Henderson TR Pacific Investment Trust plc

Report & Accounts for the year ended
31 December 2004

Company No:- 2153093

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COMPANIES HOUSE 06/05/05

Objective

Henderson TR Pacific Investment Trust plc seeks a high rate of total return from Pacific region stock markets excluding Japan and Australasia.

Results

The year to 31 December 2004 proved a difficult one for the company. There was a negative total return of 1.3% which compared to a rise in the MSCI Index of 9.7%. Performance suffered as a result of country and stock selection as growth stocks disappointed throughout the region.

Prospects

Initiatives to strengthen the management have been taken by the Board which are described in the Chairman's statement. Stock markets are expected to consolidate in the first half as a result of slowing economies and rising raw material costs, but there should be scope for a rally as the year progresses ahead of an expected upturn in 2006.

Dividend

In future the Board will recommend that a higher share of earnings be paid as dividends rather than the minimum amount required to maintain investment trust status. Accordingly, a final dividend of 1.40p net per share (2003: 1.00p) has been recommended. Subject to shareholder approval, the dividend will be payable on 20 April 2005 to shareholders on the Register of Members on 18 March 2005. Shares will be quoted ex-dividend on 16 March 2005.

A factsheet, which is updated regularly, may be accessed on **www.hendersontrpacific.com**

Financial highlights

Per ordinary share	31 December 2004 in pence	31 December 2003 in pence
Net asset value	**87.1**	89.3
Share price	**76.8**	85.0
Earnings	**1.45**	1.26
Final dividend	**1.40**	1.00
Gearing*	**5.1%**	17.7%

*Defined here as borrowings, less cash balances and deposits, as a percentage of shareholders' funds.

Performance

to 31 December 2004

Total return per ordinary share	1 Year %	3 Years %	5 Years %	10 Years %
Net asset value(1)	-1.3	13.4	-28.4	-11.4
Share price(1)	-8.6	23.1	-31.8	-24.8
Peer group(2)	7.5	30.6	-4.3	13.1
MSCI AC Far East (Free) ex-Japan Index(3)	9.7	17.3	-19.6	N/A

(1) Source: AITC Services Ltd (net income reinvested).

(2) Source: AITC Services Ltd. The company's performance is compared against a group of leading investment trust competitors.

(3) Source: Thomson Financial, Datastream (gross income reinvested). This index was not representative before September 1996.

Historical record

31 December	Earnings per ordinary share in pence	Dividends in pence	Total net assets in £'000s	Net asset value per ordinary share in pence
2004	**1.45**	**1.400**	**168,206**	**87.1**
2003	1.26	1.000	181,738	89.3
2002	0.77	0.600	130,613	64.1
2001	0.75	0.500	161,334	79.0
2000	0.74	0.550	176,102	85.7
1999	0.36	0.250	258,636	125.8
1998	1.24	1.000	125,226	60.9
1997	0.69	0.450	140,182	68.1
1996	0.90	0.250	224,900#	109.8#
1995	0.66	0.175	147,332	107.2
1994	0.34	0.175	140,026	104.5

#In 1996 the company issued 5,972,285 "C" Shares in connection with the acquisition of Thornton Asian Emerging Markets Investment Trust plc. In 1998 these were converted into ordinary shares.

Contents

Directors

The Board seeks to ensure that its membership provides a breadth of investment, industrial, commercial and professional experience, with an international perspective.

***David Robins** (age 55) was appointed to the Board in 2002 and became Chairman in April 2004. He began his career as an economist covering the Pacific Region and has a wide experience of Asian financial markets. After a series of senior management roles for the UBS Group in Tokyo, New York and Zurich, he became CEO of UBS Ltd in London and subsequently Head of Europe, Africa and The Middle East. Following the merger of UBS and SBC in 1998, he became CEO and then Chairman of ING Barings until 2000. He is currently Chairman of LCH Clearnet Ltd and a director of Meggitt plc, MPC Investors Ltd, Bending Light Ltd and EMG Ltd. He is also associated with a number of charities.

*†**Hugh Aldous** (age 60) was appointed to the Board in 2003. He is a partner in RSM Robson Rhodes LLP and was its Managing Partner. He chairs its Financial Services team. He is Chairman of The Eastern European Trust plc, a director of OCTEL Corp (NYSE), Elderstreet Millennium VCT plc and Craegmoor Ltd. He was a member of the Competition Commission and a DTI Inspector with various appointments from 1987 to 2003. He is joint author of the AITC's Guide for Directors on internal controls.

*†**Peter Berry CMG** (age 60) was appointed to the Board in 1994 and is the Senior Independent Director. He is Chairman of The Crown Agents for Oversea Governments and Administrations and of its asset management and banking subsidiaries. He has lived and worked in several South East Asian countries. He is also Chairman of Martin Currie Portfolio Investment Trust plc, a director of the construction company Kier Group plc, a trustee of the Charities Aid Foundation and its international Chairman and a director of Charity Bank. He is an adviser on international economic development to the Corporation of London. He travels extensively in connection with these interests.

†Struan Robertson** (age 55) was appointed to* the Board on 6 February 2004. He was Group Chief Executive of the Wates Group Ltd until January 2003, is the senior independent director at WS Atkins plc and a non-executive director of Forth Ports plc and International Power plc. He retired from BP in May 2000 where he was Senior Vice President Technology and Marketing following an international career during which he held posts as Executive Chairman of BP Asia Pacific, Chief Executive Oil Trading International and Chief Executive of BP Malaysia. He lived and worked in Asia between 1989 and 1997.

†Judith Unwin OBE** (age 50) joined the Board* in 2000. She is Head of UK and Nordic Export Finance at BNP Paribas London and has worked in the banking sector for many years specialising in the field of international trade and export finance, having initially joined Lazard Brothers & Co. Limited after leaving Somervile College, Oxford University in 1976. She has been a member of various UK Government Trade Advisory groups and was appointed to the Board of Indo British Partnership in autumn 2004. She travels extensively to South Asia and South East Asia in connection with her work. She was *awarded an OBE in 2000 for services to exports* into South Asian markets. She is a Board member of Dance Umbrella as well as having held Trustee positions in other charity organisations.

***Michael Watt ASIP** (Manager) (age 58) was* appointed to the Board in 1987. He is a director of Henderson Far East Income Trust plc and Henderson Global Investors (Singapore) Limited. He has been responsible for Asian investments at Henderson and previously Touche Remnant for the past 25 years. He is a regular visitor to the region and lived in Singapore for three years from 1995.

* Independent director and member of the Management Engagement Committee and the Nominations Committee, of which Mr Robins is Chairman.
† Member of the Audit Committee, of which Mr Aldous is Chairman.

Management

The portfolio is managed by Michael Watt. He is assisted by Michael Kerley. Krista Burwood FCIS represents Henderson Secretarial Services Limited, the Corporate Secretary to the Company.

Michael Watt Michael Kerley Krista Burwood

Chairman's Statement

Following the China growth theme which dominated 2003, there were few discernible trends in Asian markets during the course of 2004, which proved to be a difficult one for your company. Whilst 2003 was reasonably successful, the countries, sectors and stocks to which the Trust was exposed, performed less well in 2004.

Performance

For the year ended 31 December 2004 the net asset value per share fell by 1.3% on a total return basis which compared with a rise of 9.7% in the MSCI Far East (Free) ex Japan Index. The underperformance reflected relatively large positions in Thailand and China which were the region's worst performing stock markets. Stock selection continued to favour growth and cyclical stocks, in line with the Trust's stated objectives. However, the performance of these positions, particularly in South Korea and Taiwan, was also relatively disappointing. As a result, having visited the region in the spring, the Board held a Strategy Meeting later in the year, and has initiated various changes aimed at improving the performance of the Trust.

Objectives

The Board has decided to change the emphasis in the company's primary objective, which has historically been to seek "capital growth" from the region's stock markets. Given that some of the region's markets are now maturing, providing fewer opportunities to take advantage of high growth stocks, the Board wishes to give the Manager greater flexibility in stock selection. We have, therefore, amended the objectives of the Trust to the pursuit of a "high total return" in regional markets. In practice this will involve a more active and opportunistic investment policy which is not necessarily confined to growth stocks.

You will notice from the resolutions to be put to the Annual General Meeting that the Board has also decided that it would be in shareholders' interests to broaden the scope of the fund to include investment in India, which is currently not permitted. India is developing along its own course with a different economic cycle to the rest of the region, which is increasingly dependent on China. Investment in India will not only allow access to huge growth opportunities but will also provide greater diversification for the Trust. The Managers of the Trust will be able to rely upon expertise on the Indian economy and market already in place within Henderson. Our intention is to monitor developments and only to invest in the market on a gradual basis. The Board hopes that you will fully endorse this change.

Board

Iain Dale, our previous Chairman, retired at the last AGM after 14 years on the Board and we wish him well. I took on the responsibility of Chairmanship at that time and greatly look forward to the challenge ahead.

Management

There has also been an important change in the company's management. Michael Watt will continue as Manager, but has been joined by a new Deputy Manager, Michael Kerley, who was appointed in December. Michael Kerley brings 12 years' experience of investing in the region, and we look forward to benefiting from the support that he will bring Michael Watt as they work as a team in Henderson's London office.

In addition, Henderson Global Investors has added two analysts to their office in Singapore and is seeking to bring an economist/strategist covering the region into their London office. Again, the Board expects that this addition of resources will provide more investment ideas and bring greater rigour to the stock selection process.

Share Repurchases

After the strong performance in the region's markets in 2003, some investors clearly became disenchanted with the region in 2004. As a result, the discount to assets at which our shares traded over the year widened from 4.8% at the end of 2003 to 11.8% at the end of 2004. It reached a peak in August of 15.7%. Accordingly, during the year the company made share repurchases totalling 10,400,000 shares at an average discount of 14.2%. These shares were subsequently cancelled and amounted to some 5% of the company's issued shares.

Borrowings

During the course of the year, a multi-currency borrowing facility was put in place with ING Bank. This allows the Trust to borrow up to £40 million. At 31 December 2004 the equivalent of £13.9 million was drawn down with loans in Hong Kong and Singapore dollars. Borrowings were reduced over the year due to the less favourable stock market outlook faced by the company. The Board believes it is an important potential benefit to shareholders that borrowings may be used as investment opportunities arise.

Dividend

A final dividend of 1.40p, compared with last year's 1.00p, is recommended in respect of 2004 to be paid to shareholders in April. This year's higher dividend reflects the company's new policy of seeking a high total return. The Board no longer feels it is appropriate to limit the dividend to the minimum payable but intends in future to pay a higher share of earnings to shareholders each year.

Charitable Donations

We were all greatly saddened to see the tragic impact of the tsunami wave across South East Asia on 26 December. A donation of £10,000 was approved towards the relief effort in addition to the £10,000 also paid to our regular charity, Sabakan, in Mindanao in the Philippines. Further details may be found on page 44.

Outlook

Global economic growth is expected to slow in 2005 after relatively high growth in 2004. Asian economies are expected to slow too, though they are likely to continue to achieve higher rates of growth than other regions. Following increases in raw material and other costs, a slowdown in company profit expansion is also expected, after two strong years. Although stock market valuations are attractive in relative terms, we do not expect a particularly strong performance by regional markets until next year. As a result, there may well be some consolidation in stock markets in the first part of 2005. However, longer term prospects continue to look exciting, particularly as the outlook for ongoing high levels of structural growth in China, and indeed India, remains intact.

Annual General Meeting

The AGM will be held on 15 April 2005 at 12.30pm. As usual it will take place at Henderson's offices in the City of London. A map of the location may be found on page 48. I warmly invite you to attend.

