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
INVESCO Asia Trust plc  
Report and Accounts  
Year Ended 30 April 2005




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If you have any queries about INVESCO Asia Trust plc  
or any of the other Investment Trusts managed by INVESCO,  
please contact the Investor Services Team on:

 0800 085 8677

 Website: [www.invesco.co.uk/investmenttrusts](http://www.invesco.co.uk/investmenttrusts)

INVESCO Asia Trust plc is a UK investment trust listed on the London Stock Exchange. The trust was launched in July 1995 following the split of Drayton Far Eastern Trust plc.

The objective of INVESCO Asia Trust, which has an initial life of ten years, is to provide long-term capital growth by investing in a diversified portfolio of Asian and Australasian Companies. The Company aims to achieve growth in its Net Asset Value in excess of the Morgan Stanley Capital International (All Country) Far East Free ex Japan Index, measured in sterling.

#### Investment policy

INVESCO Asia Trust plc invests primarily in the equity securities of companies listed in the stockmarkets of China, Hong Kong, India, Malaysia, Singapore, South Korea, Taiwan and Thailand and also in the securities of Australasian companies. It may also invest in unquoted securities up to 10% of the value of the Company's gross assets, and in warrants and options when it is considered the most economical means of achieving exposure to an asset.

In managing investments in Asia, the process of country allocation is separated from that of stock selection. Country allocation begins with an analysis of prospects for long-term interest rates, based on a comparison of inflationary pressures and bond yields, followed by an analysis of the relative valuations of stocks and bonds in relation to historic norms and an analysis of the prospects for earnings growth. Stocks are screened to identify companies which appear underpriced in terms of their past earnings records and to assess the likelihood of the continuation of previous patterns.

Qualitative risk measurement techniques are used to analyse, optimise and monitor the portfolio once favoured investments have been chosen.

#### Management approach and personnel

Further details of INVESCO's approach to the management of Asian company portfolios and of the management team are given in the Managers' Report on pages 6 to 10.

#### Share Capital

The Company's issued share capital consists of 105,962,425 ordinary shares of 10p.

#### ISA and PEP Eligibility

The ordinary shares of the Company are qualifying investments under applicable ISA and PEP regulations. For further details of schemes offered by INVESCO see page 18.

#### Glossary

There is a glossary of terms on page 50 which defines some of the technical references used in the report.

#### Contents

2	Financial Information
4	Chairman's Statement
6	Manager's Report
11	Classification of Investments
13	Investments in Order of Valuation
16	Directors
17	Manager and Advisers
18	Shareholder Information
19	Report and Financial Statements
47	Notice of Annual General Meeting
50	Glossary of Terms

## Financial Information Performance Statistics

Terms marked † are defined in the Glossary on page 50

	At 30 April 2005	At 30 April 2004	% change
<b>Capital</b>			
Net assets (£'000)	70,029	64,136	+9.2
Actual gearing†	105	100	
Asset gearing†	99	98	
Basic net asset value† per ordinary share	66.1p	60.5p	+9.2
Mid-market price per ordinary share	57.8p	53.5p	+8.0
Discount† per ordinary share	12.6%	11.6%	
MSCI (All Country) Far East Free ex Japan Index (adjusted for Sterling)	146.8	140.5	+4.5
<b>Revenue</b>			
Gross income (£'000)	2,033	1,381	+47.2
Net revenue available for ordinary shares (£'000)	993	591	+68.0
Dividend per share	0.9p	0.5p	+80.0
Total expense ratio†	1.3%	1.5%	
<b>Return per ordinary share</b>			
Revenue return	0.94p	0.55p	
Capital return	5.52p	15.47p	
Total return	6.46p	16.02p	

## Historical Record

Year	Revenue				Capital		
	Gross income £'000	Net revenue available for ordinary shares £'000	Dividends on ordinary shares		Net assets £'000	Net asset value per ordinary share-basic p	Mid-market price per ordinary share p
To 30 April			Cost £'000	Rate p			
1996	1,802	860	673	0.60	130,938	116.7	111.0
1997	2,313	915	731	0.65	120,695	107.4	98.0
1998	2,341	1,194	922	0.82 <sup>(1)</sup>	70,253	62.5	50.5
1999	2,187	1,225	1,057	0.94 <sup>(2)</sup>	81,911	72.8	61.0
2000	1,390	392	695	0.65	97,054	87.5	67.0
2001	1,216	338	318	0.30	67,010	63.2	51.0
2002	1,245	524	424	0.40	76,109	71.8	63.3
2003	1,335	573	424	0.40	47,686	45.0	37.8
2004	1,381	591	530	0.50	64,136	60.5	53.5
<b>2005</b>	<b>2,033</b>	<b>993</b>	<b>954</b>	<b>0.90</b>	<b>70,029</b>	<b>66.1</b>	<b>57.8</b>

The above results are extracted from the Company's full accounts.

<sup>(1)</sup> Ordinary dividend 0.65p and special dividend 0.17p.

<sup>(2)</sup> Ordinary dividend 0.65p and special dividend 0.29p.

Net Asset Value per share – all figures rebased to 100 at launch (11 July 1995)

## Chairman's Statement

### Performance and Prospects

This statement is my first as Chairman of your Company and I am pleased to report that the Company's performance for the twelve months to 30 April 2005 reflects solid improvement. Over the period, the net asset value per ordinary share increased from 60.5p to 66.1p, a rise of 9.2%, compared to the benchmark index, the MSCI (All Country) Far East Free ex Japan Index, adjusted for Sterling, which rose by 4.5%. The mid-market share price increased from 53.5p to 57.8p, a rise of 8.0%.

The discount at which the Company's shares traded was 12.6% at the end of the financial year, a slight increase over the discount of 11.6% at the previous year end. Whilst no share buy backs were made during the year the Board continues to review the possibility of share buy backs as a means of influencing the discount and we shall seek approval at the AGM to renew the share buy back authority.

Asian markets have generally withstood the weaker trend in global markets this year and are still showing positive returns year-to-date. However, some markets – especially in the Philippines, Indonesia and India – despite returning double-digit increases, have come under pressure as domestic interest rates have risen in response to higher inflation. Rising inflation itself has been due primarily to the effects of higher energy and commodity prices, especially as government subsidies have been removed. However, it now seems that inflationary pressures are starting to recede across the region.

In China, economic growth remains strong and we expect this to continue. As far as the currency peg is concerned, a small upward revision (perhaps presented as a widening of the fluctuation bands to  $\pm 6\%$ ) may be imminent. This should have no material impact on China's export competitiveness.

Across Asia the next few months will see some nervousness about earnings growth. Margins in the technology sector are clearly under pressure, but many companies are expecting the situation to improve in the

second half of the year as the current inventory overhang is reduced.

Shareholders will recall that Stuart Parks took over the running of the Company's portfolio in March 2004. In the first half of the year under review, he concentrated on reshaping the portfolio to bring it more into line with his preferred model. During the year Stuart and his team visited a large number of companies in Asia, as a result of which, as you will see from the Manager's Report which follows, they anticipate that earnings growth will be around 8% in 2005 and that their stock selection can continue to produce modest absolute returns.

It would be negative for the region if US interest rates were to start increasing more steeply and the dollar was to undergo a material upward revaluation. However, in the absence of such changes, and without the threat of a sudden tightening of liquidity conditions, continued strong growth with low inflation, supported by the prevailing macroeconomic and policy environment, reasonable P/E ratios and asset valuations, provide favourable underlying conditions for Asian markets.

### Dividend

The net revenue increased during the year and your Board is recommending a final dividend of 0.9 pence per ordinary share (2004: 0.5 pence). The dividend, which is subject to the approval of shareholders at the Annual General Meeting, will be payable on 29 July 2005 to shareholders on the register on 1 July 2005. £39,000 will be transferred to revenue reserves.

The proposed dividend increase this year is made possible largely as a result of the improving earnings in our investment portfolio. It is not possible at this stage to comment on whether a 0.9 pence dividend establishes a new benchmark for the future, but your Board is strongly of the view that as much as possible of the Company's net revenue should be distributed.

**Gearing**

*For most of the year the Company's loan facility has remained undrawn. However, drawings of £3.7 million were made for the last two months of the year, gearing the portfolio by 5%.*

Your Board, together with the Manager, regularly review gearing and will continue to monitor gearing levels closely in the year ahead.

**Socially Responsible Investing**

The responsibility for making and holding investments and for voting on the Company's behalf at investor companies' meetings has been delegated by the Board to the Manager. The Board's instructions to the Manager in respect of Socially Responsible Investing are that, subject always to pursuing the best economic interest of the Company and its shareholders, the Manager should take careful account of ethical, social and environmental policies in making and holding investments and in voting under the powers conferred by the investments.

**Mr Robin Baillie**

*I succeeded Robin Baillie as Chairman of the Board on 31 March 2005. I would like to take this opportunity on behalf of the Board to express our warmest thanks to Mr Baillie, who had been Chairman since the Company's formation in 1995, for his leadership and guidance over the last ten years. We are fortunate that we will continue to benefit from Mr Baillie's experience and wise counsel as he will remain a member of the Board.*

**Annual General Meeting**

*At last year's Annual General Meeting the resolution to release the Company from a continuation vote at this year's meeting was successfully passed. My fellow Directors and I greatly appreciate your continuing support as shareholders. The Annual General Meeting will be held on Tuesday 26 July 2005 at 12 noon. I very much look forward to meeting you at that time.*

David Hinde

24 June 2005

## Manager's Report

### MSCI (All Country) Far East Free ex Japan Index Performance Total Return (Sterling) – Year Ended 30 April 2005

#### Stock Market Performance – Year Ended 30 April 2005

*Asian markets performed well over the period. Initially, markets fell amid concerns over a slowing global economic recovery and rising inflationary pressures in China, before stabilising in June. Asian markets then rallied strongly from mid-August. Attractive growth levels, inexpensive valuations and the falling US dollar enticed investors back to the region. Renewed optimism over the sustainability of high Chinese economic growth rates also helped to bolster investor sentiment.*

Going into 2005, the environment proved challenging for equities globally. Further worries over global growth, higher US interest rates, and rising inflationary pressures saw markets fall back towards the end of the period. The US Federal Reserve continued to raise interest rates, citing concerns of emerging inflationary pressures in the US economy. This caused investors' appetite for

Asian equities to diminish, amid concerns about an abrupt end to the less stringent monetary conditions which had proved so beneficial for the region in 2004.

Overall though, the relatively benign global backdrop, combined with the positive effect of the falling US dollar, helped the vast majority of Asian stock markets to outperform, with only Taiwan ending the period in negative territory.

The disastrous Asian tsunami had little impact on markets. In economic terms, some of the worst-affected areas were so under-developed that the tragedy had little impact on overall Asian economic performance.

#### **Portfolio Performance by Country**

##### **Total Return of Portfolio Against Each Individual Total Return Stock Market Index for the Year Ended 30 April 2005**

Over the period, the Company outperformed the MSCI (All Countries) Far East Free ex Japan Index, returning 9.2% versus the benchmark index, which rose by 4.5%.

On a sector basis, the Company benefited from its overweight position in Financials, where diversified financials, such as Jardine Matheson, and real estate stocks performed well. We also saw strong returns from stock selection in Consumer Staples, with Harbin Brewery in Hong Kong, Foodland Associated in Australia, and HM Sampoerna in Indonesia being bid for during the period. The largest positive contributor to performance over the year was the Company's underweight position in the poorly performing Technology sector. An underweight position in the outperforming Energy sector detracted modestly from performance.

Manager's Report  
*continued*

**Market and Economic Review**

Over the period, economic growth in the region remained robust in the face of rising US interest rates. Sustained strength in the US economy provided a tailwind for Asian exports and continued low

inflation, combined with ample liquidity, helped the region's central banks to keep interest rates low, so stimulating domestic demand.

At the country level, economic and stock market performance across Asia was strong over the period. In Hong Kong, robust economic and market performance was driven by several factors. Property prices continued to rise as low interest rates and strong economic growth led to increased employment, which fed through into increased demand for property purchases. In addition, the sustained influx of mainland Chinese tourists helped to boost retail spending in the territory.

In China, markets were weak at the beginning of the period, as investors feared that government measures to slow the overheating economy would lead to a "hard landing". However, although fixed-asset investment – the major target for Chinese policymakers for much of the period – cooled to mid 20's% year-on-year growth levels, retail sales have accelerated, enabling overall GDP growth to stay above 8%. This more benign and balanced picture for China helped other Asian stock markets to perform strongly, with Indonesia, the Philippines, and Singapore all providing double-digit increases over the period.

The Korean market delivered mildly positive performance over the period in local currency terms as domestic growth remained subdued. However, US dollar returns were given a substantial boost by the rising Won, which appreciated by 17.7% over the period.

