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Henderson TR Pacific Investment Trust plc

Report and Accounts for the year ended 31 December 2007

Henderson TR Pacific Investment Trust plc

Objective

- Henderson TR Pacific Investment Trust plc seeks a high rate of total return from companies operating primarily in the Pacific region excluding Japan and Australasia

Investment Policy

- The Company seeks to generate returns across the region from focussed, bottom-up stock selection of mispriced growth stocks, with a country and sector overlay
- The portfolio typically has 40 to 60 holdings
- The Company may borrow to enhance performance but borrowings will not exceed 30% of net asset value
- The Company will hold no more than 15% of its gross assets in any single investment

(Refer to page 14 for further details)

Performance Incentive

- A performance fee that rewards outperformance against the MSCI All Country Asia ex-Japan Index but penalises absolute falls in value as well as underperformance

Results

- NAV Total Return of 36 3%
  Share Price Total Return of 33 6%

Prospects

- High levels of growth, particularly in comparison with the US and Europe, continue to provide the potential for attractive long term returns

A factsheet, which is updated each month, may be accessed on www hendersontrpacific com

Highlights of the Year

Per ordinary share	31 December 2007 in pence	31 December 2006 in pence	Change %
Net asset value•	**183 5**	135 5	35 4
Share price•	**161 3**	122 0	32 2
Net revenue return	**2 18**	1 38	58 0
Final dividend	**2 00**	1 30	53 8
Gearing*	**14 8%**	9 5%	

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

• Excluding reinvested income

Performance

To 31 December 2007	1 year %	2 years[4] %	3 years %	5 years %	10 years %
Net asset value total return[1]	36 3	64 4	117 1	200 9	193 5
Share price total return[1]	33 6	66 6	119 7	188 9	173 8
Peer group NAV total return[2]	34 1	59 3	116 0	233 1	301 3
MSCI All Country Asia ex-Japan Index[3]	38 2	62 1	123 3	223 9	187 1

(1) Source AIC Information Services Ltd (net income reinvested)
(2) Source AIC Information Services Ltd The performance of a group of leading investment trust competitors (arithmetic average)
(3) Source Datastream (gross income reinvested)
(4) Performance since A Beal appointed Portfolio Manager

Dividend

The recommended final dividend of 2 00p per ordinary share will, if approved at the Annual General Meeting to be held on 23 April 2008, be paid on 30 April 2008 to shareholders on the Register of Members at the close of business on 28 March 2008 The Company's shares will be quoted ex-dividend on 26 March 2008

Historical record

31 December	Net revenue return per ordinary share in pence	Dividends in pence	Total net assets in £'000	Net asset value per ordinary share in pence
2007	**2 18**	**2 00**	**312,560**	**183 5**
2006	1 38	1 30	248,987	135 5
2005	1 92	1 85	213,952	114 8
2004	1 45	1 40	170,911†	88 5†
2003	1 26	1 00	183,774†	90 3†
2002	0 77	0 60	130,613	64 1
2001	0 75	0 50	161,334	79 0
2000	0 74	0 55	176,102	85 7
1999	0 36	0 25	258,636	125 8
1998	1 24	1 00	125,226	60 9
1997	0 69	0 45	140,182	68 1

†Restated – The company changed its accounting policy for the valuation of listed investments and the recognition of dividends payable in accordance with the provisions of FRS 26 – Financial Instruments Recognition and Measurement, and FRS 21 – Events after the balance sheet date

Contents

Chairman's Statement

It is a pleasure to be able to report that your Company achieved another very strong performance in 2007 The share price total return was 33 6% taking the share price to new all time highs in the Company's twentieth year of existence

However, this result must be set against a market background which was both volatile and extremely challenging during certain periods of the year As a result, although a net asset value total return of 36 3% was achieved, this compared with a total return of 38 2% for our benchmark, the MSCI All Country Asia ex-Japan Index (sterling adjusted) Nevertheless, the Company's NAV performance was 2 1 percentage points better than an average of our peer group, which also found it difficult to match the performance of the Index