David Robins
23 February 2005

Manager's Review

Portfolio Performance

Peer Group

The performance of the company's assets is compared against a peer group of investment trust competitors selected by the directors. In addition to the damage to our performance caused by the focus on growth orientated investments, some of our competitors also invest in India and Australia which has helped their performance relative to this company over recent years given those stock markets' superior returns.

There was a negative total return of 1.3% in the company's net assets per share for the year to 31 December 2004. This may be compared with a positive return of 7.5% for the peer group. The longer term performance of the peer group is also superior to that of Henderson TR Pacific and has triggered the review of the company's objective mentioned in the Chairman's Statement.

MSCI AC Far East (Free) ex-Japan Index ("MSCI Index")

Because of this company's focus on growth investments, which have been out of favour, there has been a tendency to underperform the MSCI Index in recent years. In 2003 performance had improved with a rise in the portfolio of 40.4% compared with a positive return of 30.4% in the MSCI Index. In 2004 this improvement was not sustained. The company's net assets fell by 1.3% compared with an advance in the MSCI Index of 9.7%. Unusually, the MSCI Index performed better than the peer group over 2004.

Total return of portfolio against each MSCI stock market index for the year ended 31 December 2004

Source: [1]Henderson Global Investors Ltd and [2]Thomson Financial, Datastream. The performance of the company is compared against individual MSCI Far East country indices.

The portfolio outperformed the MSCI Index only in Singapore and China. There was underperformance from the portfolio in all other stock markets, which can only partially be explained by our focus on growth stocks. The MSCI Index has a subsidiary index focused on growth which advanced by 3.9% in 2004 compared with the portfolio's decline of 1.3%. Our worst performance came from Thailand where an overweight position and some poorly performing stocks accounted for around 40% of the overall underperformance. South Korea contributed a further 20% of the underperformance, mainly due to poorly performing stocks, and our performance in Malaysia also suffered from disappointing investments, which triggered a significant reassessment of the Malaysian portfolio.

Manager's Review
continued

Stock Market Comparison

In 2004 the best performances came from the region's smaller stock markets with Indonesia advancing by 44.6%, Vietnam by 42.8% and the Philippines by 26.4%, but this strength was diluted for a sterling based investor by currency weakness. Only in South Korea was the return boosted by a stronger currency with an advance of 10.5% in won terms rising to 18.6% in sterling terms.

Just two stock markets suffered declines, but the company held significant investments in both of these, with overweight positions. Thailand fell by 13.5% and by 17.7% in sterling terms and China retreated by 3.5% and by 10.0% to a UK based investor. Elsewhere, performances were positive but subdued with Hong Kong rising by 13.2% but only by 5.4% in sterling terms, Malaysia achieving a 14.3% rise in local terms but just 6.6% in sterling terms and Singapore rising by 11.8% in local terms and by 8.4% to a sterling-based investor.

Currencies

Most Far East currencies remain tied either formally or informally to the US dollar, which declined by 6.8% against sterling over 2004. South Korea's won was the only regional currency to rise against the pound with a gain of 7.3%.

The Taiwanese dollar strengthened somewhat against the US dollar, but declined slightly against the pound. Most other currencies tracked the US dollar more closely and China, Hong Kong and Malaysia maintained their fixed exchange rates with the dollar. Only the Indonesian rupiah and the Philippine peso declined against the US dollar with falls of 9.8% and 1.2% respectively.

National Stock Market Performance for the year ended 31 December 2004 (percentage change)

Source: Thomson Financial, Datastream.

Manager's Review

continued

Geographical Analysis

The above table shows the percentage breakdown of investments by country at the end of 2004 and 2003. Also shown at the top of the table is the breakdown for the MSCI Index. The feature of 2004 was a substantial rise in the level of investment in Hong Kong to 19.8% of assets compared with 9.5% a year earlier, reflecting the significant improvement in Hong Kong's economic outlook. We also raised exposure to Singapore, to 10.3% of investments, and made our first commitment for many years to Indonesia, with 4.6% of investments, where prospects improved markedly over the year. Other weightings were correspondingly reduced with the largest cut coming in Thailand, which was the region's weakest market, where our holdings were reduced from 17.0% to 9.9% of investments.

Sector weightings were altered significantly as a result of the geographical restructuring. Financials and Property investments more than doubled from 20.4% of the portfolio to 44.0%. Telecommunication Services were also raised sharply to 10.3% of investments from 5.9%, given good growth and stable profit margins. This contrasted with large reductions in Industrials and Transport, where our exposure fell from 21.6% to 7.9% of investments, and Information Technology. Exposure here was reduced to 11.2% of investments from 19.9%, on fears of slowing economic growth and higher input costs which are expected to produce a squeeze in profit margins.

Sector Analysis

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continued

Top Twenty Investments

The top twenty investments represented 41.6% of total investments compared with 39.9% at the end of the previous year. In total there were 63 investments which are fully listed by country and sector in the following pages. We have included the website addresses of the top twenty investments where general information about each company may be accessed and monitored.

Company	Website address	Country	Sector	Value of Investment £'000
Hutchison Whampoa	www.hutchison-whampoa.com	Hong Kong	Financials and Property	5,840
Samsung Fire & Marine	www.samsungfire.com	South Korea	Financials and Property	4,508
Swire Pacific	www.swirepacific.com	Hong Kong	Financials and Property	4,331
Li & Fung	www.lifung.com	Hong Kong	Consumer Discretionary	4,222
Cheung Kong	www.ckh.com.hk	Hong Kong	Financials and Property	4,147
LG Electronics	www.lge.co.kr	South Korea	Consumer Discretionary	3,867
China Merchants	www.cmhico.com	China	Industrials and Transport	3,737
New World Development	www.nwd.com.hk	Hong Kong	Financials and Property	3,720
Shin Corporation	www.shincorp.com	Thailand	Telecommunication Services	3,719
Noble Group	www.thisisnoble.com	Singapore	Financials and Property	3,689
Hong Kong & China Gas	www.towngas.com	Hong Kong	Utilities	3,442
Shinsegae	www.shinsegae.co.kr	South Korea	Consumer Discretionary	3,432
Cathay Financial	www.cathayholdings.com.tw	Taiwan	Financials and Property	3,406
China Netcom	www.chinanetcom.com.cn	China	Telecommunication Services	3,401
CNOOC	www.cnoocltd.com	China	Energy	3,387
Taishin Financial	www.taishinholdings.com.tw	Taiwan	Financials and Property	3,336
Citiraya Industries	www.citiraya.com	Singapore	Industrials and Transport	3,322
Kasikornbank	www.kasikornbank.com	Thailand	Financials and Property	3,318
Keppel Corporation	www.kepcorp.com	Singapore	Financials and Property	3,283
Giordano International	www.giordano.com.hk	Hong Kong	Consumer Discretionary	3,258
				75,365
			Total Investments	181,221
			Top 20 as a percentage of total investments	41.6%

South Korea

The South Korean stock market performed well in 2004 mainly on the back of a strengthening currency. The won appreciated by 7.3% against sterling and even more against the US dollar giving the Kospi Index a sterling return of 18.6% over the period.

Despite strong returns in the equity market, an economic recovery remains elusive. The credit card problems which dogged the market in 2003 continued to haunt the banking system. Further bail outs of LG Card have been required and a problem which was supposed to end in 2003 now looks likely to roll on into 2005. As a result consumption has been weak with retail sales still declining, albeit at a slower rate than in 2003, and house prices refusing to recover from fairly depressed levels.

The export sector continues to prop up the economy. Exports grew 31% year on year in 2004 with electronics, autos and steels especially strong. A cloud is appearing on the horizon as US growth slows and China becomes more self sufficient in certain basic materials. As a result we have started to see the early signs of distress, especially in the Small and Medium Enterprise sector where margins are coming under pressure from higher raw material prices and weaker demand.

As in 2003, politics continued to play a prominent role. The impeachment of President Roh in March 2004 added considerable economic and political uncertainty and, although he was successfully reinstated, his position will continue to be undermined by the opposition's majority in parliament.

Despite a year of good performance the South Korean market remains the cheapest in the region suggesting that much of the bad news is already priced in. While attention is largely focused on the top ten companies, the market offers great breadth and hence provides interesting stock picking opportunities.

The exposure to Korea was reduced through the year from 20.7% of the fund at the end of 2003 to 16.5% one year later compared with a market weight in the MSCI Index of 25.9%. We remain cautious on the outlook for 2005 as we believe that a domestic recovery will again fail to materialise, especially in a period of slower export growth.

South Korea Investments		%	£'000
Consumer Discretionary	LG Electronics	2.1	3,867
	Shinsegae	1.9	3,432
Financials & Property	Samsung Fire & Marine	2.5	4,508
	Hana Bank	1.7	3,119
	Industrial Bank of Korea	1.6	2,924
	Kookmin Bank	1.3	2,444
Information Technology	Top Engineering	1.3	2,244
Materials	Posco	1.2	2,234
Telecommunication Services	SK Telecom	1.6	2,771
	KT Corporation	1.3	2,346
Total South Korea Investments		16.5	29,889

Taiwan

Taiwan's stock market rose by only 4.1% in sterling terms in 2004. This performance was particularly disappointing considering the strong economic growth during the period. Taiwanese GDP grew 5.4% in real terms in 2004 with most parts of the domestic economy showing good growth. Lower interest rates and rising money supply prompted greater consumer activity, leading to rising retail sales and improving property prices. Banks were the biggest beneficiaries and saw double digit loan growth for the first time since before the Asian crisis in 1998. The sector also benefited from significant corporate activity as the government encouraged more consolidation and greater efficiencies.

Other areas to benefit were the construction and property sectors. With liquidity conditions supportive on the back of a weak US dollar and interest rates at all time lows, property prices have been moving higher since the end of 2003. Although initially confined to the Taipei area the improvement has now spread to other parts of the country.

Despite being up over 20% at the end of February 2004 the technology sector, which dominates the Taiwanese stock market, ended the year down 9% and was solely responsible for the mediocre return of the stock market. Although the global growth outlook remained supportive the sector suffered a significant de-rating in 2004. The adoption of new products such as LCD TV's, digital cameras and MP3 players heralded great excitement early in the year but this was soon unwound as substantial new capacity and aggressive price cutting ensured earnings downgrades into the year end. The outlook for 2005 is not particularly upbeat but signs are appearing that capacity expansion plans are being curtailed which would indicate that decisions in certain areas are becoming more rational. With valuations close to all time lows the sector is beginning to look more interesting.

During the year the company reduced its exposure from 20.2% at the end of 2003 to 15.9%, compared with a market weight of 20.5%.

Taiwan Investments		%	£'000
Financials & Property	Cathay Financial	1.9	3,406
	Taishin Financial	1.9	3,336
	E Sun Financial	1.5	2,772
Industrials & Transport	Evergreen Marine	1.7	3,127
	CTCI Corporation	1.3	2,353
Information Technology	High Tech Computer	1.7	3,063
	Synnex Technology	1.7	3,049
	Optimax Technology	1.4	2,567
	Novatek Microelectronics	1.3	2,386
Materials	Taiwan Cement	1.5	2,755
Total Taiwan Investments		15.9	28,814

China

The China World Index finished the year down 10% in sterling terms but still remains one of the best performing indices over the last two years.

Following very strong economic numbers with real GDP growth reported at more than 10% in the first quarter and money supply growing at over 20%, the Chinese government announced measures in April 2004 to slow the areas of excessive growth within the economy. These policies were focused on controlling investment and the availability of credit and were designed to reduce the amount of speculative activity in areas such as steel, aluminium and property. The equity market sold off aggressively following this announcement along with metal prices and freight rates as the China growth story and its implication for global GDP and world trade came into question. By the end of June money supply growth had returned to more sustainable levels of around 15%. Following more accommodative rhetoric from the government, the markets rallied into the year end.