Amongst the underperformers, the most notable was Taiwan. Here, although the domestic economy showed strong signs of recovery, the market was held back by its heavy weighting on technology stocks. This sector performed badly throughout the region as investors worried about the combined effect of slowing export demand and increased capacity, leading to falling margins in certain segments, such as TFT LCD screens. The sector did rally around the turn of the year, but succumbed to another round of selling as news flow turned negative again.

Elsewhere, India performed reasonably well following last year's post-election correction, driven by strong earnings growth, but lost ground near the end of the period due to rising risk aversion globally, high levels of new equity issuance, and concerns about margin erosion. Australia, which is not in the MSCI benchmark index, rose very strongly through the year until March 2005, before falling back slightly as concerns about a slowdown in domestic and global growth prospects hit domestic cyclical and resource stocks.

#### **Outlook for Asian Economies and Markets**

'Top down' views on Asian prospects for 2005, which were uncertain at the start of the year, have now settled on a fairly benign consensus. Continued strong growth with low inflation and without the threat of a sudden tightening of liquidity conditions is a favourable backdrop for Asian markets, where earnings growth is expected at around 8% in 2005.

Markets may be hampered, however, by uncertainty surrounding the future strength of the US economy. In addition, analysts' forward earnings revisions will trend downwards in Asia, particularly for the technology sector as slowing global demand growth combines with increased capacity to put pressure on prices. As ever, careful stock selection will be crucial.

In China, we expect strong economic growth to continue. In the first quarter of 2005, GDP grew by 9.5% year-on-year, and other economic data are showing evidence of the desired redistribution of growth away from fixed-asset-investment towards consumption. Fixed-asset-investment has slowed to around 20% year-on-year, within sight of the government's 15% target. Specific measures are being used to curtail excessive investment in certain areas (such as the Shanghai property market), but overall investment spending should remain strong as China continues to gain global market share in manufacturing.

There is currently much speculation that China will reform its exchange rate regime, resulting in a revaluation of the renminbi. While we think that an upward move is imminent, the move will probably be small and will have no material impact on China's export competitiveness, as manufacturing wage levels in China are still only about one tenth those of developed country levels.

## Manager's Report

*continued*

A significant upward adjustment in the projected path of US interest rates and a significant rebound in the value of the dollar is a risk for the region. However, in the absence of such developments, we see the outlook as broadly benign, supported by the macroeconomic and policy backdrop and attractive valuations which are already discounting a slowdown in earnings growth.

At the company level, debt levels remain low and corporate returns on equity are high as capital expenditure remains subdued in Asia ex-China. Importantly, as profitability has improved, so have dividend payout ratios. Although there may be a slight increase in capital expenditure this year, Asian companies remain cautious, and dividend growth is expected to remain strong.

Against this background, we believe that stock selection can continue to produce modest absolute returns in Asia.

### **Valuations**

Asian equities are currently trading at attractive valuations of 11 times this year's earnings, not far above the lows of the Asian crisis. The region is also very attractive on a Price to Book Value versus Return on Equity basis relative to its history, and to other regions globally. With the region also offering a dividend yield of over 3%, downside risk is limited.

### **Strategy**

Having positioned the Company quite defensively at the beginning of the period, and increasing exposure to consumer staples such as food companies, e.g. CJ Corporation in Korea, we became more confident over the summer of Asia's ability to outperform, as domestic economies recovered and grew. We therefore increased the weighting in stocks that would benefit from this domestic reflation theme. For example, the Company increased its exposure to Hong Kong property stocks, as the property market benefited strongly from the continued fall in the US dollar and low interest rates in Hong Kong. We also increased exposure to capital goods companies, while reducing our exposure to consumer staples.

Towards the end of the period, we reduced the weighting in Hong Kong property after strong performance in the latter half of 2004. The proceeds were used to add to selected telecom stocks. The heightened likelihood of rational competition levels and the prospect of lower capital expenditure costs due to the sharing of the expense of 3G licenses should help many telecom companies grow their dividends.

In terms of overall strategy, the Company continues to favour companies that are positioned to benefit from *strengthening domestic economies, such as financials, property and consumer stocks*. The banking sector continues to act in many Asian economies as a good means of providing indirect exposure to increased levels of domestic consumption. On balance, we view these sectors as offering the greatest chance of delivering earnings growth in the next 12 months, and they are attractively valued.

As we believe that current valuations in the technology sector imply medium-term growth rates that will be difficult to achieve, we expect to maintain an underweight position in technology stocks.

While sector positioning is an important driver of portfolio construction, stock selection will be the key performance factor in the coming year.

Stuart Parks

24 June 2005

## Classification of Investments

at 30 April

	2005		2004	
	At Valuation £'000	% of Portfolio	At Valuation £'000	% of Portfolio
<b>Australia</b>				
Consumer Staples	334	0.5	—	—
Materials	354	0.5	—	—
Healthcare	667	1.0	—	—
Transport	704	1.0	—	—
Financials	4,083	5.9	2,459	3.9
	<b>6,142</b>	<b>8.9</b>	<b>2,459</b>	<b>3.9</b>
<b>China</b>				
Energy	1,262	1.8	897	1.4
Consumer Discretionary	1,133	1.6	—	—
Industrials	735	1.1	615	1.0
Healthcare	—	—	285	0.5
Telecommunications Services	—	—	502	0.8
Utilities	—	—	1,226	2.0
	<b>3,130</b>	<b>4.5</b>	<b>3,525</b>	<b>5.7</b>
<b>Hong Kong</b>				
Energy	303	0.4	—	—
Consumer Staples	—	—	977	1.5
Materials	—	—	331	0.5
Consumer Discretionary	1,747	2.5	1,091	1.7
Industrials	1,577	2.3	284	0.5
Financials	8,948	13.0	7,394	11.8
Telecommunication Services	2,313	3.3	579	0.9
Utilities	276	0.4	287	0.5
	<b>15,164</b>	<b>21.9</b>	<b>10,943</b>	<b>17.4</b>
<b>India</b>				
Energy	—	—	156	0.3
Materials	1,056	1.5	496	0.8
Consumer Discretionary	386	0.6	—	—
Healthcare	703	1.0	—	—
Financials	1,095	1.6	873	1.4
Information Technology	1,368	2.0	1,151	1.8
	<b>4,608</b>	<b>6.7</b>	<b>2,676</b>	<b>4.3</b>
<b>Indonesia</b>				
Consumer Staples	687	1.0	—	—
Financials	495	0.7	711	1.2
	<b>1,182</b>	<b>1.7</b>	<b>711</b>	<b>1.2</b>
<b>Malaysia</b>				
Energy	569	0.8	—	—
Consumer Discretionary	711	1.0	817	1.3
Industrials	1,021	1.5	1,013	1.6
Financials	953	1.4	3,445	5.5
Telecommunication Services	—	—	699	1.1
Utilities	5	—	4	—
	<b>3,259</b>	<b>4.7</b>	<b>5,978</b>	<b>9.5</b>

## Classification of Investments

*continued*

	2005		2004	
	At Valuation £'000	% of Portfolio	At Valuation £'000	% of Portfolio
<b>Philippines</b>				
Financials	37	0.1	32	0.1
Utilities	40	0.1	—	—
	77	0.2	32	0.1
<b>Singapore</b>				
Consumer Discretionary	1,859	2.7	1,263	2.0
Industrials	1,212	1.7	396	0.6
Financials	3,298	4.8	3,397	5.5
Telecommunication Services	609	0.9	—	—
	6,978	10.1	5,056	8.1
<b>South Korea</b>				
Energy	766	1.1	—	—
Consumer Staples	339	0.5	1,439	2.3
Materials	—	—	592	0.9
Consumer Discretionary	2,830	4.1	3,786	6.1
Industrials	777	1.1	—	—
Financials	3,553	5.2	4,084	6.5
Information Technology	3,756	5.4	3,440	5.5
Telecommunication Services	1,402	2.0	3,504	5.6
	13,423	19.4	16,845	26.9
<b>Taiwan</b>				
Consumer Staples	—	—	255	0.4
Materials	1,359	2.0	641	1.0
Consumer Discretionary	657	0.9	—	—
Industrials	830	1.2	—	—
Financials	3,636	5.2	3,787	6.0
Information Technology	4,762	6.9	5,754	9.2
Telecommunication Services	1,085	1.6	—	—
	12,329	17.8	10,437	16.6
<b>Thailand</b>				
Energy	1,090	1.6	—	—
Financials	1,116	1.6	1,676	2.7
Telecommunication Services	—	—	1,219	2.0
Utilities	601	0.9	—	—
	2,807	4.1	2,895	4.7
<b>Other</b>				
Financials	—	—	1,017	1.6
	—	—	1,017	1.6
<b>Total Market Value</b>	<b>69,099</b>	<b>100.0</b>	<b>62,574</b>	<b>100.0</b>

## Investments in Order of Valuation

at 30 April 2005

Ordinary shares unless otherwise stated

Company	Principal Activity	Country	At Market Value £'000	% of Portfolio
Samsung Electronics	Technology Hardware Equipment	South Korea	3,758	5.4
Jardine Matheson	Diversified Financial	Hong Kong	2,853	4.1
Australia & New Zealand Bank	Banking	Australia	2,668	3.9
Hyundai Mobis	Automobiles & Components	South Korea	2,071	3.0
Taiwan Semiconductor	Semiconductors	Taiwan	2,020	2.9
United Overseas Bank	Banking	Singapore	1,990	2.9
Singapore Press	Media	Singapore	1,859	2.7
Sinopac	Diversified Financial	Taiwan	1,678	2.4
China Mobile	Telecommunications	Hong Kong	1,606	2.3
ChinaTrust Financial	Banking	Taiwan	1,583	2.3
Asustek Computer	Technology Hardware Equipment	Taiwan	1,526	2.2
SK Telecom	Telecommunication Services	South Korea	1,402	2.0
Cheung Kong	Real Estate	Hong Kong	1,380	2.0
Satyam Computer	Software & Services	India	1,368	2.0
Hang Lung Properties	Real Estate	Hong Kong	1,281	1.9
New World Development	Real Estate	Hong Kong	1,275	1.8
Swire Pacific	Diversified Financial	Hong Kong	1,255	1.8
Hon Hai Precision	Technology Hardware Equipment	Taiwan	1,216	1.8
Daegu Bank	Banking	South Korea	1,199	1.7
Weiqiao Textile	Consumer Durables & Apparel	China	1,133	1.6
ICICI Bank	Banking	India	1,095	1.6
PTT Public Company	Energy	Thailand	1,089	1.6
Sinopec	Energy	China	949	1.4
Hana Bank	Banking	South Korea	908	1.3
Siam City Bank	Banking	Thailand	860	1.2
Ports Design	Consumer Durables & Apparel	Hong Kong	850	1.2
Wan Hai Lines	Transportation	Taiwan	830	1.2
Daelim Industrial	Capital Goods	South Korea	777	1.1
GS Corporation	Energy	South Korea	766	1.1
Wing Lung Bank	Banking	Hong Kong	761	1.1
Sembcorp Industries	Capital Goods	Singapore	757	1.1
Samsung Fire & Marine	Insurance	South Korea	753	1.1
Noble	Capital Goods	Hong Kong	732	1.1

## Investments in Order of Valuation

*continued*

Company	Principal Activity	Country	At Market Value £'000	% of Portfolio
QBE Insurance	Insurance	Australia	725	1.1
China Steel	Materials	Taiwan	719	1.0
Genting	Hotels, Restaurants & Leisure	Malaysia	711	1.0
China Netcom	Telecommunications	Hong Kong	707	1.0
Transurban	Transportation	Australia	704	1.0
Nicholas Piramal	Healthcare	India	703	1.0
Industrial Bank of Korea	Banking	South Korea	693	1.0
Westpac Bank	Banking	Australia	690	1.0
H M Sampoerna	Food, Beverages & Tobacco	Indonesia	687	1.0
DCA	Healthcare	Australia	667	1.0
Far Eastone Telecommunications	Telecommunication Services	Taiwan	663	1.0
Formosa Chemical & Fibre Company	Materials	Taiwan	639	0.9
Mobileone	Telecommunication	Singapore	609	0.9
Electricity Generating	Utilities	Thailand	601	0.9
Scomi	Energy	Malaysia	569	0.8
Cosco Pacific	Transportation	Hong Kong	567	0.8
United Phosphorous	Software & Services	India	565	0.8
Bandar Raya Developments	Capital Goods	Malaysia	563	0.8
IGB Corporation	Real Estate	Malaysia	562	0.8
Formosa International Hotel	Hotels, Restaurants & Leisure	Taiwan	516	0.7
Hong Kong & Shanghai Hotels	Hotels, Restaurants & Leisure	Hong Kong	499	0.7
Bank Danamon	Banking	Indonesia	495	0.7
Hindalco Industries	Materials	India	491	0.7
Capitaland	Real Estate	Singapore	461	0.7
Keppel Corporation	Capital Goods	Singapore	455	0.7
Taiwan Mobile	Telecommunication Services	Taiwan	422	0.6
Shanghai Electric	Capital Goods	China	413	0.6
IJM Corporation	Capital Goods	Malaysia	400	0.6
Hyundai Motor Company	Automobiles & Components	South Korea	395	0.6
Maa Holdings	Insurance	Malaysia	390	0.6
Motor Industries	Automobiles & Components	India	386	0.6
Yuanta Core Pacific	Diversified Financial	Taiwan	376	0.6
CJ Corporation	Food, Beverages & Tobacco	South Korea	362	0.5
Zinifex	Materials	Australia	354	0.5
Amore Pacific	Household & Personal Products	South Korea	339	0.5
Futuris	Food, Beverages & Tobacco	Australia	334	0.5
Keppel Land	Real Estate	Singapore	325	0.5
Anhui Expressway	Transportation	China	322	0.5