Indeed, over the last two years since Andrew Beal took over management of the Company, the share price total return has been 66 6%, and the NAV total return 64 4% These figures continue to compare very favourably with both the performance of the Index (up 62 1%) and even more favourably against the peer group, which only achieved an NAV total return of 59 3% Outperformance against the peer group over this period has therefore, measured 5 1 percentage points

As I noted in the Annual Report in March of last year, our Portfolio Manager and the Board were becoming increasingly concerned about the low level of risk aversion in global markets and the late stage of the credit cycle in early 2007 Thus, we were surprised that after a brief setback in March following early indications of problems in the sub-prime market in the USA, markets powered ahead until the summer By July, our concerns had reached such a peak that our gearing was reduced to zero and our cash level raised to 10%, whilst the Portfolio Manager also took out put protection on the Index Our fears seemed to have been justified by the market crash in August, but we have to admit that we were not prepared for the rapid rebound of markets thereafter

We remained fearful of further fall-out from the credit crunch which developed from late summer and, whilst the Company did re-invest cash relatively rapidly, we lost significant performance during this period Since the turn of the year, our worst fears regarding the prospects for markets have been realised While the extent of the sub-prime market problems have probably yet to be fully realised, enough bad news has been forthcoming that, allied with slowing growth in the US and Europe, market confidence has been seriously eroded Despite significant interest rate cuts by the Fed, and some interest rate reductions in other countries, liquidity and leverage in financial markets have reduced dramatically Asian markets have suffered significantly For, while domestically generated rates of growth well in excess of those in the US and Europe suggest economic de-coupling, equity markets have clearly not de-coupled, and, if anything, have suffered from the rising risk aversion to emerging markets generally Nevertheless, we continue to believe that the rates of economic growth in China and India, and in the region as a whole, will remain well in excess of those in the developed world, offering attractive investment opportunities

Dividends

We invest for total return to shareholders and dividends may fluctuate from year to year As a result of holding higher yielding shares during the year along with an increase in special dividends received, the amount available for dividend to shareholders this year is significantly ahead of last year We propose therefore to pay 2 00p per share, compared with 1 30p last year

Performance and Expenses

Despite the underperformance against the Index in 2007, the Company outperformed over the rolling two year period since the Performance Fee was introduced Accordingly a band 1 "top-up" fee will still be paid This is calculated for each performance period and results in an extra 0 3% of gross assets being paid for out performance of the Index between 0% and 2% Given that the underperformance in 2007 alone was less than 2 5% on an annual basis, the "clawback" provisions do not apply

With no band 2 performance fee due, the total expense ratio for the year decreased to 1 3% from 1 4% of total assets in 2006, which compares very favourably with our peer group average of 1 8%

Share Repurchases

Despite our continuing strong performance, our discount has not moved much from around the 10% level over the course of the year Whilst our discount remained either average or better than average for most of this period compared with the peer group, we repurchased and cancelled 13,386,952 shares during the year in order to keep the discount at a reasonable level We are of the firm belief that, as Andrew Beal continues to re-build the

Chairman's Statement

continued

long term track record of the Company, our discount should narrow in comparison with our peer group

Board Membership

After serving on your Company's Board for fourteen years, Peter Berry has decided to retire at this year's Annual General Meeting Peter has been a key member of the Board, acting as interim Chairman during a period when the previous Chairman was seriously ill, and fulfilling the role of Senior Independent Director for the last four years He has made a significant contribution to the running of the Company, bringing his great experience of the Asian region, as well as his deep understanding of investment trust issues, to bear Not only as a member of the Board, but also as a close working colleague, he will be missed The Board would like to take this opportunity formally to thank Peter for the great service that he has given to the Board of your Company