Certain areas remained resilient. The oil price, which had been rising since the end of 2003, continued its upward trend throughout this period. As a result the three listed state owned oil companies were some of the best performers. Telecommunications were also seen as defensive as investors focused on increased cash flow generation and cheap valuations. These sectors are notable for their dominant market share and significant barriers to entry. With little brand loyalty and insufficient protection of intellectual property rights the manufacturing sector came under pressure as raw material prices rose and intense competition eroded margins.

We remain upbeat on the prospects for Chinese economic growth in 2005 and expect consumption to provide a greater proportion of the growth this year, especially if exports slow in line with global growth.

During the period the company slightly reduced its Chinese exposure to 14.6% of total investments from 15.9% at the end of 2003. This compares with a market weight of 11.3%.

China Investments		%	£'000
Consumer Discretionary	Gome Electrical Appliances	1.2	2,228
Consumer Staples	Global Bio-Chem	1.2	2,198
	China Mengniu Dairy	1.1	1,934
Energy	CNOOC	1.8	3,387
Financials & Property	China Life Insurance	1.5	2,774
	China Heatland Fund	0.1	102
Industrials & Transport	China Merchants	2.1	3,737
Information Technology	Kingboard Chemicals	1.4	2,638
Materials	Lee & Man Manufacturing	0.6	1,033
Telecommunication Services	China Netcom	1.9	3,401
	China Telecom	1.7	3,042
Total China Investments		14.6	26,474

Hong Kong

The Hang Seng Index rose by 13.2% in 2004 but this was reduced to 5.4% in sterling terms as the Hong Kong dollar is pegged to the US dollar.

With China growing above trend, the US dollar weak and interest rates at all time lows, the scene was set for Hong Kong to finally move out of a deflationary environment. The biggest beneficiaries of this development were the property companies which saw significant share price appreciation as property prices moved higher fuelled by abundant domestic liquidity and extremely low mortgage rates. With the government capping supply of new land and reducing issuance of state housing, sentiment turned fairly quickly, pushing residential prices higher by 25% year on year.

The other trend that drove the market in 2004 was consumption. Retail sales continued to rise through the year, growing by 8% in the fourth quarter, the highest level since 1997. The main driver of this came from the Mainland as the Closer Economic Partnership Agreement continued to boost activity. With the relaxation of border controls and the increase in funds that can be brought into Hong Kong, tourist numbers have boomed reaching 1.2m in November 2004.

We are positive on the outlook for Hong Kong in 2005 especially if the US dollar continues to weaken and the rise in US interest rates remains orderly. The company has increased its weighting in Hong Kong from 9.5% at the end of 2003 to 19.8% at the end of 2004 with an emphasis on property, retail and China related companies.

Hong Kong Investments		%	£'000
Consumer Discretionary	Li & Fung	2.3	4,222
	Giordano International	1.8	3,258
	Linmark	1.0	1,885
Financials & Property	Hutchison Whampoa	3.2	5,840
	Swire Pacific	2.4	4,331
	Cheung Kong	2.3	4,147
	New World Development	2.1	3,720
	Henderson Land Development	1.8	3,245
Information Technology	Culturecom	1.0	1,791
Utilities	Hong Kong & China Gas	1.9	3,442
Total Hong Kong Investments		19.8	35,881

Thailand

Thailand was Asia's conspicuous laggard in 2004. Indeed it was the world's worst performing stock market based on the MSCI country indices, falling 17.7% in sterling terms.

This massive underperformance was a result of a series of factors including bird flu, disappointment with the banking sector's results and violence in the south. The tension in southern Thailand was especially serious as there were fears that it might spread to other parts of the country. Foreigners turned net sellers in the first half of 2004. It is also important to take this performance in context as 2004's fall is partly a reflection of the 116.6% rise in 2003.

Last year saw a period of cooling in some of the more overheated sectors. Property prices have stabilised and the growth in mortgage loans moderated to 26% from 46% in 2003. Credit card receivables also slowed from 60% growth in 2003 to 30% in 2004. We view these developments as healthy in the longer term context as they remove the chance of a Korean style consumer credit bust.

Though the basic economic story remains sound, much of the bearish newsflow has related to politics. It is clear that the recent events in southern Thailand were not handled well and the mistreatment of Muslim demonstrators has been condemned both locally and internationally. Prime Minister Thaksin was nevertheless comfortably re-elected in February's election and as a result his largely successful economic policies should continue for some time to come.

We remain positive on the outlook for the Thai stock market and maintain a 9.9% position, which is still significant despite the reduction from the 17.0% weighting at the end of 2003.

Thailand Investments		%	£'000
Consumer Staples	CP Seven Eleven	1.2	2,130
Financials & Property	Kasikornbank	1.8	3,318
	Bank of Ayudhya	1.4	2,584
	Central Pattana	1.0	1,797
	Tisco Finance	0.9	1,659
Materials	Aromatics Thailand	1.5	2,692
Telecommunication Services	Shin Corporation	2.1	3,719
Total Thailand Investments		9.9	17,899

The Philippines

The Philippine stock market, by its recent depressed standards, had a rather encouraging year. The Philippines composite index rose by 26.4% in local currency terms and 16.6% in sterling.

The stock market's performance has in part been due to bottom-up factors, such as the success of Philippine Long Distance Telecom and Globe Telecom in exploiting the country's text messaging boom. But the key macro factor has been Gloria Arroyo's re-election in May and early indications that the president, armed with a democratic mandate, is serious about sorting out the country's chronic fiscal predicament. The consolidated total public sector debt is now estimated at 137% of GDP, while a total of 37% of government revenue is consumed by interest payments.

Certain measures have been taken already, including a rate rise for the heavily indebted state power company, NAPACOR, the first since 2002. However, further measures are needed for optimism to be sustained. The global ratings agencies are watching the situation carefully and their decisions will have a significant impact on the direction of the currency and the value of the country's debt repayments.

Consumption has picked up in the Philippines but still runs below the recovery in the rest of the region. This is despite the massive inflows from overseas workers which grew at 9.5% annually in the first three quarters of 2004 and are currently running at an annual rate of about US$8bn, or 10% of nominal GNP.

With current daily volumes at US$24m for the whole market, albeit up from US$5m in Q1 2003, we are waiting for more concrete signs of reforms before making a commitment to the Philippines.

The Philippines Investments	%	£'000
No investments	0.0	0.0
Total Philippines Investments	0.0	0.0

Malaysia

The Malaysian market underperformed the rest of the region *marginally in 2004, rising 6.6% in sterling terms.*

The macro story continues to improve in Malaysia, even if the micro story has yet to live up to expectations. Malaysian GDP grew 7.1% in real terms in 2004, up from 5.3% in 2003, with both the external and internal sectors of the economy performing well. Exports rose 20% year on year while low interest rates, subdued inflation and strong loan growth led to a rise in property prices and retail sales.

The value of the currency remains a hot topic. There has been much speculation about a possible revaluation of the ringgit, which is now Asia's most undervalued currency by several yardsticks. As a result there was a 50% increase in foreign exchange reserves over 2004.

The market's future success will depend very much on Prime Minister Abdullah Badawi's ability to deliver on his stated agenda to reform the government linked companies which make up a large part of the market. Since he came to power in February 2004 the signs have been encouraging with Telekom Malaysia and Tenaga Nasional, the state power company, both appointing more aggressive and shareholder friendly management teams.

During the period the company reduced its exposure to 6.9% of the portfolio from 8.3% in 2003 but remains positive on the outlook for 2005 and will be seeking to raise this weighting as opportunities arise.

Malaysia Investments		%	£'000
Consumer Discretionary	Resorts World	1.4	2,606
Financials & Property	SP Setia	1.7	3,048
	AMMB	1.4	2,582
	Malayan Banking	1.4	2,577
Industrials & Transport	Roadbuilder	1.0	1,727
Total Malaysia Investments		6.9	12,540

Singapore

Singapore enjoyed an average return in 2004 compared with the MSCI Index, after underperforming regional markets for three consecutive years, posting an 8.4% rise in sterling terms.

The economy, in line with other regional economies, performed very strongly with real GDP rising 8.3%, up from only 1.1% growth in the previous year. Unlike the rest of Asia, however, the asset reflation story has not really taken off in the same way. Despite low interest rates, rising employment and strong retail sales, property prices were flat on the year. This is partly a function of supply overhang but also reflects a lack of real conviction in the recovery story. Nevertheless, we believe the property sector will be one of the better performing sectors in 2005.

The economy has also benefited from the recovery in ASEAN, and Indonesia in particular. A cyclical upswing in ship repair and oil services has helped these relatively mature industries.

The market's performance was boosted by a wave of corporate restructurings which led to companies selling non core assets and paying out special dividends. This makes the market one of the highest yielding in the region and for local investors compares favourably with one year bank deposits at 0.72%.

We are positive on the outlook for 2005 and have increased the weight in the portfolio in line with that view. Singapore accounted for 10.3% of the portfolio compared to 6.6% at the end of 2003.

One of our holdings, Citiraya Industries, was suspended from trading on 27 January 2005 pending an investigation by the Corrupt Practices Investigation Bureau. Accordingly the value of these shares in the portfolio has subsequently been written down from a price of S$1.08 to its latest book value, which stands at S$0.18. At the time of writing, the outcome of the investigation was unknown.

Singapore Investments		%	£'000
Energy	Singapore Petroleum	1.6	2,872
Financials & Property	Noble Group	2.1	3,689
	Keppel Corporation	1.8	3,283
	Great Eastern	1.6	2,915
Industrials & Transport	Citiraya Industries	1.8	3,322
Information Technology	Venture	1.4	2,544
Total Singapore Investments		*10.3*	*18,625*

Indonesia

Indonesia bore the brunt of Asia's tsunami disaster on 26 December 2004 with around 250,000 people killed, the northern province of Aceh being particularly badly affected. Because of the remoteness and poverty of the affected areas the overall economic impact was limited.

The Indonesian stock market enjoyed another stellar year and has now outperformed the MSCI Index for three years in a row. The JSE Index rose by 22.3% in sterling terms in 2004 despite the fact that the Rupiah actually weakened against the US dollar over the period.

The peaceful conduct of the May parliamentary elections followed by the leadership change in September set the stage for the market rally. President Susilo Bambang Yudhoyono was the market's preferred choice and the extent to which he lives up to the considerable expectations following his landslide victory will determine its performance in 2005. Hopes that the new leadership will reinvigorate the Indonesian economy encouraged foreign investors to commit US$2.2bn of new funds to the market in 2004.

The challenge for 2005 will be to control inflation. During 2004 inflation remained fairly benign, albeit above the regional average. However, with Indonesia now a net importer of oil, the pressure is on to reduce the government fuel subsidy. Any significant change in fuel prices will not only be inflationary but could lead to civil unrest.

The domestic economy grew by only 4.4% in real terms in 2004 and, although bank lending is strong and property prices are moving higher, the corporate sector remains subdued. A planned increase in infrastructure spending should help to reinvigorate this sector, which will also benefit the banks as they remain highly liquid, with loan to deposit ratios of only 56%.

We are optimistic on the outlook for Indonesia in 2005 and we have taken new holdings totalling 4.6% of the portfolio.

Indonesia Investments		%	£'000
Financials & Property	Bank Danamon	1.6	2,954
Utilities	Perusahaan Gas Negara	1.3	2,363
Telecommunication Services	Telekomunikasi Indonesia	1.7	3,040
Total Indonesia Investments		4.6	8,357

Vietnam

The Vietnamese index ended 2004 up 32.0% in sterling terms. The year end listed equity market capitalisation reached US$268m, up 74% year on year and average daily turnover grew 297% to $0.51m.

