investment Units and all remaining Shares have been redeemed, the Company, being an investment company, no longer carries on any investment activity and, as such, it no longer has any commercial business. Moreover, the Company no longer has any of its shares listed on the Stock Exchange.

In accordance with the Proposal, the Board applied for, and was granted, permission (to the extent that this was necessary) to withdraw its listing and resolved to convene the Extraordinary General Meeting to propose, for consideration by the remaining shareholders, a resolution, amongst others, (i) to wind up the Company and (ii) to appoint a liquidator in accordance with the laws of Guernsey. This will ensure that the existence of the Company can be legally terminated.

LETTER FROM THE BOARD OF DIRECTORS

WITHDRAWAL OF LISTING AND WAIVER APPLICATION

Immediately before the Redemption Date, the share capital of the Company was comprised of three classes of shares, namely, (i) 2,589,028 Shares which were held by 65 Shareholders, (ii) 10 Founder Shares, which were created at the time the Company was established to comply with Guernsey law and were issued to HSBC Securities Services (Guernsey) Limited, the Company's administrator in Guernsey, and (iii) 2,410,972 Nominal Shares, which were issued to Ms. J. Asha Balachandra, a representative of INVESCO Hong Kong Limited, the Company's investment adviser under the Proposal solely for settling the amount payable on the par or nominal value element of the Shares when the Shares were redeemed. Only the Shares were listed on the Stock Exchange. Following the redemption of all the Shares on the Redemption Date, the share capital of the Company is comprised of only the Founder Shares and the Nominal Shares and the Company has ceased, from the Redemption Date, to have any securities listed on the Stock Exchange.

Following the redemption of all remaining Shares on the Redemption Date, no shares of the Company remain listed on the Stock Exchange and, therefore, no trading of shares of the Company on the Stock Exchange has been possible since then. Therefore, the Company's listing on the Stock Exchange ceased with effect from 4:00 p.m. on 27 January 2006.

Rule 6.12 of the Listing Rules sets out the procedures with which an issuer must comply in order to successfully seek a withdrawal of its listing on the Stock Exchange. One of the requirements is that the issuer must have obtained the prior approval of its shareholders holding at least 75% of the votes attaching to any class of listed securities voting either in person or by proxy at a duly convened meeting of shareholders.

Rule 6.13 of the Listing Rules sets out the right of the Stock Exchange to require certain parties mentioned in the rule to abstain from voting in favour of the resolution of the shareholders to approve the withdrawal of listing of the issuer. Rule 6.14 of the Listing Rules requires that in relation to any withdrawal of listing under Rule 6.12, the issuer must comply with the requirements of Rules 13.39(4), (5), (6) and (7), 13.40, 13.41 and 13.42, which, amongst others, require the establishment of an independent board committee and the appointment of an independent financial adviser to make recommendations to the independent board committee and shareholders in relation to the withdrawal of the listing of shares on the Stock Exchange.

Since all Shares were redeemed on the Redemption Date, the share capital of the Company is now comprised of only the Founder Shares and the Nominal Shares, which are not listed securities. Notwithstanding the foregoing, the Company applied for (i) a waiver from strict compliance with Rules 6.12, 6.13 and 6.14 of the Listing Rules (to the extent that such Rules are applicable to the Company) on the basis that all issuers whose primary listings are on the Stock Exchange and which have no alternative listing are required to comply with Rules 6.12, 6.13 and 6.14 of the Listing Rules when seeking to withdraw their listing on the Stock Exchange and (ii) permission (to the extent that such permission was necessary) to withdraw the listing of the Company on the Stock Exchange with effect from the Redemption Date.

LETTER FROM THE BOARD OF DIRECTORS

The Company applied for the waiver for the following reasons:

- (a) The Proposal expressly contemplated that the Company would follow any applicable procedure to withdraw its listing following the redemption of all Redeemable Shares. Any change or delay of the time for the Company to redeem the Shares would be a deviation from the Proposal, which was unanimously approved by the Shareholders in July 2003. Even if the Proposal contemplated the possibility of the Company seeking shareholders' approval to withdraw the Company's listing prior to the redemption of the remaining Shares, there would be no assurance that the resolution would be passed. And even if the resolution was not passed, the Company would still be required to redeem its remaining Shares. Under the Proposal, the redemption of the Shares was not conditional on the withdrawal of the Company's listing on the Stock Exchange. The Company was obliged to redeem all the Shares even if the Company could not withdraw its listing on the Stock Exchange.
- (b) The Company completed the realization of all remaining Investment Units in December 2005. As such, the Company considered that it would be in the best interests of the Shareholders to distribute the net proceeds from the realization of the Investment Units to the Shareholders at the earliest possible time.
- (c) After the redemption of all the Shares on the Redemption Date, the share capital of the Company is comprised of only the Founder Shares and the Nominal Shares, which are not listed securities. The Company would cease to have any listed securities after all the Shares were redeemed.