<b>Company</b>	<b>Principal Activity</b>	<b>Country</b>	<b>At Market Value £'000</b>	<b>% of Portfolio</b>
Petrochina	Energy	China	313	0.5
Xinao Gas Holdings	Energy	Hong Kong	303	0.4
Guangdong Investment	Capital Goods	Hong Kong	277	0.4
China Resources Power	Utilities	Hong Kong	276	0.4
Kiatnakin Finance	Diversified Financial	Thailand	257	0.4
Oriental Press	Media	Hong Kong	241	0.3
Ascendas Real Estate	Real Estate	Singapore	224	0.3
The Ascott	Real Estate	Singapore	172	0.2
Dickson Concept	Retailing	Hong Kong	158	0.2
Tai Cheung	Real Estate	Hong Kong	143	0.2
Far East Textile	Consumer Durables & Apparel	Taiwan	141	0.2
City Developments	Real Estate	Singapore	75	0.1
Kris Components	Capital Goods	Malaysia	59	0.1
Capitacommercial	Real Estate	Singapore	51	0.1
Manila Water	Utilities	Philippines	40	0.1
Ayala Corporation	Diversified Financial	Philippines	37	0.1
YTL Corporation – warrants	Utility	Malaysia	5	0.0
<b>Total Value of Investments</b>			<b>69,099</b>	<b>100.0</b>

## Directors

### Directors

#### **David Hinde** (*Chairman*)

*(Appointed 17 June 2003)*

Aged 66, qualified and practised as a solicitor for five years before moving into investment banking. Much of his career has been connected with the Far East; from 1977-1982 he worked in Hong Kong with Wardley Limited, part of the HSBC Group, and then returned to London for twelve years to run international corporate finance at Samuel Montagu & Co. Limited, also part of the HSBC Group. From 1994-1998 he was an executive director of Dah Sing Group, the Hong Kong based banking and financial services group, on whose board he remains as a non-executive director.

He is a member of the Management Engagement Committee and Chairman of the Nomination Committee.

#### **Robin Baillie**

*(Appointed 7 April 1995)*

Aged 71, was a director of Standard Chartered PLC from 1983-1994 and managing director of Standard Chartered Merchant Bank Limited from 1977-1985. He is a director of City Merchants High Yield Trust plc and of other companies. He is a member of the Audit Committee, the Management Engagement Committee and the Nomination Committee.

#### **Bryan Lenygon**

*(Appointed 7 April 1995)*

Aged 73, is a chartered accountant and a barrister. From 1975-1988 he was a director of Gartmore Investment Management Limited. He is a director of several other investment trust companies. He is the Chairman of both the Audit Committee and the Management Engagement Committee and a member of the Nomination Committee.

#### **Sir Robin McLaren**

*(Appointed 18 April 1995)*

Aged 70, retired from the Diplomatic Service in 1994. Much of his career was spent in, or dealing with, the Far East, including appointments as Ambassador to the Philippines (1985-1987) and to China (1991-1994). He served three times in Hong Kong and held senior positions at the Foreign Office with Asia-wide responsibilities. He is a director of Gartmore Asia Pacific Trust plc and Fidelity Asian Values plc. He is a member of the Audit Committee, the Management Engagement Committee and the Nomination Committee.

#### **Duncan Neil (known as Peter) Robertson**

*(Appointed 7 April 1995)*

Aged 65, was a director of M&G Investment Management Limited from 1972-1995 and responsible for the Group's Far East investments from 1971. He is a director of MG Capital plc and China Assets (Holdings) Limited. He is a member of the Audit Committee, the Management Engagement Committee and the Nomination Committee.

## Manager and Advisers

### Investment Process

INVESCO's active management approach for the Company emphasises pragmatism and flexibility, a focus on valuation and a combination of top-down and bottom-up fundamental analysis. This process has been tested in a variety of economic and market climates.

The Company's portfolio is managed by Stuart Parks who joined INVESCO (formerly Perpetual) in 1994, having begun his investment management career in 1985. He is Co-Head of Asian Equities and has been lead manager of the INVESCO Asian Equity Core Fund since February 1998. He is also responsible for the management of other funds within the INVESCO Group with a value in excess of US\$1 billion.

### Manager, Secretary, and Registered Office

#### INVESCO Asset Management Limited

30 Finsbury Square  
London EC2A 1AG  
☎ 020 7065 4000  
Secretarial contact: Kelly Chandler

Registered in England and Wales  
Number 3011768

### INVESCO Investor Services

INVESCO has an Investor Services Team, available to assist you from 8.30 am to 6.00 pm every working day. Please feel free to take advantage of their expertise.  
☎ 0800 085 8677

### Custodian

JP Morgan Chase Bank  
1 Chaseside  
Bournemouth  
BH7 7DB

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham, Kent BR3 4TU.

If you hold your shares directly and not through a savings scheme, ISA or PEP and have queries relating to your shareholding, you should contact the Registrars.

☎ 0870 1623 100

Shareholders holding shares directly can also access their holding details via Capita's website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

Capita Registrars provide an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This website is [www.capitadeal.com](http://www.capitadeal.com)

☎ 0870 458 4577

### Independent Auditors

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

### Stockbrokers

JP Morgan Cazenove Limited  
20 Moorgate  
London EC2R 6DA

### Savings Scheme Administrators

The Bank of New York Europe Limited  
PO Box 23026, 12 Blenheim Place  
Edinburgh EH7 5ZR  
☎ 0131 525 9819

### ISA and PEP Administration

BNP Paribas Securities Services  
Block C, Western House  
Lynchwood Business Park  
Peterborough PE2 6BP  
☎ 0800 085 8677

## Shareholder Information

The shares of INVESCO Asia Trust plc are quoted on the London Stock Exchange. Purchases and sales can be arranged in a number of different ways. Some examples:

*Stockbroker; Bank; Share Shop; On-Line Dealing; and on-line and telephone dealing at Capita Registrars.*

In addition to these options, INVESCO Asia Trust plc is a member of the **INVESCO Investment Trust Savings Scheme**, the **INVESCO Investment Trust ISA** and the **INVESCO Investment Trust PEP**. Shares in this Trust and most other Trusts managed by INVESCO can be purchased and sold via these schemes.

Investment through the INVESCO Investment Trust PEP continues to be available as a PEP transfer investment only.

### INVESCO Investment Trust Savings Scheme

The INVESCO Investment Trust Savings Scheme allows an investor to make monthly contributions of £25 and above or to make lump sum purchases of £1,000 and above in the shares of INVESCO Asia Trust plc or any of the Trusts managed by INVESCO in a straightforward and low cost way.

For those investors who use professional advisers the Scheme allows for payment of 3% commission on lump sum purchases.

### The INVESCO Investment Trust ISA

The INVESCO Investment Trust ISA is a Maxi ISA allowing investment of up to £7,000 in the tax year. Investors are allowed to make monthly contributions of £50 and above or to make lump sum purchases of £1,000 and above in the shares of INVESCO Asia Trust or any of the Trusts managed by INVESCO.

For full details of these Investment Schemes contact Investor Services free on ☎ 0800 085 8677.

### Net Asset Value (NAV) Publication

The NAV is published daily in the *Financial Times* and the *Daily Telegraph*. It is based on the NAV which is calculated as at the close of business on Wednesday of each week and is notified to the Stock Exchange the next business day.

### Share Price Listings

The price of your shares can be found in the following places:

<b>Financial Times</b>	Investment Companies
<b>Daily Telegraph</b>	Investment Trusts
<b>Reuters</b>	
ordinary shares	IAT.L
<b>Bloomberg</b>	<b>Page</b>
ordinary shares	IAT.LN
<b>Internet addresses</b>	
INVESCO	<a href="http://www.invesco.co.uk/investmenttrusts">www.invesco.co.uk/ investmenttrusts</a>
Trust Net	<a href="http://www.trustnet.com">www.trustnet.com</a>
Interactive Investor	<a href="http://www.iii.co.uk">www.iii.co.uk</a>
Association of investment trusts	<a href="http://www.aitc.co.uk">www.aitc.co.uk</a>

The current share price can also be obtained by calling **0906 843 5229** (calls are charged at 60p per minute at all times).

### Financial Calendar

In addition, the Company publishes information according to the following calendar:

#### Announcements

Interim unaudited results	December
Preliminary final results	June

#### Ordinary Share Dividends

Final payable	July/August
<b>Annual General Meeting</b>	July/August
<b>Year end</b>	30 April

#### Location of Annual General Meeting

To be held at 12 noon on Tuesday, 26 July 2005 at 30 Finsbury Square, London EC2A 1AG

Following the AGM refreshments will be served.



## Report and Financial Statements

20	Report of the Directors
24	Directors' Remuneration Report
26	Corporate Governance
31	Statement of Directors' Responsibilities
32	Independent Auditors' Report
34	Statement of Total Return
34	Reconciliation of Movement in Shareholders' Funds
35	Balance Sheet
36	Cash Flow Statement
37	Notes to the Financial Statements

## Report of the Directors

for the year ended 30 April 2005

### Introduction

The Directors present their report together with the audited financial statements of the Company for the year ended 30 April 2005

The Company was incorporated and registered in England and Wales as a public limited company under the Companies Act 1985, registered number 3011768.

### Company's Business

The Company is an investment company within the meaning of Section 266 of the Companies Act 1985. The Company has received written approval from the Inland Revenue as an investment trust, under Section 842 of the Income and Corporation Taxes Act 1988, for the year ended 30 April 2004, although approval for that year is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval.

During the financial year under review the Board has pursued the investment policy summarised on the inside front cover of this document. No significant changes to this policy are currently envisaged.

The Chairman's Statement appears on pages 4 and 5 and the Manager's Report on pages 6 to 10.

<b>Revenue and Dividends</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Net revenue after tax for the financial year	993	591
Recommended total dividend of 0.9p (2004: 0.5p) per ordinary share amounts to	(954)	(530)
<hr/>		
Transfer to reserves	39	61

Subject to approval at the Annual General Meeting, the proposed final dividend of 0.9p per ordinary share will be payable on 29 July 2005 to shareholders registered on 1 July 2005.

### Share Valuations

On 30 April 2005 the mid-market price and the net asset value per 10p ordinary share were 57.8p and 66.1p respectively. The comparable figures on 30 April 2004 were 53.5p and 60.5p.

### Warrants

During the year, holders of 200 warrants exercised their subscription rights and as a result 200 ordinary shares of 10p each were issued. All the remaining warrants lapsed on 25 August 2004.

### Special Business at the Annual General Meeting ("AGM")

Three items of Special Business will be considered at the AGM.

#### *Directors' Power to Allot Shares*

A special resolution will be proposed to renew the Directors' authority to allot relevant securities up to an aggregate nominal amount of £3,531,727, 33.33% of the issued share capital and equity securities for cash otherwise than strictly pro-rata to existing shareholders in the case of a rights issue and also otherwise than to existing shareholders up to an aggregate nominal amount of £529,812 or 5.0 per cent. of the issued share capital. The Directors will exercise the authority, as necessary, to satisfy demand from participants in the INVESCO Sharesave and Personal Equity Plans or ISAs. Under no circumstances will the Directors use the authority to dilute the interests of existing shareholders by issuing shares at a price less than the net asset value (which may be unaudited) attributable to the shares at the time of issue.

*Share Buy backs*

A special resolution will be proposed to renew the Directors' authority to buy back shares up to a maximum of 15,883,767 of the Company's shares, or 14.99 per cent. of the present issued share capital. The Directors will use this facility at their discretion in order to ease the demand/supply flow in the Company's shares. Your Board has not exercised its share buy back authority this year.