Despite bird flu and global commodity price hikes the economy accelerated by a real 7.7% in 2004, underpinned by an impressive export performance, increased consumer spending (retail sales were up 18.5%), strong investment and sustained industrial production growth. Encouragingly, inflation was held to 9.5% at the year end.

Robust export growth of 28.9% was one of the most notable features of the year with strong demand from the US leading to a rise of 86% in exports of homeware products. The current account was also aided by foreign direct investment at a five year high, surging overseas remittances and strong tourism revenue.

Following a long period of isolation, Vietnam is beginning to become accepted by the global community and in 2004 signed bilateral agreements with six members of the World Trade Organisation, including the EU and Singapore. Perhaps more symbolically, on 9 December, a United Airlines 747 touched down in Ho Chi Minh City making the first landing of an American commercial airliner on Vietnamese soil in 30 years.

We remain upbeat on the outlook for Vietnam in the years ahead. Owing to the lack of liquidity within the market our exposure is through a closed end fund managed by Dragon Capital. With the success of the Vietnamese market the portfolio's exposure has grown to 1.5% from 1.2% at the end of 2003.

Vietnam Investments		%	£'000
Financials & Property	Vietnam Enterprise Investment Fund	1.5	2,742
Total Vietnam Investments		1.5	2,742

Summary of Net Assets

at 31 December 2004

The following table summarises the net assets attributable to ordinary shareholders. The company's equity exposure amounted to 107.7% of net assets.

	2004	**2004**	2003	2003
	£'000	**%**	£'000	%
Attributable to ordinary shares				
Equities	**181,221**	**107.7**	216,097	118.9
Current assets less other liabilities	**(13,015)**	**(7.7)**	(34,359)	(18.9)
Total net assets	**168,206**	**100.0**	181,738	100.0

Report of the Directors

The directors present the audited accounts of the company for the year ended 31 December 2004.

Principal Activities and Business Review

The company is an investment company as defined in Section 266 of the Companies Act 1985 and operates as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988. The company is required to seek Inland Revenue approval of its status as an investment trust under the above mentioned Section 842 every year and this approval will continue to be sought. Inland Revenue approval of the company's status as an investment trust has been received in respect of the year ended 31 December 2003, although this approval may be subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment. The directors are of the opinion that the company has subsequently conducted its affairs in a manner which will enable it to continue to gain such approval. The company has no employees.

A review of the business is given in the Chairman's Statement and the Manager's Review on pages 4 to 19.

Investment in Investment Companies

It is the stated investment policy of the company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

Assets

At 31 December 2004 total net assets attributable to ordinary shares amounted to £168,206,000. The net asset value per ordinary share was 87.1p, an decrease of 2.5% from the previous year end.

Revenue and Dividend

Gross revenue of the company for the year increased from £4,453,000 to £5,591,000. Net revenue for the year after taxation was £2,873,000 compared with £2,565,000 in the previous year, an increase of £308,000.

The directors recommend a final dividend of 1.40p net per ordinary share (2003: final 1.00p). Subject to approval at the Annual General Meeting ("AGM"), the dividend will be paid on 20 April 2005 to shareholders on the Register of Members at the close of business on 18 March 2005.

Donations

The company has committed to make charitable donations of £10,000 per annum for three years to Sabakan. The second of these payments was made in 2004 and the third will be made in 2005. Further details regarding the charity that the company supports can be found on page 44. In addition £10,000 was also donated to the Tsunami Earthquake Appeal in December 2004. Donations are made via a Charities Aid Foundation account. No payments were made for political purposes.

Directors

The current directors of the company are listed on page 3. All directors listed held office throughout the year with the exception of Mr Robertson, who was appointed by the Board on 6 February 2004. Mr Dale retired from the Board at the conclusion of the AGM held on 5 April 2004 at which point Mr Robins was appointed Chairman. With the exception of Mr Watt, all directors are deemed independent of the management company, notwithstanding Mr Berry's length of service. Further explanation of the Board's view is contained in the Corporate Governance Report. Directors' interests in the ordinary share capital of the company at 1 January 2004 and 31 December 2004 are set out below:

	Ordinary shares of 5p	
With beneficial interest:	**31 December 2004**	1 January 2004
Mr D A Robins (Chairman)	**13,000**	3,000
Mr H G C Aldous	**20,000**	10,000
Mr P F Berry	**14,000**	14,000
Mr I L Dale (i)	**26,000**	26,000
Mr D D S Robertson (ii)	**20,000**	n/a
Miss J R Unwin	**7,531**	3,532
Mr M J Watt	**172,868**	168,958
With non-beneficial interest:		
Mr M J Watt (iii)	**59,501**	59,501

Notes:

(i) As at date of retirement, 5 April 2004.

(ii) Mr Robertson appointed to the Board on 6 February 2004.

(iii) 59,501 shares are held in a trust for Mr Watt as part of a Henderson Executive Incentive Scheme. Beneficial ownership of these shares is due to pass to Mr Watt on the following dates: 31,686 shares in April 2005 and 27,815 shares in April 2006.

Between the year end and 23 February 2005 Mr Watt increased his beneficial shareholdings to 173,177 ordinary shares by purchases through the Henderson Investment Trust Share Plan in which he saves monthly. There have been no changes in the other directors' interests since the end of the financial year.

Report of the Directors

continued

There were no contracts subsisting during or at the end of the year in which a director of the company is or was materially interested and which is or was significant in relation to the company's business. No director has a service contract with the company.

Mr Watt is an executive of the management company and is remunerated by that company in respect of services provided to Henderson TR Pacific under the Management Agreement.

In accordance with the Articles of Association each year one third of the directors will retire by rotation. Mr Robins and Mr Berry will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM. Due to his length of service Mr Berry will, in any event, stand for annual re-election by shareholders, as will Mr Watt, due to his association with the Manager (see page 24 for more information).

New Zealand Listing

The company has a listing for its ordinary shares on the New Zealand Stock Exchange. Shareholders in New Zealand are able to trade their shares locally and receive dividends in New Zealand dollars. Shares may be transferred to the Auckland branch register by contacting the registrars in New Zealand, Computershare Investor Services Limited.

Management Company

Throughout the year under review investment management, accounting, secretarial and administrative services were provided to the company by Henderson Global Investors (Holdings) plc and its wholly owned subsidiaries ("Henderson") and BNP Paribas Fund Services UK Limited (formerly Cogent Investment Operations Limited).

The management fee rate is 0.90% per annum on the first £300 million of assets. £250,000 of this fee is allocated to administration expenses. The fee on assets above £300 million, up to and including £600 million, is payable at a rate of 0.75% per annum and 0.50% per annum on assets above £600 million. In respect of the year ended 31 December 2004 these rates were applied to the average of the aggregate value of assets on the last day of each of the two preceding calendar years. Investments in funds managed by Henderson are wholly excluded from management charges.The management agreement may be terminated by either party by giving one year's notice.

The Manager uses certain services which are paid for, or provided by, various brokers. In return it places business, which may include transactions relating to the company, with these brokers.

Substantial Shareholdings

As at 23 February the company had been notified of the following interests representing 3% or more of the ordinary share capital:

British Steel Pension Fund	10.8%
Legal & General	3.8%
Sarasin Investmentfonds	3.5%

ISAs/PEPs

The company has conducted its affairs, and intends to continue to conduct its affairs, in such a way as to comply with the Individual Savings Account (ISA) and Personal Equity Plan (PEP) Regulations as a fully qualifying investment trust (which for PEP's was from 6 April 2001).

Authority to make Market Purchases of the company's Own Shares

At the AGM in April 2004 the company was authorised to make market purchases up to 30,336,900 of the company's own issued shares for cancellation.

During the financial year the company made market purchases for cancellation of 10,400,000 shares which represented 5.1% of the issued share capital. The aggregate consideration paid by the company for the shares, including stamp duty and commission, was £7,082,000. The nominal value of the shares purchased was £520,000. As at the date of this report, the company had valid authority outstanding, until the conclusion of this year's AGM, to make market purchases of up to 19,936,900 issued shares.

The Board is seeking shareholder approval to take authority to purchase on the London Stock Exchange up to 14.99% of the company's issued share capital as at the date of the AGM (equivalent to 28,961,183 ordinary 5p shares or £1,448,059 aggregate nominal value at the date of this report). The Board is not seeking authority from shareholders to hold shares in Treasury.

The authority being sought will create additional potential demand for the company's shares and, because shares will only be purchased at a price below the prevailing net asset value per share, the effect of any such purchases will be to

Report of the Directors
continued

increase the net asset value of the remaining shares as well as helping to control the discount.

Under UK Listing Authority rules, the maximum price to be paid on any exercise of the authority must not exceed 105 per cent of the average of the middle market quotations for the shares for the five business days immediately preceding the date of purchase. The minimum price paid will be 5p per share (being the nominal value).

The purchase of shares will involve a stamp duty cost to the company of approximately 0.5 per cent of the purchase price.

The company may utilise the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to shareholders. Purchases will be made at the discretion of the Board.

The authority to purchase shares will last until the AGM of the company in 2006, or until the whole of the 14.99% has been utilised, whichever is the earlier. The authority may be renewed by shareholders at any time.

Revised Objective
The investment objective has been clarified to read "Henderson TR Pacific Investment Trust plc seeks a high rate of total return from Pacific region stock markets excluding Japan and Australasia." Additionally, the Board will seek approval from shareholders at the forthcoming AGM to add India to the list of countries in which investments can be made. Further details of the rationale for these decisions is contained in the Chairman's Statement on pages 4 and 5.

Payment of Suppliers
It is the company's payment policy for the financial year to 31 December 2005 to obtain the best terms for all business and therefore there is no single policy as to the terms used. In general, the company agrees with its suppliers the terms on which business will take place and it is the Board's policy to abide by these terms. There were no trade creditors at the year end.

Nominee Code
Where shares in the company are held by nominee companies, the company undertakes to:

- provide to nominees who have indicated in advance a wish to receive them, copies of shareholder communications for distribution to their customers;
- encourage nominees to advise investors that they will be welcome to attend general meetings and to speak when invited to do so by the Chairman.

Investors in the Henderson Investment Trust Share Plan, ISA and PEP receive all shareholder communications. A letter of instruction is provided to facilitate voting.

Going Concern
The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the company consist mainly of securities which are readily realisable and, accordingly, it has adequate financial resources to continue in operational existence for the foreseeable future.

Auditors
PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the company's registered auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the forthcoming AGM.

K Burwood

By order of the Board

Krista Burwood, FCIS
Henderson Secretarial Services Limited
Secretary
23 February 2005

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Directors' Remuneration Report Regulations 2002 in respect of the year ended 31 December 2004.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Board as a whole considered the directors' remuneration. The Board has not appointed a committee to consider matters relating to the directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the directors' remuneration although the directors regularly review the fees paid to the boards of directors of other investment trust companies.

Statement of the Company's Policy of Directors' Remuneration

The Board consists entirely of non-executive directors. New directors are appointed with the expectation that they will serve for an initial period of three years. Directors' appointments are reviewed formally every three years thereafter by the Board as a whole. None of the directors has a contract of service or a contract for services and a director may resign by notice in writing to the Board at any time; there are no set notice periods. The company's policy is for the directors to be remunerated in the form of fees, payable quarterly in arrears, to the director personally. There are no long term incentive schemes provided by the company and the fees are not specifically related to the directors' performance, either individually or collectively.

Mr Watt, as noted overleaf, is remunerated by Henderson. The Board therefore does not determine his remuneration. He receives no separate director's fee from the company.

The company's policy is that the fees payable to the directors should reflect the time spent by the Board on the company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board to be paid a higher fee than the other directors in recognition of the more onerous role.

The company's Articles of Association do not limit the fees payable to the directors. In the year under review the directors' fees were paid at the following annual rates: The Chairman £24,000; the other directors £15,000 each.