The Listing Committee granted to the Company the abovementioned waiver and permission to withdraw the listing for the following reasons: (a) The Company would no longer have any shareholders holding listed securities on and after the Redemption Date, and therefore, the Company would not be able to comply with the requirements set out in Chapter 6 of the Listing Rules; (b) The Company's circular dated 19 June 2003 had clearly stated that following the redemption of all Shares, the outstanding issued share capital of the Company would be comprised of Founder Shares and Nominal Shares and that holders of such shares would at that time resolve to wind up the Company and, at the same time, the Company would follow the procedures for withdrawing its listing status in compliance with the then applicable Listing Rules. The Shareholders were fully aware of the Proposal, including the sequence of events whereby, upon the redemption of all the Shares, the Company would withdraw its listing from the Stock Exchange; (c) The Proposal was a major transaction which had to be made conditional upon approval by shareholders present in person or by proxy at a general meeting of the Company and holding not less than 50% in nominal value of the securities having the right to vote and attend at general meetings of the Company. However, the Directors imposed a more stringent condition and required Shareholders present in person or by proxy at the extraordinary general meeting on 22 July 2003 holding not less than 75% in nominal value of the Shares to vote in favour of the resolutions relating to the Proposal. Such voting requirement is in line with the requirement of Rule 6.12 of the Listing Rules on the withdrawal of listing on the Stock Exchange. Therefore, a waiver in respect of the requirements of Rules 6.12, 6.13 and 6.14 of the Listing Rules was granted to the Company. The Listing Committee indicated to the Company that approval for the waiver in relation to Rules 6.12, 6.13 and 6.14 of the Listing Rules was granted solely on the basis of the special circumstances of the case and should not be taken as a precedent for any future cases.

LETTER FROM THE BOARD OF DIRECTORS

PROPOSED VOLUNTARY WINDING-UP AND EXTRAORDINARY GENERAL MEETING

In accordance with the Proposal, the Board has resolved to convene the Extraordinary General Meeting to propose, for consideration by the remaining shareholders, a resolution to wind up the Company and to appoint joint and several liquidators in accordance with the laws of Guernsey. This will ensure that the Company can be legally terminated. With effect from the Redemption Date, the only outstanding shares of the Company are the Founder Shares and the Nominal Shares and neither class of shares is listed on the Stock Exchange. Therefore, at the time when the Extraordinary General Meeting is held, holders of the Founder Shares and the Nominal Shares will be the only shareholders of the Company who will be requested to resolve to wind up the Company.

The Company will be placed into voluntary liquidation if the special resolution relating to the proposed voluntary winding-up of the Company is passed and is dealt with as set out below. Under the provisions of section 78(b) of the Companies Law, the Company may be wound up voluntarily if its shareholders pass a special resolution to that effect. The voluntary liquidation shall be deemed to commence when the special resolution has been filed with the Greffe (local registry) and entered on the Register of Companies in accordance with the Companies Law. Under the Companies Law, a special resolution for a voluntary winding up is not effective unless passed by a majority of not less than three-quarters of the votes cast by such members as, being entitled so to do, vote in person or by proxy at a general meeting of the Company and filed with the Greffe within 21 days immediately following the day on which the special resolution was passed. Holders of the Founder Shares and the Nominal Shares will vote as a single class at the Extraordinary General Meeting.

After the Company is placed into liquidation, the liquidators of the Company will wind up the affairs of the Company including realizing the Company's assets, settling liabilities and distributing any surplus assets to members of the Company according to their respective rights and interests in the Company and their directions. Prior to any distributions being made, the liquidators will determine the amount of cash and other assets which they consider sufficient to provide for all outstanding liabilities of the Company, including the expenses of the Company in relation to the voluntary winding-up and any other contingencies or liabilities of the Company. After settling all such outstanding liabilities, the balance, if any, will be distributed in cash by the liquidators of the Company in accordance with the respective rights and directions of the members of the Company, the Companies Law, the Articles of Association and any other applicable law. The precise timing of any distribution will depend upon the progress of the winding-up (including the obtaining of any tax clearance, if necessary) and will be subject to any unforeseen circumstances but is expected to take place no later than the end of December 2006. As soon as the Company's affairs are fully wound up, the liquidators of the Company will convene a final general meeting of the Company and present an account of the winding up. Once that meeting has been held, the liquidators must give the Greffe a notice confirming that the meeting has been held and the date on which it was held. The Company will be deemed to be dissolved at the end of three months beginning on the date on which the notice is so filed. The Company is expected to be dissolved by the end of December 2006. The estimated liquidation and related expenses are estimated to be approximately USD157,400.