*Directors' Indemnity*

A special resolution will be proposed to amend the Company's Articles of Association to widen the Company's right to indemnify its Directors. These amendments will widen the scope of the indemnity available to an individual Director in respect of liabilities incurred to third parties in the course of *discharging his or her duties, including the provision by the Company of funds to cover costs incurred in defending legal proceedings brought against him or her, as they are incurred.*

**Substantial Holdings in the Company**

At 22 June 2005 the Company had been notified of the following holdings of 3 per cent. and over of the Company's share capital carrying unrestricted voting rights:

	<i>Holding</i>	<i>%</i>
Sarasin Investment Funds SICAV	10,593,225	10.00
BAE Systems Pension Fund	9,188,000	8.67
Derbyshire County Council	8,475,000	8.00
Lazard Asset Management	5,247,000	4.95
F&C Asset Management	5,178,000	4.89
Newstar Asset Management	4,050,000	3.82
Bank of England Pension Fund	4,000,000	3.78
iimia Investment Group	3,665,000	3.46
Nelson Investment Management	3,471,287	3.28
Bestinvest	3,275,542	3.10

**Directors**

The present members of the Board, all of whom served throughout the year, are listed on page 16.

**Directors' Interests**

The beneficial interests of the Directors in the share capital of the Company at 30 April 2005 are set out below:

	<i>2005</i>	<i>2004</i>
	<i>Number</i>	<i>Number</i>
<i>Ordinary shares</i>		
David Hinde	<b>5,000</b>	5,000
Robin Baillie	<b>5,000</b>	5,000
Sir Robin McLaren	<b>4,500</b>	4,500
Peter Robertson	<b>5,000</b>	5,000
<i>Warrants</i>		
Robin Baillie	—	5,000

Save as aforesaid, no Director had any interest, beneficial or otherwise, in the shares or warrants of the Company during the year.

No changes in the above interests occurred between the year end and 24 June 2005.

## Report of the Directors

*continued*

### **Disclosable Interests**

No Director is under a contract of service with the Company and no Director was a party to or had an interest in any contract or arrangement with the Company at any time during the year.

### **Assessment of the Investment Manager**

The performance of the Manager is subject to continuing review by the Board, and an annual review of the management contract is undertaken by the Management Engagement Committee.

The Board has reviewed the Manager's performance in the roles of Investment Manager, Company Secretary and Administrator. As part of this review the Board considered the competence and continuity of service of the personnel assigned to handle the Company's affairs, the investment process and performance.

In March 2004, Stuart Parks was appointed Manager of the Company and the performance of the Company has since improved.

Taking into account the performance of the portfolio, the other services provided by the Manager and the risk and governance environment in which the Company operates, the Board considers that the continuation of the management contract is in the best interests of shareholders.

### **Statement of Manager's Responsibilities**

INVESCO Asset Management Limited were appointed Manager and Secretary under an agreement dated 2 June 1995, subsequently revised on 14 July 1997 and 28 January 2004. The Manager is generally responsible for the day-to-day investment management activities of the Company, seeking and evaluating investment opportunities and analysing the results of investee companies. The Manager has full discretion to manage the assets of the Company in accordance with the Company's stated objectives and policies as determined from time to time by the Board. Within the guidelines specified by the Board the Manager has discretion to make purchases and sales, make and withdraw cash deposits, enter into underwriting commitments and exercise all rights over the investment portfolio. The Manager also advises on currency exposures and borrowings.

As administrator to the Company, the Manager provides full company secretarial services, ensuring that the Company complies with all legal, regulatory and corporate governance requirements and attending on the Directors at Board meetings and shareholders' meetings. The Manager maintains records of the Company's investment transactions and portfolio and of all monetary transactions, from which it prepares interim and annual financial statements on behalf of the Company and various statistical reports and information throughout the year.

### **Report of the Audit Committee**

The Audit Committee is responsible to the Board for reviewing each aspect of the financial reporting process, the systems of internal control and the management of financial risks, the audit process, the Company's processes for monitoring compliance with laws and regulations, its code of business conduct and for making recommendations to the Board.

The Company's internal financial controls and risk management systems have been reviewed with the Manager against the risk parameters approved by the Board. The Committee has also received a satisfactory report on the Manager's internal operations from the Manager's Compliance and Internal Audit Officer.

The audit programme and timetable is drawn-up and agreed with the Auditors in advance of the Company's financial year-end. At that stage, matters for audit focus are discussed and agreed. These matters are given particular attention during the audit process and, among other matters, are reported on by the Auditors in their audit review for the Committee. The audit review is considered by the Committee and discussed with the Auditors and the Manager prior to approval and signature of the Financial Statements.

The Committee has reviewed the Financial Statements for the year ended 30 April 2005 with the Manager and the Auditors at the conclusion of the audit process.

Details of the Audit fee and fees for taxation and advisory services are shown in note 4 to the Financial Statements. Non-audit work undertaken on behalf of the Company by the Auditors is restricted to the Company's taxation affairs. The Committee has considered the non-audit services provided by the Auditors, and has concluded that they do not impinge on the Auditors' objectivity and independence in carrying out their audit work.

#### **International Financial Reporting Standards ("IFRS")**

Following the development of accounting standards to encompass all EU countries' generally accepted accounting principles ("GAAP") under the common GAAP of IFRS, changes in the accounting world are happening at a fast pace.

This has not affected the year ended 30 April 2005 financial statements, which have been prepared in accordance with UK GAAP. However, the Company will have the option to prepare its future financial statements in accordance with IFRS and it has identified the accounting and disclosure issues which would arise as a result. The main effects would be the valuation of the investments on a fair value (bid) basis and the recognition of equity dividends on an approved as opposed to proposed basis.

The Association of Investment Trust Companies is urging caution in adopting IFRS as, first, UK GAAP is moving rapidly towards IFRS and, secondly, once adopted, any adoption cannot be reversed. The Board will keep developments under review and the Company will adopt IFRS if and/or when it is felt appropriate to do so, taking into account all the then known factors.

#### **Individual Savings Account ("ISA") and Personal Equity Plan ("PEP") eligibility**

The ordinary shares of the Company are qualifying investments under applicable ISA and PEP regulations.

#### **Creditor Payment Policy**

It is the Company's policy to obtain the best terms for all business, including purchases of investments, and to abide by those agreed terms. The Company had no trade creditors at 30 April 2005 (2004: nil).

#### **Independent Auditors**

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the AGM.

#### **AGM**

Shareholders will find on pages 47 to 49 the notice of the forthcoming AGM of the Company to be held on Tuesday 26 July 2005 at 12 noon.

*By order of the Board*

**INVESCO Asset Management Limited**

Secretary

30 Finsbury Square  
London  
EC2A 1AG

24 June 2005



**For INVESCO Asset Management  
Limited Secretaries**

## Directors' Remuneration Report

*for the year ended 30 April 2005*

The Board presents this Report which has been prepared under the requirements of Schedule 7A of the Companies Act 1985. An ordinary resolution for the approval of this Report will be put to shareholders at the AGM.

Your Company's auditors are required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are so indicated in this Report. The independent auditors' opinion is included in their Report on pages 32 and 33.

### **Remuneration Committee**

As the Board is considered small for the purposes of the 2003 Financial Reporting Council Combined Code ("the Code"), all Directors are members of the Remuneration Committee.

The Remuneration Committee is responsible, under the Chairmanship of Robin Baillie, for reviewing the remuneration of the Company's non-executive Directors on a regular basis in a fair and thorough manner. The Remuneration Committee has written terms of reference, which clearly define its responsibilities and duties. The terms of reference were reviewed and updated in June 2004 to ensure compliance with the Code. They will be available for inspection at the AGM and can be inspected at the Registered Office of the Company.

### **Policy on Directors' Remuneration**

The Board's policy is that the remuneration of non-executive Directors should be fair and reasonable in relation to the duties and responsibilities involved and to that of other comparable investment trusts. It is intended that this policy will continue for the year ending 30 April 2006 and subsequent years.

Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum aggregate Directors' emoluments authorised by the Company's Articles of Association is £100,000 per annum. The Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits.

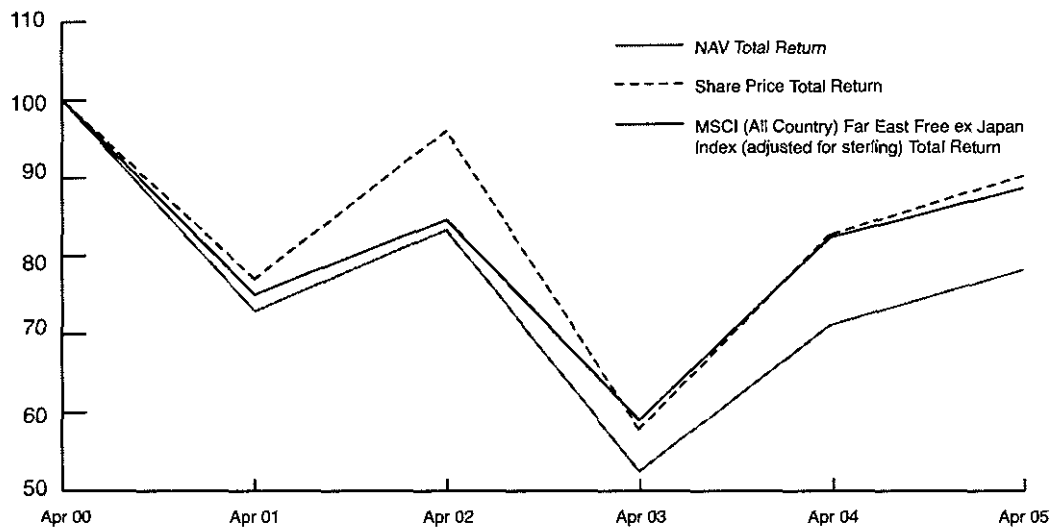
In light of increasing demands and accountability of the new corporate governance environment, the Board has recognised the additional workload that each Director has and will continue to experience. For this reason, the Board has concluded that the remuneration be increased to £18,500 for the Chairman, £16,500 for the Audit Committee Chairman and £15,000 for the other Directors, with effect from 1 November 2004.

### **Directors' Service Contracts**

It is the Board's policy that none of the Directors has a service contract. The terms of the Directors' appointment provide that a Director shall retire and be subject to re-election at the first annual general meeting after appointment and at least every three years thereafter. The terms also provide that a Director may be removed from office without notice and that no compensation will be due on leaving office.

**Your Company's Performance**

The graph below plots the total return share price and net asset value to ordinary shareholders compared to the total return of the MSCI (All Country) Far East Free ex Japan Index (adjusted for sterling) over the five years to 30 April 2005. This index is the benchmark adopted by the Company for performance measurement purposes as it is considered by the Board to be the most appropriate index. Figures have been rebased to 100 at 30 April 2000.



**Directors' Emoluments for the Year (audited)**

The Directors who served during the year received the following emoluments in the form of fees:

	2005 £'000	2004 £'000
David Hinde (Chairman of the Board)	13	10
Robin Baillie (previous Chairman of the Board)	16	15
Bryan Lenygon (Chairman of the Audit Committee)	15	14
Sir Robin McLaren	14	12
Duncan Neil (known as Peter) Robertson	14	12
The Hon. Michael Benson – retired 5.8.03	—	1
<b>Total</b>	<b>72</b>	<b>64</b>

In 2004, of the Directors' emoluments disclosed above, £1,000 was paid to a third party in respect of making available the services of The Hon. Michael Benson. This fee was assigned to INVESCO Asset Management Limited.

The Company maintains a policy of indemnity insurance on behalf of Directors.

**Approval**

The Directors' Remuneration Report on pages 24 to 25 was approved by the Board of Directors on 24 June 2005.

*Signed on behalf of the Board of Directors*

*Robin Baillie*  
Robin Baillie, Director

## Corporate Governance

*Directors' Statement of Compliance with the 2003 Financial Reporting Council Combined Code ("the Code") and the Association of Investment Trust Companies' Code of Corporate Governance ("the AITC Code")*

### The Principles

The Directors are accountable to Shareholders for the governance of the Company's affairs. This Statement describes how the principles of the Code have been applied in the affairs of the Company. The Directors are committed to maintaining the highest standards of Corporate Governance. In applying the principles of the Code, the Directors have also taken account of the recommendations of the AITC Code, which establishes a framework of best practice specifically for the boards of investment trust companies. There is some overlap in the principles laid down by the two Codes and there are some areas where the AITC Code is more flexible for investment trust companies. Where the Directors have relied on the greater flexibility of the AITC Code, the variance with the Code has been highlighted in this Statement.