The policy is to review these rates annually and it has been agreed that the rates for the forthcoming year will remain at these levels.

Directors' and officers' liability insurance cover is in place in respect of the directors.

Performance Graph

The MSCI AC Far East (Free) ex-Japan Index has been selected for the above table as this is the index which best reflects the company's investment characteristics.

Audited

Amount of Each Directors' Emoluments

The fees payable by the company in respect of each of the directors who served during the year, and during 2003, were as follows:

	2004	2003
Mr D A Robins (Chairman) (i)	**£21,600**	£14,500
Mr H G C Aldous (ii)	**£15,000**	£2,300
Mr P F Berry	**£15,000**	£14,500
Mr A W F Clapperton (iii)	**n/a**	£4,200
Mr I L Dale (iv)	**£6,400**	£23,200
Mr D D S Robertson (v)	**£13,500**	n/a
Miss J R Unwin	**£15,000**	£14,500
Mr M J Watt	**Nil**	Nil
TOTAL	**£86,400**	£73,200

Notes:

(i) Mr Robins was appointed Chairman on 5 April 2004.

(ii) Mr Aldous was appointed to the Board on 2 December 2003.

(iii) Mr Clapperton retired from the Board on 14 April 2003.

(iv) Mr Dale retired from the Board on 5 April 2004.

(v) Mr Robertson was appointed to the Board on 6 February 2004.

Mr Watt, a director of the company and principal fund manager, is employed and paid by Henderson Global

Directors' Remuneration Report

continued

Investors (Holdings) plc and its subsidiaries ("Henderson") for the provision of services to the company. Under the Companies Act 1985 and the regulations referred to above, it is necessary to state the amount which he received from Henderson which relates to the management of the company, even though the company does not pay these emoluments to him and is not involved in their determination. The company has been informed that the emoluments paid by Henderson to Mr Watt for services to the company in the year (including performance related bonus) were £84,000 (2003: £63,000) as analysed below:

	2004	2003
Salary and other benefits	**£67,000**	£63,000
Performance related bonus	**£17,000**	*Nil
TOTAL	**£84,000**	£63,000

The highest paid director's emoluments thus totalled £84,000 (2003: £63,000).

*In 2003 Mr Watt was awarded a bonus by Henderson to the value of £31,000, which was subject to deferral, under a Henderson executive incentive scheme. This was used to buy shares in the company. Details of the shares held by Mr Watt under this scheme are shown on page 20.

A contribution of £6,000 (2003: £5,000) was paid by Henderson on behalf of Mr Watt to a non-contributory defined benefit pension scheme.

By order of the Board
Krista Burwood FCIS
For and on behalf of
Henderson Secretarial Services Limited, Secretary

23 February 2005

Corporate Governance

Background

The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council in July 2003 (the "Revised Code") which replaced the Code issued in 1998. In addition, the AITC Code of Corporate Governance was issued by the Association of Investment Trust Companies in July 2003 (the "AITC Code").

Application of the Code's Principles

The Board attaches importance to the matters set out in both the Revised Code and the AITC Code and observes the relevant Main and Supporting Principles. It should be noted that, as an investment trust, most of the company's day to day responsibilities are delegated to third parties and the directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the company.

Board Independence and Composition

The Board currently consists of six non-executive directors, the majority of whom are deemed to be independent of Henderson Global Investors Limited (the "Manager"). The directors review their independence annually. Mr Watt is employed by the Manager and is therefore not considered an independent director. However the Board values the fact that he is also a director and is committed to achieving best returns for shareholders. Mr Robins, Chairman, Mr Aldous, Mr Berry, Mr Robertson and Miss Unwin are all considered to be fully independent.

Mr Berry, the Senior Independent Director, has served on the Board for over nine years. Based on the Codes he would not automatically be deemed independent. The other independent directors have considered the continued appointment of Mr Berry and have concluded that he remains fully independent notwithstanding his length of service. He has no links to the Manager, a wide range of other interests and is not dependent in any way on the company itself. The Board subscribes to the view expressed in the AITC Code that length of tenure is not in itself felt to be an issue, rather the director's contribution.

The Board is conscious of the need to maintain continuity, particularly given the cyclical nature of the company's markets. The Board believes that retaining directors with sufficient experience of both the company and the markets

Corporate Governance
continued

is of great benefit to shareholders. The directors have different qualities and areas of expertise on which they may lead where issues arise.

The directors' biographies, on page 3, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors on the Board of the company. Directors visit the region periodically to ensure they are up to date with developments in the Far East. Given the recent changes to the composition of the Board, for the first time a visit to the region by the full Board was organised in March 2004, including a Board meeting held in Singapore. During their visit the Board met with various representatives of governments and of companies in which the portfolio was invested or ones in which the Manager was considering making an investment.

Nine scheduled Board meetings are held each year to deal with matters including the setting and monitoring of investment strategy, approval of borrowings, the review of investment performance, the level of the discount or premium to net asset value and the evaluation of the service providers. A full day's Strategy Meeting was held during 2004 and the Board has agreed this will take place annually in future. Additional meetings of the Board may be arranged as required. A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the company.

The number of formal meetings of the Board and its committees held during the financial year and the attendance of individual directors are shown below. All directors (with the exception of Mr Dale) attended the AGM.

	Board	Audit	Management Engagement Committee	Nominations Committee
Mr D A Robins (i)	9	1	1	1
Mr H G C Aldous	9	3	1	2
Mr P F Berry	9	3	1	2
Mr D D S Robertson (ii)	7	1	1	0
Miss J R Unwin	6	2	1	1
Mr M J Watt	10	n/a	n/a	n/a
No of meetings	10	3	1	2

Notes:

Mr Dale retired from the Board at the Annual General Meeting on 5 April 2004 and therefore has not been included in the above table.

(i) Mr Robins ceased to be a member of the Audit Committee upon his appointment as Chairman of the Board on 5 April 2004.

(ii) Mr Robertson was appointed to the Board on 6 February 2004.

Senior Independent Director

Mr Berry is the Senior Independent Director.

Board Committees

There are three Board Committees; the Management Engagement Committee, the Nominations Committee and the Audit Committee. The Committees have defined Terms of Reference which are available on the website and will be available for inspection at the AGM.

Audit Committee

All independent non-executive directors, with the exception of the Chairman, are members of the Audit Committee. The Audit Committee is chaired by Mr Aldous and meets at least twice a year. An additional Audit Committee meeting was held in July 2004 to review the company's systems of controls. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience.

The Committee reviews the internal financial and non-financial controls, considers and recommends to the Board for approval the contents of the draft Interim and Annual Reports to shareholders and reviews the accounting policies and significant financial reporting judgements. It reviews the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditor, including their remuneration and the provision of any non-audit services by them. It also monitors the auditor's independence and objectivity and the effectiveness of the audit process. Together with the Manager, the Committee reviews the company's compliance with financial reporting and regulatory requirements. Representatives of the Manager's internal audit and compliance department attend these meetings at the Chairman's request. Representatives of PricewaterhouseCoopers LLP, the company's auditor, attend the Committee meeting at which the draft Annual Report and financial statements are reviewed and are given the opportunity to speak to the Committee members without the presence of the representatives of the Manager.

The Manager and BNP Paribas Financial Services have arrangements in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Chairman of the Audit Committee will be present at the AGM to answer questions relating to the accounts.

Corporate Governance
continued

Management Engagement Committee
The Management Engagement Committee meets at least annually and is responsible for the annual review of the terms of the management contract. All independent non-executive directors are members of the Management Engagement Committee which is chaired by the Chairman of the Board.

Appointment of the Investment Manager
The Board reviews the performance of the Investment Manager at each Board meeting and the company's performance against a peer group of investment companies against agreed targets on a quarterly basis.

In the opinion of the directors the continued appointment of the Manager on the terms agreed is in the interests of the company's shareholders as a whole. The investment team provided by the Manager, led by Mr Watt, has long experience of investment in the Pacific region and is supported by an office in Singapore. In addition the Manager has extensive investment management resources and wide experience in managing and administering investment trust companies. As detailed in the Chairman's Statement, the Manager has substantially enhanced the investment team.

Nominations Committee
The Nominations Committee meets at least annually and is responsible for Board succession planning and the review of the performance of the company, the Manager's representatives, the Board as a whole and each individual director. All independent non-executive directors are members of the Nominations Committee. The Chairman of the Board acts as Chairman of the Nominations Committee but does not participate when the Chairman's successor is being considered.

The Nominations Committee recommended the recruitment of Mr Robertson in February 2004. The company employed the services of an independent external agency for this position.

Board Succession and Policy for Recruitment
The Nominations Committee considers succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will recommend to the Board when the further recruitment of non-executive directors is required. The Board aims to maintain a balance of relevant skills, experience, ages and length of service of the directors serving on the Board.

Once a decision is made to recruit additional directors to the Board, a sub-committee of two independent directors is formed and authorised to consider candidates. Candidates are drawn from suggestions put forward by other directors and by the use of an external agency. The sub-committee puts forward up to two candidates for consideration by the Nominations Committee which then makes a recommendation to the Board.

Re-appointment as a director is not automatic and follows a process of evaluation of each director's performance. Any director who is subject to annual re-election due to length of service is subject to particularly rigorous assessment of their contribution.

Tenure Policy
All directors are appointed for an initial term of three years, subject to re-appointment and Companies Act provisions, and in accordance with the existing Articles of Association, stand for election at the first AGM following their appointment.

Directors retire every three years to ensure compliance with the Code and the Articles of Association. The names of the directors retiring by rotation at the forthcoming AGM are given in the Report of the Directors. Mr Berry will stand for annual re-election by shareholders as he has served on the Board for longer than nine years. Mr Watt will also stand for annual re-election by shareholders due to his association with the Manager. Further information is given on page 24.

Performance Evaluation

The company
The performance of the company is considered at each Board meeting and the company's performance against its peer group on a rolling twelve month basis is considered quarterly. Underperformance triggers are included in the management agreement with reference to the company's performance against this peer group.

The Board
In order to review the effectiveness of the Board, the Committees and the individual directors, the Chairman has put in place and carried out a thorough appraisal process. This was implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman, discussions were held between the directors and the Senior Independent Director. The process is

considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual directors as well as building on and developing individual and collective strengths.

Directors' Training

When a new director is appointed he or she is offered a training seminar which is held by the Manager. Directors are also provided on a regular basis with key information on the company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars.

Directors' Remuneration

The Board as a whole considers directors' remuneration and therefore has not appointed a separate remuneration committee. Since all directors are non-executive, the company is not required to comply with the principles of the Code in respect of the executive directors' remuneration. Directors' fees are detailed in the Directors' Remuneration Report on pages 23 and 24.

Responsibilities

It is the sole responsibility of the Manager to take decisions as to the purchase and sale of individual investments. The Manager also ensures that all directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the directors to probe further on matters of concern or seek clarification on certain issues. The directors have access to the advice and services of the corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board and Manager operate in a supportive, co-operative and open environment.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the Accounts is set out on page 43, the Independent Auditors' Report on page 29 and the Statement of Going Concern on page 22.

The Board has delegated contractually to external third parties, including the Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial and administration and registration services. Each of these contracts was entered into after careful consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the company.

The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman attends meetings of all the chairmen of the investment trust companies managed by the Manager; these meetings provide a forum to discuss industry matters and the Chairman reports on them to the Board.

Internal Controls

The Manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Manager's compliance and risk department on a continuing basis.

The Board has established a process for identifying, evaluating and managing any major risks faced by the company. The process is subject to regular review by the Board and accords with the Internal Control Guidance for Directors on the Combined Code published in September 1999 ("the Turnbull Guidance"). The process was fully in place from June 2000 and up to the date of approval of this annual report.