Under the Articles of Association, on a winding up of the Company, the assets available for distribution among the shareholders of the Company will be applied firstly in the payment to the holders of the Shares, secondly in payment to the holders of the Nominal Shares and thirdly in payment to the holders of the Founder Shares of sums up to the nominal amount paid on those respective shares. Thereafter, any balance remaining will be paid to the holders of the Shares. Since no shares other than the Founder Shares and Nominal Shares

LETTER FROM THE BOARD OF DIRECTORS

will be outstanding at the time when the Company is placed in liquidation, it is only the holders of the Founder Shares and Nominal Shares who will participate in the liquidation. However, since the net proceeds realized from the redemption of the remaining Investment Units have been distributed to or otherwise reserved for the Shareholders through the redemption of the remaining Shares prior to the liquidation, there are unlikely to be any surplus assets available for distribution upon the liquidation of the Company. However, in the unlikely event that there are any surplus assets to be distributed upon the liquidation of the Company, the holders of the Founder Shares and the Nominal Shares have agreed, and will be asked to resolve at the Extraordinary General Meeting, to renounce all their rights to receive in the liquidation of the Company any distributions, in excess of the nominal amount paid on such shares, in favour of all Shareholders recorded on the register of members of the Company immediately before the Redemption Date. In this way, if there are any surplus assets available for distribution on the liquidation of the Company, such proceeds will be paid to those Shareholders.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

EXTRAORDINARY GENERAL MEETING

Set out on pages 11 to 12 of this circular is a notice convening the Extraordinary General Meeting at which a special resolution will be proposed to consider and, if thought fit, to approve, among others, (i) the voluntary liquidation of the Company and (ii) the appointment of liquidators. A form of proxy relating to the Extraordinary General Meeting is enclosed for use by the holders of the Founder Shares and the Nominal Shares. Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon so as to arrive as soon as possible, and in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting, at 32nd Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong. Completion and return of a form of proxy will not affect your right to attend and vote at the meeting.

RECOMMENDATION

The Directors believe the voluntary winding-up of the Company is in the best interests of the Company and the shareholders of the Company as a whole and the arrangement to effect the voluntary winding-up is fair and reasonable. The Directors recommend that you vote in favour of the relevant resolution whether in person or by proxy at the Extraordinary General Meeting.

For and on behalf of the Board
Andrew T S Lo
Director

PROCEDURE BY WHICH SHAREHOLDERS MAY DEMAND A POLL

The following paragraph sets out the procedure by which the shareholders of the Company may demand a poll at a general meeting of the Company (including the Extraordinary General Meeting) pursuant to the Articles of Association.

According to Article 86 of the Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or upon the declaration of the result of the show of hands, a poll is demanded by the Chairman or by at least five members of the Company having the right to vote at the meeting (or by less than five members of the Company provided they represent at least one-tenth of the subscribed capital of the Company having the right to vote at the meeting).

NOTICE OF EXTRAORDINARY GENERAL MEETING



THE THAI ASSET FUND LIMITED

(incorporated with limited liability in Guernsey)

(Stock Code: 543)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of the Company will be held at 12:00 p.m. on 10 March 2006 at 32nd Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong for the purpose of considering and voting upon the following resolution:

SPECIAL RESOLUTION

“THAT:

- (a) the Company be and is placed into voluntary liquidation in accordance with the provisions of section 78(b) of the Companies (Guernsey) Law, 1994, as amended;
- (b) Mr. Darach Haughey and Mr. Lai Kar Yan (Derek) of Deloitte Touche Tohmatsu, of 26th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, be and are hereby appointed joint and several liquidators of the Company (the “Liquidators”) with the power to act jointly and severally for the purpose of winding up the Company's affairs and distributing its assets;
- (c) the remuneration of the Liquidators be and is fixed on the basis that the Liquidators be and are empowered to charge for their services in attending to matters arising during the winding up of the Company, in respect of that winding up, at the agreed fees for professional services rendered; and
- (d) all holders of Nominal Shares and Founders Shares in the capital of the Company hereby renounce all their rights to receive in the liquidation of the Company any distributions in excess of the nominal amount paid on such shares (the “Surplus Assets”), in favour of all holders of the participating redeemable preference shares in the capital of the Company, as recorded on the register of members of the Company as at 26 January 2006 (the “Relevant Preference Shareholders”) and the Liquidators be and are hereby authorised, at an appropriate time, to

NOTICE OF EXTRAORDINARY GENERAL MEETING

transfer all (if any) Surplus Assets and any other property held by the Company and belonging to any past shareholder of the Company (such as unclaimed distributions) to such person or persons as the Liquidators may appoint, which property shall be held by such appointee as bare trustee for, and to the absolute order of, the Relevant Preference Shareholders, and any other relevant past shareholder in respect of Surplus Assets and such other property (as the case may be), all on such terms as shall be agreed between the Liquidators and such bare trustee.”

By Order of the Board
Jeremy Charles Simpson
Company Secretary

Hong Kong, 10 February 2006

Notes:

1. A member of the Company entitled to attend and vote at the above mentioned meeting may appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company. The instrument appointing a proxy should be deposited with the Company at 32nd Floor, Three Pacific Place, 1 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
2. A form of proxy for use at the meeting is enclosed.