During the year under review, a comprehensive review of the Company's corporate governance procedures was carried out. The main outcomes of this review comprised:

- updated terms of reference for the Board and Audit Committee;
- new terms of reference for the Management Engagement, Nomination and Remuneration Committees;
- new appointment policy and a revised appointment letter for new non-executive directors;
- updated tenure policy for the Board;
- updated policy for the remuneration of Directors;
- updated Directors induction process;
- process for Board, Committee and Directors' performance appraisal; and
- new policy for the provision of non-audit services.

The Directors believe that, during the period under review, they have complied with the provisions of Section 1 of the Code, insofar as they are relevant to the Company's business, and with the provisions of the AITC Code, save in respect of those matters discussed below as being in the course of implementation and except as explained under the relevant sections.

### Directors

#### Independence

The Board consists of five non-executive Directors, all of whom are considered independent. Robin Baillie is also a director of City Merchants High Yield Trust plc, an investment trust company managed by INVESCO Asset Management Limited. The Board considers that Mr Baillie's position as a director of City Merchants High Yield Trust plc does not affect his independence in matters relating to the Company and does not compromise his integrity or impartiality in carrying out his responsibilities as a Director of the Company.

Furthermore, the Board considers that the independence of Messrs Baillie, Lenygon, Robertson and Sir Robin McLaren all of whom were appointed to the Board at the Company's inception in 1995, is not compromised by their length of service but, to the contrary, is strengthened by experience. Each of these Directors will seek re-election annually. In this respect the Board has complied with the AITC Code whereby Directors should be re-elected annually should their service total more than nine years.

Messrs Baillie and Lenygon and Sir Robin McLaren have attained the age of 70 and, therefore, in accordance with s.293 of the Companies Act 1985, special notice is required of resolutions re-electing them as Directors.

The Directors have a range of business, financial and asset management skills and, experience relevant to the direction and control of the Company. Brief biographical details of members of the Board are shown on page 16.

### **Senior Independent Director**

The Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations with creditors and suppliers to the Company are properly considered. In view of this fact, the Board does not consider it appropriate to identify a "senior independent director" as recommended by the Code. All the Directors are therefore available to shareholders if they have concerns which contact through the normal channels of Chairman or Manager have failed to resolve, or for which such contact is inappropriate.

### **Chairman**

The Chairman is David Hinde. Since all Directors are non-executive and day to day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer.

### **Supply of Information**

The Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made. The Board meets six times each year and additional meetings are arranged as necessary. Regular contact is maintained between the Manager and the Board between formal meetings.

Board meetings follow a formal agenda, which includes a review of the investment portfolio, with a report from the Manager on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance and industry and other issues.

### **Board Responsibilities**

The Board is responsible for promoting the success of the Company by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed. A formal schedule of matters reserved for decision by the Board and detailing the responsibilities of the Board has been established. The Schedule of Matters was reviewed and updated in June 2004, to ensure compliance with the Code. The main responsibilities include: setting the Company's objectives and standards, ensuring that the Company's obligations to shareholders and others are understood and complied with, approving accounting policies and dividend policy; managing the capital structure; setting long-term objectives and strategy; assessing risk; reviewing investment performance; approving loans and borrowing; and controlling risks.

### **The Manager's Responsibilities**

The Manager is responsible for the day-to-day investment management decisions of the Company and for provision of Company Secretarial and Accounting Services. A statement of the Manager's responsibilities is shown on page 22.

### **Audit Committee**

The Audit Committee is comprised of all the Directors other than the Chairman, under the Chairmanship of Bryan Lenygon. Committee members consider that collectively they are appropriately experienced to fulfil the role required. The Committee has written terms of reference which, are reviewed annually, and clearly define its responsibilities. The terms of reference were reviewed and updated in June 2004 to ensure compliance with the Code. The terms of reference of the Audit Committee, including its role and authority, will be available for inspection at the AGM and can be inspected at the Registered Office of the Company.

The Committee meets at least twice each year to review internal financial and non-financial controls, to approve the contents of the draft interim and annual reports to shareholders and to review the accounting policies. In addition, the Committee reviews the Auditors' independence, objectivity and effectiveness, the quality of the services of the service providers to the Company and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements.

## Corporate Governance

*continued*

Representatives of the Manager's internal audit and compliance teams attend these meetings. Representatives of PricewaterhouseCoopers LLP, the Company's auditors, attend the Committee meeting at which the draft annual report and financial statements are reviewed.

The Chairman of the Audit Committee will be present at the AGM to deal with questions relating to the Annual Report and Accounts.

### **Nomination Committee**

All non-executive Directors are members of the Nomination Committee under the Chairmanship of David Hinde. The main responsibilities of the Nomination Committee are to review the size, structure and skills of the Board and to make recommendations with regard to any changes considered necessary or new appointments. The Nomination Committee has written terms of reference, which are reviewed annually and clearly define its responsibilities and duties. The terms of reference were reviewed and updated in June 2004 to ensure compliance with the Code.

No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment which are available for inspection at the Registered Office of the Company and will be available at the AGM. The Articles of Association require that each Director shall retire at an AGM every three years after appointment or (as the case may be) last reappointment, and shall offer themselves for re-election. No Director serves a term of more than three years before re-election. A Director's normal tenure of office will be for three terms of three years, except that the Board may determine otherwise if it is considered that he remains independent and his continued participation on the Board is in the best interests of the Company and its shareholders. If this is the case, then a Director serving longer than nine years will seek re-election annually. Directors who reach the age of 70 are subject to s.293 of the Companies Act 1985, whereby special notice is required of a resolution appointing or re-electing them as directors of the Company. Messrs Baillie and Lenygon and Sir Robin McLaren are all over 70 and have served on the Board for longer than nine years and are therefore subject to both requirements each year. The necessary special notice has been given that they are over the age of 70.

*On appointment to the Board, Directors are fully briefed as to their responsibilities and are kept informed throughout their term in office of industry and regulatory developments. The Manager and the Board have formulated a programme of induction for newly-appointed Directors. The ongoing training requirements of Directors have yet to be finalised, but are expected to be completed for implementation before the 2006 financial year end. The Articles of Association provide that the Directors may, by notice in writing, remove any Director from the board without notice or compensation.*

Following the retirement of Mr Baillie as Chairman on 31 March 2005, the Board determined the appointment of Mr Hinde as the new Chairman.

Messrs Baillie, Lenygon, Robertson and Sir Robin McLaren are standing for re-election at this year's AGM. The Chairman confirms that the performance of these Directors continues to be effective and demonstrates commitment to the role and recommends to shareholders the approval of resolutions 5 to 8 relating to the Directors seeking re-election.

### **Board and Directors' Performance Appraisal**

During the year, an appraisal process was conducted to evaluate the performance of the Board as a whole, the Committees of the Board and of individual Directors. The results of the appraisal process were considered satisfactory and the Directors are confident in their ability to continue to make effective contributions and to demonstrate commitment to their respective roles.

### **Directors' Remuneration**

*Details of the Company's policy on remuneration and of payments to Directors are given in the Directors' Remuneration Report on pages 24 and 25.*

### **Company Secretary**

The Board has direct access to the advice and services of the Company Secretary, INVESCO Asset Management Limited. The Secretary is responsible for ensuring that the Board and Committee

procedures are followed and that all applicable regulations are observed. The Company Secretary is also responsible for ensuring the timely delivery of information and reports and that the statutory obligations of the Company are met.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense up to an initial cost of £5,000.

#### **Accountability and Audit**

The Directors' responsibilities for the Company's accounting records and financial statements are set out on page 31. The Auditors' Report appears on pages 32 and 33.

#### **Internal Financial and Non-Financial Controls**

The Directors acknowledge that they are responsible for the Company's system of internal financial and non-financial controls which have been in place throughout the year and up to the date of this report. The effectiveness of the Company's operations has been reviewed, and the control systems codified to facilitate regular monitoring and management of risks and to facilitate regular review by the Committee.

As stated above, the Board meets regularly and reviews financial reports and performance against revenue forecasts, stock market indices and the Company's peer group. In addition, the Manager and Custodian maintain their own systems of internal controls and the Board and Audit Committee receive regular reports from the Manager's Internal Audit and Compliance Departments. Formal reports are also produced on the internal controls and procedures in place for custodial, investment management and accounting activities and are reviewed annually by the Board.

The control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risk of failure to achieve business objectives. The Directors consider that these procedures enable the Company to comply with the Turnbull Guidance.

#### **Internal Audit Function**

The Directors have reviewed the need for the Company to establish an internal audit function, but, in view of the extent of the Manager's executive responsibilities, consider that such a function is not necessary.

#### **Auditors' Non-audit Services**

The Company's auditors also provide taxation and other advisory services to the Company. The cost of providing these services is stated in note 4 to the Financial Statements on page 39. In the opinion of the Committee, the Auditors' role in providing taxation and other advisory services to the Company does not compromise their objectivity or independence in carrying out their audit function. The scope for non-audit services is reviewed by the Audit Committee and approved prior to the Auditors' engagement.

#### **The Management Engagement Committee**

All Directors are members of the Management Engagement Committee. The Chairman of the Committee is Bryan Lenygon. The Management Engagement Committee has written terms of reference which clearly define its responsibilities and duties. The terms of reference were reviewed and updated in June 2004 to ensure compliance with the AITC Code. They will be available for inspection at the AGM and can be inspected at the Registered Office of the Company. The Committee meets annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager.

#### **Attendance at Scheduled Board and Committee Meetings**

All the Directors have a good attendance record at scheduled Board and Committee Meetings of the Company. The following table sets out the number of scheduled meetings held during the year and the number of meetings attended by each Director and member of each Committee.

## Corporate Governance

*continued*

	Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
David Hinde	6	6	2	2	1	1
Robin Baillie	6	5	2	1	1	1
Bryan Lenygon	6	6	2	2	1	1
Sir Robin McLaren	6	6	2	2	1	1
Duncan Robertson	6	4	2	2	1	1

### Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the interim and annual reports and accounts which aim to provide shareholders with a full understanding of the Company's activities and results. This information is supplemented by the daily calculation of the net asset value of the Company's ordinary shares, which is published via the Stock Exchange and in a monthly factsheet. A presentation is made by the Manager following the business of the AGM each year. Shareholders have the opportunity to address questions to the Chairman and the Chairmen of the Committees of the Board at the AGM. All shareholders are encouraged to attend the AGM.

It is the intention of the Board that reports and accounts be issued to shareholders so as to provide twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so, either on the reverse of the proxy card or in writing to the Company Secretary at the address given on page 17. At other times the Company responds to letters from shareholders on a range of issues.

There is a regular dialogue with individual institutional shareholders, and general presentations to both institutional shareholders and analysts following publication of the annual results. All meetings between the Manager and institutional shareholders are reported to the Board.

### Institutional Voting

The Board considers that the Company has a responsibility as a shareholder towards ensuring that high standards of Corporate Governance are maintained in the companies in which it invests. The Board does not seek to intervene in daily management decisions, but aims to support high standards of governance and, where necessary, will take the initiative to ensure those standards are met. The principal means of putting shareholder responsibility into practice is through the exercise of voting rights. Your Company's voting rights are exercised on an informed and independent basis and are not simply passed back to the company concerned for discretionary voting by its chairman.

### Socially Responsible Investing

The Manager considers various factors when evaluating potential investments. Some are financial ratios and measures, for example, free cash flow, earnings per share and price to book value. Others are more subjective indicators, which rely on first hand research such as the quality of the management and/or board of directors and innovation.

While a company's policy towards their own socially responsible investing is considered as part of the overall assessment of risks and suitability of the company for the portfolio, the Manager does not necessarily preclude an investment being made in the company on these grounds alone.

### Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Statement of Directors' Responsibilities

### *in respect of the preparation of financial statements*

The Directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results for the year to that date. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The financial statements are published on [www.invesco.co.uk/investmenttrusts](http://www.invesco.co.uk/investmenttrusts), which is a website maintained by the Company's Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## Independent Auditors' Report to the Shareholders of INVESCO Asia Trust plc

We have audited the financial statements which comprise the Statement of Total Return, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' Remuneration Report ("the auditable part").

### **Respective Responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities. The Directors are also responsible for preparing the Directors' Remuneration Report.