The Board is responsible overall for the company's system of internal control and for reviewing its effectiveness. These controls aim to ensure that assets of the company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and risk management is embedded in the controls of the company by a series of regular investment performance reviews and analysis, Manager's reports and quarterly internal control reports.

Corporate Governance

continued

However, such a system is designed to manage rather than eliminate risks of failure to achieve the company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, assisted by the Manager, has undertaken an annual review of the company's system of internal control and the business risks have been analysed and recorded in a risk map which is reviewed regularly. The Board receives each quarter from the Manager a formal report which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. The Board receives each year from the Manager a report on its internal controls which includes a report from the Manager's auditors on the control policies and procedures in operation. Steps will continue to be taken to embed the system of internal control and risk management into the operation and culture of the company and its key suppliers.

The company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended and the directors annually review whether a function equivalent to internal audit is needed.

Relations with Shareholders

The Board is keen that the AGM be a participative event which private shareholders are encouraged to attend. The Chairmen of the Board and the Committees attend the AGM and are available to respond to queries and concerns from shareholders. The Manager makes a presentation to shareholders and answers questions on investment performance. The company has adopted a nominee share code which is set out on page 22 and proxy votes received are relayed to the meeting.

The Board believes that the company's policy of reporting to shareholders as soon as possible after the company's year end is valuable and our preliminary results were published on 8 February 2005. Twenty working days' notice of the AGM on 15 April 2005 has been given to shareholders as required.

The Notice of Meeting sets out the business of the AGM and the special resolutions are explained more fully in the Report of the Directors. Separate resolutions are proposed to each substantive issue.

The Board monitors the shareholder register of the company at each meeting and maintains regular contact with major shareholders.

Exercise of Voting Powers

The company has approved a corporate governance voting policy which accords with current best practice whilst maintaining a primary focus on financial returns.

Statement of Compliance

The directors consider that during the period under review the company has complied with the provisions of the Code, insofar as they apply to the company's business, and the provisions of the AITC Code.

Independent Auditor's Report to the members of Henderson TR Pacific Investment Trust plc

We have audited the Financial Statements which comprise the Statement of Total Return, 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 Report of the Directors 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 Chairman's Statement, the Report of the Directors, the unaudited part of the Directors' Remuneration Report, the Manager's Review and the Corporate Governance Statement.

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 31 December 2004 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
23 February 2005

The financial statements are published on the www.henderson.com and www.hendersontrpacific.com websites which are maintained by the company's Investment Manager, Henderson Global Investors Limited ("Henderson"). The maintenance and integrity of the websites maintained by Henderson or any of its subsidiaries is, so far as it relates to the company, the responsibility of Henderson. The work we carry out as auditors does not involve consideration of the maintenance and integrity of these websites and accordingly, we accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the websites. Visitors to the websites need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Statement of Total Return (incorporating the revenue account)

for the year ended 31 December 2004

Notes		Year ended 31 December 2004 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2003 Revenue £'000	Capital £'000	Total £'000
2	Total capital (losses)/gains from investments	**–**	**(6,116)**	**(6,116)**	–	51,601	51,601
3	Income from fixed asset investments	**5,525**	**–**	**5,525**	4,418	–	4,418
4	Other interest receivable and similar income	**66**	**–**	**66**	35	–	35
	Gross revenue and capital (losses)/gains	**5,591**	**(6,116)**	**(525)**	4,453	51,601	56,054
5	Management fee	**(593)**	**(1,015)**	**(1,608)**	(547)	(890)	(1,437)
6	*Other administrative expenses*	***(630)***	**–**	***(630)***	(496)	–	(496)
	Net return/(loss) on ordinary activities before interest payable and taxation	**4,368**	**(7,131)**	**(2,763)**	3,410	50,711	54,121
7	Interest payable	**(72)**	**(214)**	**(286)**	(72)	(218)	(290)
	Net return/(loss) on ordinary activities before taxation	**4,296**	**(7,345)**	**(3,049)**	3,338	50,493	53,831
8	Taxation on net return/(loss) on ordinary activities	**(1,423)**	**727**	**(696)**	(773)	224	(549)
	Net return/(loss) on ordinary activities after taxation	**2,873**	**(6,618)**	**(3,745)**	2,565	50,717	53,282
	Proposed ordinary dividend:						
	Final: 1.40p per share (2003: 1.00p)	**(2,705)**	**–**	**(2,705)**	(2,036)	–	(2,036)
	Transfer to/(from) reserves	**168**	**(6,618)**	**(6,450)**	529	50,717	51,246
9	**Return/(loss) per ordinary share**	**1.45p**	**(3.33p)**	**(1.88p)**	1.26p	24.90p	26.16p

The revenue columns of this statement represent the profit and loss accounts of the company.

The notes on pages 33 to 42 form part of these accounts

Balance Sheet
at 31 December 2004

Notes		2004 £'000	2003 £'000
10,11	**Fixed asset investments**		
	Listed at market value – overseas	**181,221**	216,097
	Current assets		
12	*Debtors*	**142**	117
	Bank balances and short term deposits	**5,685**	3,359
		5,827	3,476
13	**Creditors:** amounts falling due within one year	**(18,842)**	(37,835)
	Net current liabilities	**(13,015)**	(34,359)
	Total net assets	**168,206**	181,738
	Capital and reserves		
15	Called up share capital	**9,660**	10,180
16	Other reserves	**152,569**	165,749
16	Revenue reserve	**5,977**	5,809
17	**Equity shareholders' funds**	**168,206**	181,738
18	**Net asset value per ordinary share**	**87.1p**	89.3p

D A Robins } Directors
M J Watt }

The accounts were approved by the directors on 23 February 2005.

The notes on pages 33 to 42 form part of these accounts

Cash Flow Statement

for the year ended 31 December 2004

Notes		2004 £'000	2004 £'000	2003 £'000	2003 £'000
19	**Net cash inflow from operating activities**		**2,182**		1,576
	Servicing of finance				
	Interest paid	**(309)**		(264)	
	Net cash outflow from servicing of finance		**(309)**		(264)
	Taxation				
	Withholding tax paid	**(118)**		(106)	
	Net tax paid		**(118)**		(106)
	Financial investment				
	Purchases of investments	***(89,906)***		(98,389)	
	Sales of investments	**120,705**		66,353	
	Net cash inflow/(outflow) from financial investment		**30,799**		(32,036)
	Equity dividends paid		**(2,036)**		(1,223)
	Net cash inflow/(outflow) before financing		**30,518**		(32,053)
	Financing				
	Repurchases of ordinary shares	**(7,082)**		(121)	
	(Repayment)/drawdown of multi-currency loan facility	**(21,278)**		30,297	
	Net cash (outflow)/inflow from financing		**(28,360)**		30,176
	Increase/(decrease) in cash		**2,158**		(1,877)
	Reconciliation of net cash flow to movement in net debt				
20	Increase/(decrease) in cash as above		**2,158**		(1,877)
	Cash outflow/(inflow) from debt financing		**21,278**		(30,297)
	Change in net debt resulting from cash flows		**23,436**		(32,174)
	Exchange movements		**124**		1,678
			23,560		(30,496)
	Net debt at 1 January		**(32,160)**		(1,664)
20	**Net debt at 31 December**		**(8,600)**		(32,160)

The notes on pages 33 to 42 form part of these accounts

Notes to the Accounts

1 Accounting policies

a) Basis of accounting

The accounts are prepared on the historical cost basis of accounting, modified to include the revaluation of fixed asset investments, and in accordance with applicable accounting standards and with the Statement of Recommended Practice – "Financial Statements of Investment Trust Companies" ("SORP" dated January 2003). All of the company's operations are of a continuing nature.

b) Valuation of fixed asset investments

Listed investments are valued at their middle market prices. Unlisted investments are valued by the directors taking into account the information available on the investee companies and funds held by the company.

c) Capital gains and losses

Realised and unrealised capital gains and losses together with exchange rate differences arising on the translation of foreign currency assets and liabilities, are dealt with in other capital reserves.

d) Foreign currency

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date. In the case of forward exchange contracts entered into to hedge fluctuating exchange rates on foreign currency assets or liabilities, the difference between the value at the contracted forward rate and the forward rate ruling at the balance sheet date is included as a debtor or provided for as a creditor and included within other capital reserves.

e) Income

Dividends receivable from equity shares are taken to the revenue account on an ex-dividend basis. Where there is reasonable doubt as to the quantum of the dividends which will be received by the company, the recognition of the dividend is deferred until the dividend is paid. Income from fixed interest debt securities and preference shares is recognised on a time apportionment basis and, if material, so as to reflect the effective yield on each such security. Bank interest is accounted for on an accruals basis. With effect from 1 January 2002 stock dividends paid by Taiwanese companies where withholding tax is payable are recognised as income.

f) Expenses and interest payable

On the basis of the Board's expected long-term split of returns in the form of capital gains and income of 75% and 25% respectively, the company charges 75% of its interest payable and investment management fee to other capital reserves. As in previous years, the amount of the management fee attributable to accounting, secretarial and administration services has been charged wholly to revenue. The apportionment of the management fee between investment management and other services can be found in note 5 on page 34.

g) Taxation

The tax effect of different items of expenditure is allocated between capital and revenue using the company's effective rate of tax for the year.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

h) Financial instruments

The company does not utilise derivative instruments. The company has taken advantage of the exemption allowed under FRS13 and excluded short term debtors and creditors from disclosures under financial instruments where allowed.

Notes to the Accounts

continued

2	Total capital (losses)/gains from investments	2004 £'000	2003 £'000
	Realised gains/(losses) based on historical cost	**9,280**	(6,723)
	Amounts recognised as unrealised in the previous year	**(25,660)**	14,599
	Realised (losses)/gains based on carrying values at previous balance sheet date	**(16,380)**	7,876
	Net movement in unrealised appreciation	**10,140**	42,047
	Net gains on foreign exchange	**124**	1,678
	Total capital (losses)/gains from investments	**(6,116)**	51,601

3	Income from fixed asset investments	2004 £'000	2003 £'000
	Dividends from listed overseas equities	**4,923**	3,849
	Taiwanese stock dividends	**602**	536
	Special dividends from listed overseas equities	**–**	33
	Total income from fixed asset investments	**5,525**	4,418

4	Other interest receivable and similar income	2004 £'000	2003 £'000
	Bank interest	**66**	35

5	Management fee	Year ended 31 December 2004 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2003 Revenue £'000	Capital £'000	Total £'000
	Investment management fee	**333**	**998**	**1,331**	297	890	1,187
	Accounting, secretarial and administration costs	**250**	**–**	**250**	250	–	250
	Irrecoverable VAT thereon	**10**	**17**	**27**	–	–	–
		593	**1,015**	**1,608**	547	890	1,437

A summary of the terms of the management agreement is given in the Report of the Directors on page 21.

Notes to the Accounts

continued

6	**Other administrative expenses** (charged wholly to revenue)	**2004 £'000**	2003 £'000
	Directors' fees (see Directors' Remuneration Report on pages 23 and 24)	**86**	73
	Auditors' remuneration:		
	for audit services	**16**	18
	for non-audit services	**3**	1
	Bank charges	**254**	177
	Other expenses payable to the management company (share plan and marketing services)	**20**	14
	AITC	**22**	21
	Printing	**42**	51
	Registrar's fees	**24**	24
	Listing fees	**16**	17
	Directors' and Officers' Liability Insurance	**16**	20
	Binns & Co – PR Agency	**20**	25
	UBS Investment Bank – Company Broker Fee	**32**	8
	Other expenses*	**59**	37
	Charitable donations	**20**	10
		630	496

*Other expenses include items such as advisors' fees, recruitment fees and other small miscellaneous items. In 2004 it also includes an amount of £15,000 relating to the directors' visit to the region.

		Year ended 31 December 2004			Year ended 31 December 2003		
7	**Interest payable**	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
	On loans repayable within one year	**72**	**214**	**286**	72	218	290

75% of interest payable has been charged to capital.

		Year ended 31 December 2004			Year ended 31 December 2003		
8	**Taxation on net return/(loss) on ordinary activities**	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
	a) Analysis of charge in the period						
	UK corporation tax at 30%	**357**	**–**	**357**	320	–	320
	Double taxation relief	**(348)**	**–**	**(348)**	(320)	–	(320)
	Marginal relief	**(9)**	**–**	**(9)**	–	–	–
	Overseas withholding tax	**696**	**–**	**696**	549	–	549
	Tax attributable to expenses and interest payable charged to capital	**727**	**(727)**	**–**	224	(224)	–
		1,423	**(727)**	**696**	773	(224)	549

Notes to the Accounts

continued

8 Taxation on net return/(loss) on ordinary activities (continued)

b) Factors affecting current tax charge for the year

The tax charged to the revenue account for the period is higher (2003: lower) than the standard rate of corporation tax in the UK for a large company (30%). The difference is explained below.

	2004 £'000	2003 £'000
Net return on ordinary activities before taxation	**4,296**	3,338
Corporation tax at 30%	**1,289**	1,001
Effects of:		
Non taxable stock dividends	**(181)**	(161)
Overseas withholding tax	**311**	187
Income taxable in different periods	**(2)**	26
Excess expenses brought forward and relieved in year	**(349)**	(170)
Tax relief on capitalised expenses	**358**	(119)
Disallowable expenses	**6**	9
Marginal Relief	**(9)**	–
Current tax charge for the year	**1,423**	773

The company has not recognised deferred tax assets of £97,000 (2003: £472,000) arising as a result of having eligible unrelieved foreign tax (EUFT) and loan relationship deficits. These expenses will only be utilised if the company has profits chargeable to corporation tax in the future.

9 Return/(loss) per ordinary share

Revenue returns per ordinary share are based on earnings attributable to the ordinary shares of £2,873,000 (2003: £2,565,000) and on the weighted average number of ordinary shares in issue during the year to 31 December 2004, being 198,788,181 (2003: 203,680,948).

Capital (losses)/gains per ordinary share are based on net capital losses attributable to the ordinary shares of £6,618,000 (2003: gains £50,717,000) and on the weighted average number of shares in issue during the year, as shown above.

10	Fixed asset investments	Total £'000
	Changes in investments are as follows:	
	Valuation at 1 January 2004	216,097
	Unrealised appreciation	(41,887)
	Cost at 1 January 2004	174,210
	Additions at cost	92,069
	Disposals at cost	(111,425)
	Cost at 31 December 2004	154,854
	Unrealised appreciation	26,367
	Valuation at 31 December 2004	**181,221**

11 Subsidiary undertaking

The company has an investment in the issued ordinary share capital of its wholly owned subsidiary, Interinvestment Finance Company Limited. This company is registered in England and Wales and was dormant throughout the year. The aggregate capital and reserves of the company as at 31 December 2004 was £2. This subsidiary has not been consolidated on the grounds that it is insignificant to the results of the company.

12	Debtors	2004 £'000	2003 £'000
	Accrued dividend and interest income	**45**	31
	Other debtors	**86**	67
	Prepayments	**11**	19
		142	117

13	**Creditors:** amounts falling due within one year	2004 £'000	2003 £'000
	Currency loan and bank overdrafts	**14,285**	35,519
	Proposed dividends	**2,705**	2,036
	Purchases for future settlement	**1,675**	114
	Interest payable	**10**	33
	Accruals	**167**	133
		18,842	37,835

Notes to the Accounts
continued

14 Financial instruments

(i) Management of risk

The company's financial instruments comprise:

- Equity shares that are held in accordance with the company's investment objective as set out on the inside front cover of the report and accounts;
- Term loans and bank overdrafts, the main purpose of which is to raise finance for the company's operations; and
- Cash, liquid resources and short term debtors and creditors that arise directly from the company's operations.

It is, and has been throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are market price risk, interest rate risk, liquidity risk and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained constant throughout the year under review.

Market price risk

Market price risk arises mainly from uncertainty about the future prices of financial instruments used in the company's operations. It represents the potential loss the company might suffer through holding investments in the face of price movements and movements in exchange rates. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and stock selection are other factors which serve to reduce market risk. The investment manager actively monitors market prices throughout the year and reports to the Board, which meets regularly to consider investment strategy.

Interest rate risk

The company finances its operations through its equity capital and reserves and its long and short term loans as well as bank overdrafts and any retained revenues arising from its activities. The company borrows in the desired currencies at both fixed and floating rates of interest and the Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

Liquidity risk

The company's assets comprise mainly readily realisable securities which can be sold to meet funding requirements if necessary. The maturity profile of the company's existing borrowings are set out in paragraph (iii) on page 39. Short term flexibility is achieved through the use of term borrowings and overdraft facilities.

Foreign currency risk

The company's total return and net assets can be significantly affected by currency translation movements as most of the company's assets and revenue are denominated in currencies other than sterling. The fund manager mitigates the individual currency risks through the international spread of investments. Borrowings in foreign currencies will be limited to levels appropriate to the asset exposure to these currencies, or to a currency which is closely aligned to the underlying asset exposure.

Notes to the Accounts

continued

14 Financial instruments (continued)

(ii) Interest rate risk profile of financial assets and financial liabilities

Financial assets

Most of the company's financial assets are equity shares which neither pay interest nor have a stated maturity date.

Financial liabilities

The interest rate profile of the company's financial liabilities at 31 December was:

Currency	**2004 Floating rate financial liabilities £'000**	2003 Floating rate financial liabilities £'000
Hong Kong dollar	**9,749**	25,633
Singapore dollar	**4,103**	9,881
Other currencies	**433**	5
	14,285	35,519

Interest payable on financial liabilities is calculated with reference to local interbank lending rates. There were no fixed rate financial liabilities at 31 December 2004 (2003: £nil).

(iii) Maturity profile of the company's financial liabilities

The maturity profile of the company's financial liabilities at 31 December was as follows:

	2004 £'000	2003 £'000
In one year or less, or on demand	**14,285**	35,519

The company had committed loan facilities of £40 million (2003: £30 million) of which £13.9 million (2003: £27.6 million) was drawn down at the year end and an uncommitted overdraft facility with the custodian, the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the company. The facilities are subject to regular review.

(iv) Currency exposure

A portion of the financial assets and financial liabilities of the company are denominated in currencies other than sterling and the net assets and total return can be significantly affected by currency movements.

	31 December 2004		31 December 2003	
Currency	**Investments denominated in overseas *currencies* £'000**	**Net monetary (liabilities)/ assets £'000**	Investments denominated in overseas *currencies* £'000	Net monetary assets/ *(liabilities)* £'000
US dollar	**12,476**	**(432)**	25,253	112
Hong Kong dollar	**58,866**	**(9,714)**	43,526	(25,632)
Korean won	**24,884**	**–**	36,792	–
Singapore dollar	**18,625**	**(3,366)**	14,216	(9,875)
Thai baht	**17,899**	**1**	36,774	–
New Taiwan dollar	**27,574**	**4,286**	40,374	1,140
Other currencies	**20,897**	**(1,672)**	19,162	9
Total	**181,221**	**(10,897)**	216,097	(34,246)

(v) Fair values of financial assets and financial liabilities

All of the financial assets and financial liabilities of the company are held at fair value.

Notes to the Accounts
continued

15	**Called up share capital**	**2004 £'000**	2003 £'000
	Authorised:		
	350,000,000 ordinary shares of 5p each	**17,500**	17,500
	Allotted, issued and fully paid:		
	193,203,359 (2003: 203,603,359) ordinary shares of 5p each	**9,660**	10,180

During the year the company repurchased for cancellation 10,400,000 of its own issued shares, for a total consideration of £7,082,000 leaving a balance of 193,203,359 ordinary shares for the purposes of the calculation of the net asset value per ordinary share. Further details of the purchase can be found in the Report of the Directors on page 21.

16 Reserves

		Other reserves				
	Capital redemption reserve £'000	Special reserve £'000	Unrealised reserve £'000	Realised reserve £'000	Total £'000	Revenue reserve £'000
At 1 January 2004	5,726	99,492	42,496	18,035	165,749	5,809
Transfer on disposal of assets	–	–	(25,660)	25,660	–	–
Net movement on fixed asset investments	–	–	10,140	(16,380)	(6,240)	–
Net movement on foreign exchange	–	–	(789)	913	124	–
Expenses and interest payable charged to capital	–	–	–	(1,229)	(1,229)	–
Tax relief on expenses and interest payable charged to capital	–	–	–	727	727	–
Purchases of own shares	520	(7,082)	–	–	(6,562)	–
Retained revenue	–	–	–	–	–	168
At 31 December 2004	**6,246**	**92,410**	**26,187**	**27,726**	**152,569**	**5,977**

Unrealised depreciation at 31 December 2004 includes unrealised depreciation of £nil (2003: £3,183,000) relating to unlisted investments.

17	**Reconciliation of movement in shareholders' funds**	**2004 £'000**	2003 £'000
	Net revenue on ordinary activities after taxation	**2,873**	2,565
	Dividends paid	**(2,705)**	(2,036)
		168	529
	Decrease/(increase) in other capital reserves	**(6,618)**	50,717
	Purchase of 10,400,000 own ordinary shares (2003: 240,000)	**(7,082)**	(121)
	Net (decrease)/increase in shareholders' funds	**(13,532)**	51,125
	Shareholders' funds at 1 January	**181,738**	130,613
	Shareholders' funds at 31 December	**168,206**	181,738

18 Net asset value per ordinary share

The net asset value per ordinary share is based on net assets attributable to the ordinary shares of £168,206,000 (2003: £181,738,000) and on the 193,203,359 (2003: 203,603,359) ordinary shares in issue at 31 December 2004.

The movements during the year of the company's assets attributable to the ordinary shares were as follows:

	£'000
Total net assets at 1 January 2004	181,738
Total net loss on ordinary activities after taxation	(3,745)
Proposed dividends	(2,705)
Repurchase of 10,400,000 ordinary shares (see note 15)	(7,082)
Total net assets at 31 December 2004	**168,206**

19 Reconciliation of operating revenue to net cash inflow from operating activities	2004 £'000	2003 £'000
Net revenue before interest payable and taxation	**4,368**	3,410
(Increase)/decrease in prepayments and accrued income	**(6)**	59
(Increase)/decrease in other debtors	**(19)**	1
Increase/(decrease) in creditors	**34**	(25)
Management charge taken to other capital reserves	**(1,015)**	(890)
Overseas withholding tax deducted at source	**(578)**	(443)
Taiwanese stock dividends	**(602)**	(536)
Net cash inflow from operating activities	**2,182**	1,576

20 Analysis of changes in net debt	31 December 2003 £'000	Cash flow £'000	Exchange movements £'000	31 December 2004 £'000
Net cash:				
Cash at bank and short term deposits less bank overdrafts	3,359	2,158	(265)	**5,252**
Debt:				
Debt falling due within one year	(35,519)	21,278	389	**(13,852)**
Net debt	(32,160)	23,436	124	**(8,600)**

Notes to the Accounts

continued

21 Capital commitments

At 31 December 2004 the company had no capital commitments (2003: £nil).

22 Transactions with the Investment Manager

Under the terms of an agreement dated 2 March 1995 and subsequent supplemental agreements the company appointed wholly owned subsidiaries of Henderson Global Investors (Holdings) plc ("Henderson") to provide investment management, accounting, secretarial and administrative services. Henderson has contracted BNP Paribas Fund Services UK Limited (formerly Cogent Investment Operations Limited) to provide accounting and administrative services. Details of the fee arrangements paid to Henderson for these services are given in the Report of the Directors on page 21.