Our responsibility is to audit the financial statements and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Directors' Remuneration Report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Managers' Report, the Corporate Governance statement and the other items referred to in the Contents Section.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

### **Basis of Audit Opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Directors' Remuneration Report. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the auditable part of the Directors' Remuneration Report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs at 30 April 2005 and of its total return and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the Directors' Remuneration Report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

*Chartered Accountants and Registered Auditors*

London

24 June 2005

## Statement of Total Return (incorporating the revenue account)

for the year ended 30 April

	Notes	Revenue £'000	2005 Capital £'000	Total £'000	Revenue £'000	2004 Capital £'000	Total £'000
Gains on investments	9	—	5,281	5,281	—	16,948	16,948
Losses on foreign currency revaluation		—	(114)	(114)	—	(263)	(263)
Income	2	2,033	858	2,891	1,381	—	1,381
Investment management fee	3	(125)	(379)	(504)	(122)	(367)	(489)
Other expenses	4	(395)	—	(395)	(352)	—	(352)
<b>Net return before finance costs and taxation</b>							
		1,513	5,646	7,159	907	16,318	17,225
Interest payable and similar charges	5	(35)	(29)	(64)	(36)	(34)	(70)
<b>Return on ordinary activities before tax</b>							
		1,478	5,617	7,095	871	16,284	17,155
Tax on ordinary activities	6	(485)	237	(248)	(280)	105	(175)
<b>Return on ordinary activities after tax for the financial year</b>							
		993	5,854	6,847	591	16,389	16,980
Dividend in respect of equity shares	7	(954)	—	(954)	(530)	—	(530)
<b>Transfer to reserves</b>							
	14	39	5,854	5,893	61	16,389	16,450
<b>Return per ordinary share:</b>							
Basic and diluted	8	0.94p	5.52p	6.46p	0.55p	15.47p	16.02p

The Revenue column of this statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

## Reconciliation of Movement in Shareholders' Funds

for the year ended 30 April

	2005 £'000	2004 £'000
Revenue return for the year	39	61
Capital return for the year	5,854	16,389
<b>Net movement in Shareholders' funds</b>		
	5,893	16,450
Opening Shareholders' funds	64,136	47,686
<b>Closing Shareholders' funds</b>		
	70,029	64,136

The accompanying notes are an integral part of this statement

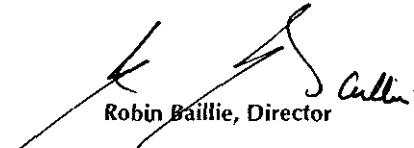
## Balance Sheet

at 30 April

	Notes	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Investments	9	69,099	62,574
<b>Current assets</b>			
Debtors	10	602	222
Cash at bank		5,476	2,399
		6,078	2,621
<b>Creditors: amounts falling due within one year</b>	11	(5,114)	(1,059)
<b>Net current assets</b>		964	1,562
<b>Total assets less current liabilities</b>		70,063	64,136
<b>Provisions for liabilities and charges</b>	12	(34)	—
<b>Net assets</b>		70,029	64,136
<b>Capital and reserves</b>			
Called-up share capital	13	10,596	10,596
Share premium account	14	74,588	74,588
<i>Other reserves</i>			
Capital redemption reserve	14	650	650
Special reserve	14	25,796	25,796
Capital reserve – realised	14	(46,780)	(40,664)
Capital reserve – unrealised	14	4,302	(7,668)
Revenue reserve	14	877	838
<b>Equity Shareholders' funds</b>		70,029	64,136
<b>Net asset value per ordinary share</b>			
Basic	15	66.1p	60.5p

These financial statements were approved by the Board of Directors on 24 June 2005.

Signed on behalf of the Board of Directors

  
Robin Baillie, Director

The accompanying notes are an integral part of this statement

## Cash Flow Statement

for the year ended 30 April

	Notes	2005 £'000	2004 £'000
<b>Cash inflow from operating activities</b>	16(a)	<b>1,694</b>	343
<b>Servicing of finance</b>	16(b)	<b>(28)</b>	(70)
<b>Taxation</b>		—	—
<b>Net financial investment</b>	16(b)	<b>(1,645)</b>	6,071
<b>Equity dividends paid</b>		<b>(530)</b>	(424)
<hr/>			
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		<b>(509)</b>	5,920
<b>Management of liquid resources</b>	16(b)	<b>(2,015)</b>	(1,573)
<b>Financing</b>	16(b)	<b>3,700</b>	(4,525)
<hr/>			
<b>Increase/(decrease) in cash in the year</b>		<b>1,176</b>	(178)

### Reconciliation of cash flow to movement in net funds/(debt)

	2005 £'000	2004 £'000
Increase/(decrease) in cash	<b>1,176</b>	(178)
Cash (inflow)/outflow from movement in debt	<b>(3,700)</b>	4,525
Cash outflow from increase in liquid resources	<b>2,015</b>	1,573
<hr/>		
<b>Change in net funds resulting from cash flows</b>	<b>(509)</b>	5,920
Translation differences	<b>(114)</b>	(263)
<hr/>		
<b>Movement in net funds in the year</b>	<b>(623)</b>	5,657
Net funds/(debt) at beginning of year	<b>2,399</b>	(3,258)
<hr/>		
<b>Net funds at end of year</b>	16(c) <b>1,776</b>	2,399

The accompanying notes are an integral part of this statement

## Notes to the Financial Statements

for the year ended 30 April 2005

### 1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year, are set out below:

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of fixed assets and in accordance with the Companies Act 1985 and applicable Accounting Standards and with the Statement of Recommended Practice ("SORP") for "Financial Statements of Investment Trust Companies" issued by the Association of Investment Trust Companies in 2003.

#### (b) Valuation of investments

Listed investments comprise those quoted on a recognised Stock Exchange. These investments have been valued at middle market prices, and for foreign securities at exchange rates ruling at the close of business in London on 30 April 2005.

Any profits or losses (including currency movements), whether realised or unrealised, arising on fixed asset investments are taken direct to capital reserves.

#### (c) Income

All dividends and any related withholding tax are taken into account on the date investments are marked ex-dividend; dividends receivable on equity shares where no ex-dividend date is quoted are bought into account when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares, rather than cash, the amount of the cash dividend foregone is recognised as income. Where the Company receives special dividends in lieu of return of capital, these are recognised as capital. Deposit interest and other income from investments is taken into account on an accruals basis.

#### (d) Expenses

All expenses are accounted for on an accruals basis. The investment management fee has been allocated 75% to the capital reserve – realised, and 25% to the revenue account, in line with the Board's expected long-term split of returns in the form of capital gains and income respectively from the investment portfolio of the Company. Expenses which are incidental to the acquisition or disposal of an investment are included within the cost of the investment, or deducted from the disposal proceeds as applicable.

#### (e) Finance

Finance costs are accounted for on an accruals basis, and in accordance with the provisions of Financial Reporting Standard 4 "Capital Instruments". Finance costs of debt, insofar as they relate to the financing of the Company's investments or to financing activities aimed at maintaining or enhancing the value of the Company's investments, are allocated 75% to capital reserve-realised, and 25% to the revenue account, in line with the Board's expected long-term split of returns in the form of capital gains and income respectively from the investment portfolio of the Company.

#### (f) Taxation

The liability to corporation tax is based on net revenue for the year excluding UK dividends. The tax effect of different items of expenditure is allocated between capital and revenue on the same basis as for the particular item to which it relates, using the marginal method.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits

## Notes to the Financial Statements

*continued*

from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits or losses and its results, as stated in the financial statements, and which are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are not discounted.

Any liability to corporation tax is based on net revenue for the year.

### (g) Foreign currency

Transactions in foreign currency, whether of a revenue or capital nature, are translated to sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities are translated to sterling at the rates of exchange ruling at the Balance Sheet date. Any gains or losses are taken to the capital reserve.

### (h) Capital reserves

Capital reserve – realised.

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised exchange differences of a capital nature; and
- expenses and finance costs, together with the related taxation effect, charged to this reserve in accordance with the above policies.

Capital reserve – unrealised.

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised exchange differences of a capital nature.

## 2. Income

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
<b>Income from investments</b>		
Overseas dividends	1,914	1,350
Scrip dividends	34	—
	1,948	1,350
<b>Other income</b>		
Deposit interest	85	31
	2,033	1,381
<b>Total income comprises:</b>		
Dividends	1,948	1,350
Interest	85	31
	2,033	1,381

Income allocated to capital of £858,000 (2004: £nil) comprises of final proceeds from the liquidation of Drayton Far East of £787,000 (2004: nil), and special dividends from City Developments of £71,000 (2004: nil).

**3. Investment management fee**

	2005			2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	125	379	504	122	367	489

- (i) INVESCO Asset Management Limited acts as Manager and Secretary to the Company under an agreement dated 2 June 1995, subsequently revised on 14 July 1997 and 28 January 2004. This agreement is terminable by either party upon expiry of not less than six month's written notice. The fee is calculated at the rate of 0.75% per annum (plus VAT) by reference to the total assets less current liabilities (excluding any short-term loans) of the Company at the end of each respective calendar quarter. The assets for this purpose exclude the value of any investment in other funds managed by the Manager. At 30 April 2005 £136,000 (2004: £117,000) was due for payment to the Manager in respect of management fees.
- (ii) The manager is also paid a separate fee for secretarial and administrative services which is subject to annual adjustment in line with the UK Retail Price Index. During the year the Company paid £62,000 (2004: £61,000) for these services. At 30 April 2005 £nil (2004: £15,000) was due to the Manager for payment in respect of secretarial and administrative services.

**4. Other expenses**

	2005			2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
General expenses	297	—	297	262	—	262
Directors' emoluments (see below)	72	—	72	64	—	64
Auditors' remuneration – for audit services	20	—	20	20	—	20
– for tax compliance	6	—	6	6	—	6
	395	—	395	352	—	352

Directors' emoluments are authorised by the Articles of Association up to a total amount of £100,000 per annum.

In 2004, of the Directors' emoluments disclosed above, £1,000 was payable to a third party in respect of making available the services of a Director. This fee was assigned to INVESCO Asset Management Limited.

**5. Interest payable and similar charges**

	2005			2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overdraft interest	—	—	—	—	1	1
Loan arrangement fee	25	—	25	25	—	25
Term loan repayable within 1 year, not by instalment	10	29	39	11	33	44
	35	29	64	36	34	70

## Notes to the Financial Statements

*continued***6. Tax on net revenue from ordinary activities****(a) Analysis of charge for the year**

	2005	2005	2005	2004	2004	2004
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom tax:						
Corporation tax at 30% (2004: 30%)	140	—	140	90	—	90
Tax relief attributable to management fee and interest, allocated to capital reserve – realised	237	(237)	—	105	(105)	—
Overseas tax	214	—	214	175	—	175
Relief for overseas tax	(136)	—	(136)	(90)	—	(90)
Eligible unrelieved foreign tax	(4)	—	(4)	—	—	—
Current tax charge for the year	451	(237)	214	280	(105)	175
Deferred tax	34	—	34	—	—	—
<b>Tax on ordinary activities</b>	<b>485</b>	<b>(237)</b>	<b>248</b>	<b>280</b>	<b>(105)</b>	<b>175</b>

The overseas tax charge consists of irrecoverable withholding tax.

**(b) Factors affecting the revenue tax charge for the year**

	2005	2004
	£'000	£'000
Revenue on ordinary activities before taxation	1,478	871
Theoretical tax at UK Corporation tax rate of 30% (2004: 30%)	443	261
Effects of:		
Expenses charged to capital and available for tax relief	(217)	(110)
Tax relief charged to capital	237	105
Effect of overseas tax	74	66
Marginal relief	(26)	(31)
Income not assessable	(69)	(14)
Expenses not allowed	9	3
Current tax charge for the year (note 6(a))	451	280

Given the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided tax on any realised or unrealised capital gains or losses arising on investments.

**(c) Factors that may affect future tax charges**

The Company has no unrelieved excess expenses and interest payments (2004: £316,000). This reduction has been caused by taxable income exceeding deductible expenses, and has led to a deferred tax provision becoming necessary as shown in note 12.

**7. Dividends**

	2005	2004
	£'000	£'000
Dividend on equity shares		
Ordinary – proposed dividend of 0.9p per share (2004: 0.5p)	954	530
	954	530

**8. Return per ordinary share**

Basic revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation and on 105,962,354 (2004: 105,962,225) ordinary shares, being the weighted average number of shares in issue throughout the year.

Basic capital return per ordinary share is based on the net capital return on ordinary activities after taxation and on 105,962,354 (2004: 105,962,225) ordinary shares, being the weighted average number of shares in issue throughout the year.

There is no dilution to basic return per ordinary share as all unexercised warrants lapsed on 25 August 2004 (2004: no dilution as the share price was less than warrant the exercise price).