The total of the fees paid or payable to Henderson under these agreements in respect of the year ended 31 December 2004 was £1,581,000 (excluding VAT) (2003: £1,437,000), of which £nil was outstanding at 31 December 2004 (2003: £nil). In addition to the above services Henderson has provided the company with share plan administration and marketing services. The total fees payable for these services for the year ended 31 December 2004 amounted to £20,000 (excluding VAT) (2003: £14,000), of which £11,000 was outstanding as at 31 December 2004 (2003: £7,000).

Statement of Directors' Responsibilities

in Respect of the Accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the net returns of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Analysis of Ordinary Shareholders

as at 31 December 2004

	Number of shares held	%	Number of shareholders	%
†Individuals	35,658,359	18.5	6,470	83.4
††Banks and Nominees	151,188,135	78.3	1,165	15.0
Others	6,356,865	3.2	124	1.6
	193,203,359	100.0	7,759	100.0

† Includes individuals who have invested through the Henderson Investment Trust Share Plan and holders on the New Zealand branch register. The number of Share Plan shareholders decreased from 2,933 to 2,635 during the financial year. On 31 December 2004 there were 814 holders of ordinary shares on the New Zealand register (2003: 817 holders).

†† These holdings also include individual holdings through nominee accounts.

Source: Lloyds TSB Registrars Scotland and Henderson Global Investors

Share Price Information

The market price of the company's ordinary shares and the net asset value is quoted daily at **www.hendersontrpacific.com**. The Financial Times, and other leading newspapers publish the share price daily. The Financial Times also provides an estimate of the net asset value and of the discount/premium.

Investing in Henderson TR Pacific Investment Trust plc

Ordinary shares of Henderson TR Pacific Investment Trust plc may be bought or sold directly through a stockbroker, other independent financial adviser or through a number of banks or building societies which provide this service. Alternatively, shares may be bought through the Henderson Investment Trust Share Plan and the Henderson ISA.

Social Responsibility

Codes of good corporate governance now extend to a company's policies on the environment, employment, human rights and community relationships. Corporations are playing an increasingly important role in global economic activity and the adoption of good corporate governance enhances a company's economic prospects by reducing the risk of government and regulatory intervention and any ensuing damage to its business or reputation.

This company's policy is to monitor the policies and actions of the companies in which it invests with a view to encouraging management to recognise and address any issues. Its overriding objective remains the pursuit of a high total return.

Charitable Project

The sole charity now supported by the company is Sabakan, based in Mindanao in the Philippines. This charity supports victims of abuse on women and children, a significant problem in the Philippines, against which little *official support is available. Henderson TR Pacific has* already provided three years' funding, totalling £30,000 to help develop the services offered by Sabakan, especially for children, and in 2002 agreed to support the charity for a further three years at a cost of £10,000 per year. The second of these payments was made in 2004 and the *third will be made in 2005. The company also made a* contribution of £10,000 to the Tsunami Disaster Appeal in December 2004.

Investor Information

Directors
David Robins (Chairman)
Hugh Aldous
Peter Berry CMG
Struan Robertson
Judith Unwin OBE
Michael Watt ASIP

Investment Manager
Henderson Global Investors Limited (authorised and regulated by the Financial Services Authority) represented by Michael Watt

Michael Watt is assisted in the management of the portfolio by Michael Kerley. Both are based in London

Secretary
Henderson Secretarial Services Limited
represented by Krista Burwood FCIS

Registered Office
4 Broadgate
London EC2M 2DA
Telephone: 020 7818 1818
Facsimile: 020 7818 1819

Registered Number
Registered as an investment company in England No 2153093

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

Results and Dividend
Half year results announced in August
Full year results announced in February
Report and Accounts posted in March
Annual General Meeting held in London in April
Annual dividend announced February, paid in April

The London Stock Exchange Daily Official List (SEDOL) Code is 0871079

UK Registrars
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA
Telephone: 0870 601 5366

There is now a range of shareholder information on line. You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk**

New Zealand Registrars
Computershare Investor Services Limited
PO Box 92119
Auckland 1020
New Zealand
Telephone: (New Zealand) (64) 9 488 8777
Facsimile: (New Zealand) (64) 9 488 8787

UK Stockbrokers
UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

New Zealand Stockbrokers
ABN AMRO Craigs
Farming House
102-104 Spring Street
P.O. Box 13155
Tauranga, New Zealand

Contact details for ISA and PEP holders and Share Plan members are listed below. The Henderson Investor Services department can be reached on 0800 832 832 or retailclientservices@henderson.com
Shareholders on the main register should contact the Registrar, details as above

ISAs and PEPs
Henderson Investment Management Limited
Block C – Western House
Lynch Wood Business Park
Peterborough PE2 6BP

Share Plan
The Share Plan Administrator
Henderson Investment Trust Share Plan
Lloyds TSB Registrars Scotland
PO Box 28448
Freepost (KE5906)
Edinburgh EH4 1ZQ

Capital Gains Tax

In 1998 provisions which make considerable changes were made to the way that chargeable gains are calculated for non-corporate shareholders in respect of disposals made on or after 6 April 1998. From that date pooling no longer applies and disposals are matched against shares previously acquired in the following order:

- same date acquisitions;
- acquisitions within the following 30 days;
- previous acquisitions on or after 6 April 1998 (using the 'last in first out' basis);
- any shares held in the pool as at 5 April 1998;
- any shares held in the pool as at 5 April 1982;
- any shares acquired before 6 April 1965; and
- any shares acquired subsequent to the disposal.

For disposals on or after 6 April 1998 indexation is still allowed but only up to April 1998. There is now a taper relief to the amount of the chargeable gain on these disposals. The taper is 5% for each complete year of ownership after the first two complete years, with a maximum reduction of 40% after ten complete years.

In calculating the tapering relief, assets held before 17 March 1998 qualify for an extra year.

The way that chargeable gains are calculated for companies remains on the basis of pooling and indexation continues to apply.

The calculation of the tax on chargeable gains will depend on personal circumstances. The above information is of a general nature and is not exhaustive. If you are in any doubt about your personal tax position, you are recommended to contact your professional adviser.

Glossary of Terms

Discount
The amount by which the share price 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.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Gearing
The term applied to the effect produced by borrowings and prior charge share capital which tends to exaggerate the return on capital and revenue.

Individual Savings Account (ISA)
A savings product that enables UK tax residents to invest in shares in a tax efficient way, subject to an annual limit. The annual limit for the 2004/2005 tax year is £7,000.

Net Asset Value
The value of total assets less liabilities. Liabilities for this purpose include current and long term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Premium
The amount by which the share price of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Disability Statement

Copies of this Report and Accounts or other documents issued by the company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Lloyds TSB Registrars, who have installed textphones to allow speech and hearing impaired people who have their own textphones to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People), dial 18001 followed by the number you wish to dial.

For investors through the Henderson Investment Trust Share Plan, ISA or PEP a textphone telephone service is available on 020 7850 5406. This service is available during normal business hours.

Notice of Meeting

Notice is hereby given that the eighteenth Annual General Meeting of Henderson TR Pacific Investment Trust plc will be held at 4 Broadgate, London EC2M 2DA on Friday 15 April 2005 at 12.30 pm to consider the following:

Ordinary Business

1 That the Report of the Directors and Accounts for the year ended 31 December 2004 be received.

2 To approve the Directors' Remuneration Report for the year ended 31 December 2004.

3 That a final dividend of 1.40p be declared.

4 That Mr P F Berry be re-elected a director of the company.

5 That Mr D A Robins be re-elected a director of the company.

6 That Mr M J Watt be re-elected a director of the company.

7 That PricewaterhouseCoopers LLP be reappointed auditors of the company.

8 To authorise the directors to determine the auditor's remuneration.

Special Business

To consider, and if thought fit, pass the following as special resolutions:

9 THAT the company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of issued ordinary shares of 5p each in the capital of the company PROVIDED THAT:

(a) the maximum number of shares which may be purchased is 14.99% of the company's issued ordinary share capital at the date of the Annual General Meeting (equivalent to 28,961,183 ordinary shares of 5p each at the date of this notice);

(b) the maximum price (exclusive of expenses) which may be paid for a share shall not exceed 105% of the average of the middle market quotations for the shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase;

(c) the minimum price (exclusive of expenses) which may be paid for a share shall be 5p, being the nominal value per share; and

(d) this authority shall expire at the conclusion of the next Annual General Meeting of the company save that the company may, before such expiry, enter into a contract to purchase shares under which such purchases will or may be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares in pursuance of any such contract.

10 THAT the company's investment objective be amended to permit investment in India.

By order of the Board

Krista Burwood, FCIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
23 February 2005

Registered Office: 4 Broadgate, London EC2M 2DA

Notice of Meeting

continued

Notes:

i) An ordinary shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.

ii) To be valid the enclosed form of proxy must be completed and deposited at the office of the company's registrar not less than 48 hours before the time appointed for holding the meeting.

iii) The return of the form of proxy duly completed will not preclude a member from attending and voting at the meeting.

iv) In accordance with the requirements of the Companies Act 1985, the Register of Directors' Interests will be available for inspection at the meeting.

v) The company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered on the register of members of the company at 12.30 pm on 13 April 2005 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 12.30 pm on 13 April 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

vi) By attending the meeting, members and their proxies and representatives are understood by the company to have confirmed their agreement to receive any communications (including communications relating to the company's securities) made at the meeting.

■ Henderson Global Investors,
4 Broadgate, London EC2M 2DA

Henderson Investment Trust Share Plan

The Henderson Investment Trust Share Plan offers a simple and flexible way of investing in **Henderson TR Pacific Investment Trust plc**. The Share Plan offers the following:

- **Regular savings from £50 per month/quarter, or lump sum investments from £500 and additional 'top-up' from £100**
- **An income reinvestment facility. Alternatively, you can have dividends paid to your bank or building society account**
- **All paperwork and documentation is simplified and reduced to a minimum**
- **Half yearly valuations with consolidated tax certificate and complimentary newsletters**

Henderson ISA

You can invest directly in **Henderson TR Pacific Investment Trust plc** through the Henderson ISA. The ISA offers the following:

- **Tax free income and tax free growth**
- **Regular savings from £100 per month or lump sum investments from £2,000**
- **An income reinvestment facility. Alternatively, you can have dividends paid to your bank or building society account**
- **Half yearly valuations, reports and complimentary newsletters**
- **Both Mini and Maxi ISAs available for investment by lump sum or regular savings**

Henderson Transfer PEP or ISA

A Henderson Transfer PEP or ISA allows you to transfer your existing PEP or ISA funds into the Trust. Investments retain their tax-efficient status during and after transfer.

Please remember that the value of your investment can fall as well as rise and you may not get back the amount originally invested. Tax assumptions may change if the law changes and the value of tax relief will depend upon your individual circumstances.

Further Information

Please consult the website **www.hendersontrpacific.com** or write to Henderson Global Investors, FREEPOST, Newbury RG14 2ZZ. No stamp is required.

Alternatively, please contact your professional adviser for further information or call our Investor Services Department on freephone **0800 832 832** quoting the reference **REPORT**. Please call (44) 20 7818 1818 if you are telephoning from abroad. We may record telephone calls for our mutual protection and to improve customer service.

Henderson Global Investors is the name under which Henderson Global Investors Limited, Henderson Investment Funds Limited, Henderson Fund Management plc, Henderson Investment Management Limited and Henderson Administration Limited (all authorised and regulated by the Financial Services Authority), provide investment products and services.

4 Broadgate, London EC2M 2DA.

Henderson TR Pacific Investment Trust plc
is managed by

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