## 9. Investments

(a) Analysis of investments by listing status:

			2005			2004
			£'000			£'000
Listed on a recognised stock exchange			<b>69,099</b>			62,530
Unquoted investments			—			44
			<b>69,099</b>			<b>62,574</b>
	<i>Listed</i>	<i>Unquoted</i>	<i>2005</i>	<i>Listed</i>	<i>Unquoted</i>	<i>2004</i>
	<i>overseas</i>	<i>£'000</i>	<i>Total</i>	<i>overseas</i>	<i>£'000</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(b) Analysis of investments gains:						
Opening book cost	70,212	30	70,242	78,119	92	78,211
Opening unrealised (depreciation)/appreciation	(7,682)	14	(7,668)	(27,037)	(32)	(27,069)
Opening valuation	62,530	44	62,574	51,082	60	51,142
Movements in the year:						
Purchases at cost	63,031	—	63,031	52,718	—	52,718
Sales – proceeds	(61,723)	(64)	(61,787)	(58,188)	(46)	(58,234)
Sales – realised (losses)/ gains on sales	(6,723)	34	(6,689)	(2,437)	(16)	(2,453)
Movement in unrealised appreciation during the year	11,984	(14)	11,970	19,355	46	19,401
Closing valuation	69,099	—	69,099	62,530	44	62,574
Closing book cost	64,797	—	64,797	70,212	30	70,242
Closing unrealised appreciation/(depreciation)	4,302	—	4,302	(7,682)	14	(7,668)
	69,099	—	69,099	62,530	44	62,574
Realised (losses)/gains based on historical cost	(6,723)	34	(6,689)	(2,437)	(16)	(2,453)
Amounts recognised as unrealised in the previous year	7,868	(14)	7,854	12,042	24	12,066
Realised gains based on carrying value at previous balance sheet date	1,145	20	1,165	9,605	8	9,613
Movement in unrealised appreciation in the year	11,984	(14)	11,970	19,355	46	19,401
Less: amounts recognised in the previous year	(7,868)	14	(7,854)	(12,042)	(24)	(12,066)
Net movement in unrealised appreciation	4,116	—	4,116	7,313	22	7,335
Gains on investments	5,261	20	5,281	16,918	30	16,948

## Notes to the Financial Statements

*continued*

## (c) Registration of investments

The investments of the Company are registered in the name of the Company or in the name of nominees and held to the order of INVESCO Asia Trust.

**10. Debtors**

	2005 £'000	2004 £'000
Amounts due from brokers	324	45
VAT recoverable	32	26
Prepayments and accrued income	246	151
	<b>602</b>	<b>222</b>

**11. Creditors: amounts falling due within one year**

	2005 £'000	2004 £'000
Short-term loan	3,700	—
Amounts due to brokers	160	282
Accruals and deferred income	300	247
Proposed dividend	954	530
	<b>5,114</b>	<b>1,059</b>

The Company has an unsecured revolving credit facility for £15 million which is due for review in June 2005. At the year end £3.7 million was drawn under this facility (2004: £nil) at an interest rate of 5.84% p.a. and was repaid on 31 May 2005 (2004: nil).

**12. Provisions for liabilities and charges**

	2005 £'000	2004 £'000
Deferred tax in relation of timing differences on accrued income	34	—

**13. Called-up share capital**

	2005 £'000	2004 £'000
<b>Authorised:</b>		
150,000,000 ordinary shares of 10p each	<b>15,000</b>	15,000
<b>Allotted, called-up and fully paid:</b>		
105,962,425 (2004: 105,962,225) ordinary shares of 10p each	<b>10,596</b>	10,596

**Winding-up provisions**

The Articles of Association provide that, unless the AGM of the Company to be held in 2007 approves an ordinary resolution releasing the Directors from the obligation, the Directors shall convene an Extraordinary General Meeting ("EGM") in 2008 at which a special resolution will be proposed to wind up the Company.

If the Company continues in existence after 2008, the Directors shall be obliged to convene an EGM to consider a special resolution to wind up the Company every third year thereafter, unless the Directors are released from their obligation by ordinary resolution passed at the AGM of the preceding year.

**Warrant details**

On 10 July 1995 22,434,113 warrants were issued entitling the holder of each warrant to subscribe for one ordinary share at a price of 100p per share 28 days after the date of the AGM in respect of each financial year between 1996 and 2004 inclusive. All subscription rights not exercised by 25 August 2004 lapsed at 5.00 pm on that date and the warrants expired valueless.

During the year holders of 200 warrants exercised their subscription rights (2004: nil), warrants were exercised for a corresponding number of new ordinary shares of 10p each. All the remaining warrant subscription rights lapsed on 25 August 2004, leaving a balance of warrants in issue at the year end of nil (2004: 22,157,684).

#### 14. Reserves

	<i>Share premium account £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Special reserve* £'000</i>	<i>Capital reserve- realised £'000</i>	<i>Capital reserve- unrealised £'000</i>	<i>Revenue reserve £'000</i>
Beginning of year	74,588	650	25,796	(40,664)	(7,668)	838
Net gains on realisation of investments	—	—	—	1,165	—	—
Decrease in unrealised depreciation	—	—	—	—	4,116	—
Transfer on disposal of investments	—	—	—	(7,854)	7,854	—
Costs charged to capital	—	—	—	(408)	—	—
Exchange differences on capital items	—	—	—	(114)	—	—
Tax effect of capital items	—	—	—	237	—	—
Income allotted to capital (see note 2)	—	—	—	858	—	—
Revenue return for the year	—	—	—	—	—	39
End of year	<b>74,588</b>	<b>650</b>	<b>25,796</b>	<b>(46,780)</b>	<b>4,302</b>	<b>877</b>

\* The special reserve was set up for the possible purchase by the Company of its own shares and was in accordance with the approval of the High Court on 1 September 1999.

#### 15. Net asset value

The net asset per ordinary share and the net assets attributable at the year-end were as follows:

	<i>Net asset value per share</i>		<i>Net assets attributable</i>	
	<i>2005 pence</i>	<i>2004 pence</i>	<i>2005 £'000</i>	<i>2004 £'000</i>
Ordinary shares				
— Basic	<b>66.1p</b>	60.5p	<b>70,029</b>	64,136

The basic net asset value per ordinary share is based on net assets at the year-end and on 105,962,425 (2004: 105,962,225) ordinary shares, being the number of ordinary shares in issue at the year end.

#### 16. Notes to the cash flow statement

##### (a) Reconciliation of revenue to net cash inflow from operating activities

	<i>2005 £'000</i>	<i>2004 £'000</i>
Net return before finance costs and taxation	1,513	907
Increase in debtors	(101)	(73)
Increase in creditors	17	51
Overseas tax deducted from unfranked investment income	(214)	(175)
Management fee allocated to capital reserve – realised	(379)	(367)
Other income allocated to capital reserve – realised	858	—
Net cash inflow from operating activities	<b>1,694</b>	<b>343</b>

## Notes to the Financial Statements

*continued***(b) Analysis of cash flows for headings netted in the cash flow statement**

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
<b>Servicing of finance</b>		
Interest paid on bank loans and overdrafts	(28)	(70)
<b>Net cash outflow from servicing of finance</b>	<b>(28)</b>	<b>(70)</b>
<b>Net financial investment</b>		
	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Purchase of investments	(63,153)	(52,436)
Sale of investments	61,508	58,507
<b>Net cash (outflow)/inflow for capital expenditure and financial investment</b>	<b>(1,645)</b>	<b>6,071</b>
<b>Management of liquid resources*</b>		
	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Cash placed on short-term deposit	(2,015)	(1,573)
<b>Net cash outflow from management of liquid resources</b>	<b>(2,015)</b>	<b>(1,573)</b>
<i>*INVESCO Asia Trust plc treats term deposits as liquid resources</i>		
<b>Financing</b>		
	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Bank debt	3,700	(4,525)
<b>Net cash inflow/(outflow) from financing</b>	<b>3,700</b>	<b>(4,525)</b>

**(c) Analysis of net funds/(debt)**

	<i>1 May</i>	<i>Cash</i>	<i>Exchange</i>	<i>30 April</i>
	<i>2004</i>	<i>flow</i>	<i>Movement</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net cash:				
Cash at bank	826	1,176	(114)	1,888
Cash placed on short-term deposit	1,573	2,015	—	3,588
Debt due within one year	—	(3,700)	—	(3,700)
<b>Net funds</b>	<b>2,399</b>	<b>(509)</b>	<b>(114)</b>	<b>1,776</b>

**17. Contingent liabilities**

As at 30 April 2005 there were no contingent liabilities (2004: nil).

**18. Related party transactions**

INVESCO Asset Management Limited, a wholly owned subsidiary of AMVESCAP plc, acts as Manager and Secretary to the Company. Details of INVESCO's services and fees are given in note 3 to the financial statements on page 39. Full details of Directors' interests are set out in the Report of the Directors on page 21.

## 19. Risk management, financial assets and liabilities

### Risk management

As an investment trust, the Company invests in securities for the long-term. Accordingly it is, and has been throughout the year under review (2004: same), the Company's policy that no short-term trading in investments, derivatives or other financial instruments shall be undertaken.

The holding of securities, investing activities and associated financing undertaken pursuant to the investment policy involves certain inherent risks. Events may occur that would result in either a reduction in the Company's net assets or a reduction of revenue returns.

Set out below are the principal risks inherent in the Company's activities and the actions taken to manage these risks.

The main risk arising from the Company's financial instruments, which includes investments, is market price risk incorporating foreign exchange risk and interest rate risk. It should be noted that the prices of warrants, options and geared equity-related derivative instruments tend to be more volatile than the prices of the underlying securities. The Board reviews and agrees policies for managing these risks and these are summarised below. These policies have remained substantially unchanged in the two years to 30 April 2005.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements and movements in exchange rates.

The risk is monitored by the Board on a quarterly basis and on a daily basis by the Manager.

Foreign exchange risk arises as the Company is based in the UK and the Financial Statements are stated in sterling, but all of the investments and most of the cash are non-sterling. As a result, the Company's sterling statement of total return and balance sheet can be significantly affected by movements in exchange rates. Exchange rate movements also impact on the Company's cash balances and debtors and creditors to the extent they are denominated in non-sterling currencies.

The Company's foreign exchange risk is monitored by the Board on a regular basis. Clear guidelines are set by the Board as to the extent of any hedging allowed by the Manager. This is usually by reference to a percentage of shareholders' funds at the time the hedge is executed. Hedging is undertaken within these guidelines by means of forward foreign exchange contracts. At the year-end there were no foreign exchange contracts outstanding (2004: none).

Interest rate risk is limited by the Company's financial structure with operations mainly financed through shareholders' funds. Financing has been available during the year in the form of an unsecured revolving credit facility of £15 million (2004: £15 million).

Liquidity risk and cash flow risk are minimised, as the majority of the Company's assets comprise readily realisable securities which can be sold to meet funding commitments as necessary.

### Financial assets and liabilities

The Company's assets, excluding short-term debtors, comprise cash at bank of £5,476,000 (2004: £2,399,000) and investments in Asian markets, comprised principally of equity shares. Investments may from time-to-time include warrants or options to subscribe for shares or geared or ungeared equity-related derivatives instruments. These are held in accordance with the Company's investment policy at market value which the Directors consider equates to fair value. Fixed asset investments are valued as disclosed in note 1(b). See pages 13 to 15 for details of all investments held at the year end. Cash at bank includes sterling cash deposits totalling £3,588,000 (2004: £1,573,000) placed on money markets at call and current cash balances. Interest received on cash held at bank, other than by way of sterling cash deposit, is variable and is dependent on the base rate of the custodian, JPMorgan Chase Bank.

The Company has an unsecured revolving credit facility for £15 million which is due for review in June 2005. At the year end £3.7 million was drawn under this facility (2004: £nil) at an interest rate

## Notes to the Financial Statements

*continued*

of 5.84% p.a. leaving an undrawn amount of £11.3 million (2004: £15 million). The loan was repaid on 31 May 2005 (2004: nil).

The fair value of financial assets and liabilities is represented by their carrying value in the balance sheet. The carrying amount of the cash balances and short-term loan outstanding in 2005 was not materially different from the fair value because of the short maturity of these investments.

**Analysis of currency exposures***Net Foreign Currency Monetary Assets/(Liabilities)***Year Ended 30 April 2005**

	Investments	Cash at Bank	Other Net Monetary Assets	Total
	£'000	£'000	£'000	£'000
Australia	6,142	—	—	6,142
China	3,130	—	41	3,171
Hong Kong	15,164	—	22	15,186
Indonesia	1,182	—	—	1,182
South Korea	13,423	—	326	13,749
Malaysia	3,259	—	28	3,287
Philippines	77	—	—	77
Singapore	6,978	—	106	7,084
Thailand	2,807	—	(126)	2,681
Taiwan	12,329	1,861	—	14,190
India	4,608	—	—	4,608
UK	—	3,615	(4,943) <sup>(1)</sup>	(1,328)
	<b>69,099</b>	<b>5,476</b>	<b>(4,546)</b>	<b>70,029</b>

**Year Ended 30 April 2004**

	Investments	Cash at Bank	Other Net Monetary Assets	Total
	£'000	£'000	£'000	£'000
Australia	2,458	—	—	2,458
China	3,524	—	24	3,548
Hong Kong	10,943	—	9	10,952
Indonesia	711	—	—	711
South Korea	16,844	—	—	16,844
Malaysia	5,977	—	22	5,999
Philippines	32	—	64	96
Singapore	5,056	—	—	5,056
Thailand	2,896	—	15	2,911
Taiwan	10,441	824	25	11,290
USA	—	—	(282)	(282)
India	2,675	—	—	2,675
Pacific Rim	1,017	—	—	1,017
UK	—	1,575	(714)	861
	<b>62,574</b>	<b>2,399</b>	<b>(837)</b>	<b>64,136</b>

(1) Includes an amount of £3,700,000 drawn down on the loan facility held by the Company.

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting of INVESCO Asia Trust plc will be held at 30 Finsbury Square, London EC2A 1AG, on Tuesday, 26 July 2005 at 12 noon for the following purposes:

### Ordinary Business

1. To receive the Directors' Report and Financial Statements for the year ended 30 April 2005.
2. To declare a final dividend as recommended.
3. To approve the Directors' Remuneration Report.
4. To re-appoint the Auditors and authorise the Directors to determine their remuneration.
5. To re-elect Mr Duncan Robertson a Director of the Company.
6. To re-elect Mr Robin Baillie, aged 71, a Director of the Company, special notice having been given, pursuant to sections 293 and 379 of the Companies Act 1985.
7. To re-elect Mr Bryan Lenygon, aged 73, a Director of the Company, special notice having been given, pursuant to sections 293 and 379 of the Companies Act 1985.
8. To re-elect Sir Robin McLaren, aged 70, a Director of the Company, special notice having been given, pursuant to sections 293 and 379 of the Companies Act 1985.

### Special Business

To consider the following resolutions which will be proposed as special resolutions:

9. THAT
  - (a) the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next Annual General Meeting of the Company, all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £3,531,727;
  - (b) pursuant to and during the period of the authority referred to in paragraph (a) above the Directors be empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities wholly for cash, (i) in connection with a rights issue, and (ii) otherwise than in accordance with a rights issue, up to an aggregate nominal amount of £529,812 as if Section 89(1) of the said Act, relating to pre-emption rights, did not apply to any such allotments;
  - (c) by such authority and power the Directors may during such period make offers or agreements which would or might require the making of allotments after the expiry of such period;
  - (d) for the purposes of this resolution, words and expressions defined in or for the purposes of Part IV of the said Act shall bear the same meaning in this resolution;
  - (e) for the purposes of this resolution, (i) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders on the register on a fixed record date of ordinary shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory, and (ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.
10. THAT:
 

the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163 of the Act) of its issued Shares of 10p each in the capital of the Company ("Shares")

## Notice of Annual General Meeting

*continued*

PROVIDED ALWAYS THAT:

- (i) the maximum number of shares hereby authorised to be purchased shall be 15,883,767 or 14.99% of shares in issue;
- (ii) the minimum price which may be paid for a Share shall be 10p;
- (iii) the maximum price which may be paid for a Share shall be an amount equal to 105% of the average of the middle market quotations for a Share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is purchased;
- (iv) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);
- (v) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2006 unless the authority is renewed at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

11. THAT:

the Articles of Association of the Company be amended by the deletion of Article 154 and the substitution therefor of the following new Article 154:

**154. Indemnity of officers**

154.1 Subject to the provisions of the Statutes but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every person who is or was at any time a Director or other officer of the Company excluding the Auditors may be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities (together "**Liabilities**") which he may sustain or incur in or about the actual or purported execution and/or discharge of the duties of his office and/or the exercise or purported exercise of his powers or discretions and/or otherwise in relation thereto or in connection therewith, including (without prejudice to the generality of the foregoing) any Liability suffered or incurred by him in disputing, defending, investigating or providing evidence in connection with any actual or threatened or alleged claims, demands, investigations, or proceedings, whether civil or criminal, or in connection with any application under section 144(3) or (4) or section 727 of the Act.

The Company may also, subject to the provisions of the Statutes, provide funds to any Director or other officer (excluding the Auditors) or do anything to enable a Director or other officer to avoid incurring expenditure of the nature described in section 337A of the Act.

Dated this 24th June 2005

*By order of the Board*

INVESCO Asset Management Limited  
Secretary



**For INVESCO Asset Management  
Limited Secretaries**

**NOTES:**

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. In order to be valid an appointment of proxy must be returned by one of the following methods:
  - In hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
  - In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

and in each case to be received by the Company not less than 48 hours before the time of the meeting.
2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST Personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
3. A form of appointment of proxy is enclosed. Appointment of a proxy does not prevent a member from attending and voting at this meeting. To be effective, the form of appointment of proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or notarially certified copy thereof) must be lodged at the office of the Company's registrars, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR, by not later than 12 noon on 24 July 2005.
4. A person entered on the Register of Members at close of business on 24 July 2005 ('a member') is entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting. If the Meeting is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of member 48 hours before the time fixed for the adjourned meeting.
5. There are no service contracts between the Directors and the Company.
6. The Register of Directors' interests will be available for inspection at the AGM.

## Glossary of Terms

### **Benchmark**

A market index, which averages the performance of companies in any sector, giving a good indication of any rises or falls in the market. The benchmark used in these accounts is the MSCI (All country) Far East Free ex Japan Index (adjusted for sterling).

### **Discount**

The amount by which the mid-market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

### **Gearing**

The term applied to the effect of borrowings and prior charge share capital on assets that will increase the return on investment when the value of the Company's investments is rising but reduce the return when values are declining. A gearing level of 100 or 0% indicates there is no gearing.

**Actual Gearing** reflects the amount of loans already arranged and in use by the Company. This is the gearing figure published by the Association of Investment Trust Companies. It is calculated by dividing the aggregate of Shareholders' funds and all drawdown loans by Shareholders' funds.

**Asset Gearing** reflects the amount of loans actively invested in assets and not held in cash. It is calculated by dividing fixed assets investments by Shareholders' funds.

### **Market Capitalisation**

Is calculated by multiplying the stockmarket price of an ordinary share by the number of ordinary shares in issue.

### **Net Asset Value ("NAV")**

Also described as Shareholder's funds, the net asset value is the value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value per share is calculated by dividing the net asset value by the number of ordinary shares in issue.

### **Shareholders' Funds**

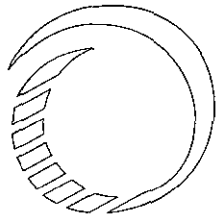
Also called equity Shareholders' funds. The amount due to the ordinary shareholders.

### **Total Expense Ratio**

Total expenses (excluding interest) incurred, including those charged to capital, divided by average shareholders' funds.

### **Winding-up Date**

The date specified in the Articles of Association for winding-up a company.



INVESCO

The Manager of INVESCO Asia Trust plc is INVESCO Asset Management Limited, a member of the AMVESCAP Group.\*

AMVESCAP is one of the world's largest independent global investment management firms, with funds under management in excess of £199 billion.\*\*

We aim to provide the highest returns available from markets, through active management, but in a controlled manner, conscious of the risks involved and within our clients' objectives.

*\*AMVESCAP is a company listed in the UK and the US whose subsidiaries include INVESCO Asset Management Limited, which is authorised and regulated by the Financial Services Authority.*

*\*\* Funds under Management as at 31 March 2005.*

## Specialist Funds Managed by INVESCO

### Investing for Income, Income Growth and Capital Growth

#### City Merchants High Yield Trust plc

Aims to provide investors with a high rate of income by investing in certain interest-bearing securities including, but not restricted to, preference shares and redeemable or convertible loan stocks, corporate bonds and government stocks. Investment in higher-yielding equities may be made up to 20% of total assets. The Trust is geared by way of bank loan.

**INVESCO City and Commercial Trust plc**  
Invests principally in the securities of UK investment trust companies and other closed

end funds. The Trust is geared by an RPI linked Debenture Stock.

#### INVESCO Income Growth Trust plc

Objective is to provide shareholders with long-term growth capital and real long-term growth in dividends from an above-average yielding portfolio, comprising mainly UK equities and equity-related securities. Seeks to achieve a total return in excess of the FTSE All-Share Index. The Trust is geared by way of a 4.75% Convertible Unsecured Loan Stock.

#### Perpetual Income and Growth Investment Trust plc\*

Aims to generate capital growth with a higher than average income from investment in the UK equity market. It is intended that the Company will provide real dividend growth over the medium term by investing mainly in above-average yield equities. The Trust is geared by a Debenture Stock.

#### Keystone Investment Trust plc

Aims to provide shareholders with long-term growth of capital mainly from UK investments. The Trust is geared by way of Debenture Stocks.

### Investing in Smaller Companies

**INVESCO English and International Trust plc**  
Invests mainly in UK quoted and unquoted smaller companies, and in US smaller companies. It pursues a relatively risk averse stock selection strategy holding a well diversified portfolio. The Trust has gearing which the Directors believe will enhance the return to shareholders, over the longer term.

**INVESCO Japan Discovery Trust plc**  
(see below).

#### INVESCO Perpetual AIM VCT plc

The Company was launched in August 2004. Objective is to provide an average dividend return to shareholders above the average dividend return of all AIM-traded companies, principally through a diversified portfolio of investments in Qualifying Companies.

#### INVESCO Perpetual UK Smaller Companies Investment Trust plc\*

Aims to achieve long-term capital growth through investment in a selected list of quoted investments drawn predominantly from the UK equity markets. Investments will normally be in smaller companies. The pursuit of income remains of secondary importance. Gearing facilities are utilised to enable the Trust to take advantage of investment opportunities.

### Investing Outside the UK

#### INVESCO Asia Trust plc

Aims to provide long-term capital growth by investing in a diversified portfolio of Asian and Australasian companies. The Trust aims to achieve growth in its net asset value in excess of the Morgan Stanley Capital International Far East (ex Japan) Free Index, measured in sterling. Gearing facilities are utilised to enable the Trust to take advantage of investment opportunities.

#### INVESCO Japan Discovery Trust plc

Aims to provide long term capital growth by investing in a diversified portfolio of smaller Japanese companies.

#### INVESCO Perpetual European Investment Trust plc\*

Aims to provide a high level of capital growth through investment in European companies. Gearing facilities are utilised to

enable the Trust to take advantage of investment opportunities.

#### Perpetual Japanese Investment Trust plc\*

Aims to achieve long-term capital growth by investing in a diversified portfolio of quoted Japanese securities. Gearing facilities are utilised to enable the Trust to take advantage of investment opportunities.

### Investing in Property

#### INVESCO UK Property Income Trust Limited

The Company is a newly established closed-ended investment company with limited liability incorporated in Jersey. The objective is to provide ordinary shareholders with an

attractive level of income together with the prospect of income and capital growth from investing in commercial properties in the United Kingdom.

#### Real Estate Opportunities Limited

The portfolio is predominately invested in the Irish and UK property markets. The Trust is geared.

### Investing in Split Capitalisation Funds

#### INVESCO Recovery Trust 2005 plc

Aims to meet the capital entitlements of the Zero Shares and to maximise the capital and income returns of the Ordinary Shares by

investing primarily in equities but also debt securities which are considered to offer recovery prospects. The Trust is geared by way of a bank loan, and returns to Ordinary

Shareholders are further geared by the effects of the Zero Shares. The Trust has an initial life projected to end in 2005.

### Investing for High Income

#### INVESCO Leveraged High Yield Fund Limited

Aims to provide a high return, predominately in the form of income, from a diversified

portfolio of mainly European high-yield corporate bonds. This Trust is highly geared.

Most of the INVESCO specialist funds listed above are eligible for inclusion in the INVESCO Investment Trust ISA and the INVESCO Investment Trust Savings Scheme. The trusts marked with an \* are available through the INVESCO PERPETUAL Investment Trust ISA, PEP and Savings Plan. In addition, most of the above trusts are available for PEP and/or ISA transfers via the Schemes listed above.

Keystone Investment Trust is available as an ISA investment via the INVESCO PERPETUAL Investment Trust ISA product or as a savings plan via the INVESCO Investment Trust Savings Scheme.

Please contact our Investor Services Team on 0800 085 8677 if you would like more information about the investments trust or other specialist funds listed above. Further details are also available on the following website: [www.invesco.co.uk/investmenttrusts](http://www.invesco.co.uk/investmenttrusts)