A sub-committee of Hugh Aldous and Struan Robertson was established to take responsibility for finding a replacement, or replacements, for Peter Following an independently undertaken search, their recommendation was to bring two new members onto the Board, namely David Brief, Chief Investment Officer of BAE Systems Pension Funds, and Christopher Keljik, a retired Director of Standard Chartered plc Both will stand for election at the AGM, and their CV's can be found at page 13 The Board considers that your Company has been very lucky to be able to attract these two highly experienced individuals, and we look forward greatly to their contributions

Finally, with Peter's departure after the AGM, Struan Robertson will take over the role of Senior Independent Director

Companies Act 2006

The Company will be seeking shareholder approval at the Annual General Meeting in April to introduce electronic communications and certain provisions of the Companies Act 2006, particularly pertaining to the Annual Report and Accounts This will require changes to the Company's Articles of Association, details of which can be found in the accompanying letter and on page 20 of the Director's Report

VAT

The European Court of Justice finally found in favour of the JP Morgan Claverhouse Trust and Association of Investment Companies in their case against Her Majesty's Revenue and Customs regarding the imposition of VAT on Management Fees Although for some Trusts there could eventually be repayments of significant amounts of VAT paid over a number of years, your Company is not expected to benefit materially This is due to the fact that as virtually all of our business is conducted outside the UK, and indeed the EU, VAT has already been reclaimed on our behalf by Henderson Global Investors Limited There may be some small repayment to come, but for the future, the great benefit is that your Company will no longer need to go through the process of initially paying VAT, and subsequently claiming it back

Outlook

At the time of writing, the prospects for 2008 remain opaque Growth in the US and Europe is clearly slowing, though it remains questionable whether either region will slip into recession However, there is limited scope for fiscal reflation in the developed countries, whilst it is debatable whether major interest rate reductions in the US and limited cuts elsewhere will have much of an effect immediately It is almost inevitable, therefore, that there will be a major impact on companies' earnings and profits in the US and Europe, despite current optimistic analyst estimates

Whilst the rates of economic growth in the Asia Pacific region are also forecast to fall, the absolute levels remain high compared with the developed world Therefore, it could be argued that de-coupling is taking place, even though equity markets are currently ignoring this development While some slowdown in economic growth and earnings growth is, therefore, to be expected in the Asia Pacific region, we still believe that there will be opportunities for regional companies, particularly those associated with domestic demand, to prosper in the next twelve months The risk remains that, although this will be the case, investors will seek lower ratings on local equity markets before being tempted to invest in the region again

In this environment, the Portfolio Manager and the Board are firmly of the view that, with such an uncertain background, the only way to approach regional markets is by seeking quality companies where earnings surprise is still possible, where companies are specifically benefiting from domestically generated as opposed to export generated growth, or where companies are standing on valuations which are out of line with their fundamentals and with peers in developed markets We believe that this "bottom-up" stock-picking approach will serve your Company well in a period of uncertainty, volatility and heightened aversion in emerging markets

David Robins
Chairman
29 February 2008

Manager's Review

Portfolio Performance

Market Overview

After a good start to the year, Asian markets fell sharply when the US sub-prime mortgage crisis hit financial markets in August but rallied strongly during September and October China, India and Indonesia dominated returns from the region Korea and Taiwan disappointed again as did Singapore At the sector level, energy, materials and industrials significantly outperformed other areas of the market

In China, the domestic "A" share market surged on speculation by cash-rich institutions and individual investors To control this surge of liquidity, bank reserve requirements were raised to a record 14 5% and Chinese investors were granted more freedom to invest overseas This led to a dramatic rise in Hong Kong listed Chinese "H" shares during the Autumn as prices were bid up ahead of the expected inflows from China In December, the authorities tightened their monetary policy stance and froze prices on certain essential goods to control inflation

The Reserve Bank of India began the year concerned about inflation Interest rates were pushed higher leading to a fairly muted first half for the stock market but relatively resilient performance during the summer crisis in global financial markets Indications that the Reserve Bank was becoming more relaxed about inflation led to a very strong finish to the year

Investor sentiment continued to improve towards Indonesia as a result of moderate inflation, a relative stability in the currency and interest rates together with general support for the reform agenda of President Yudhoyono

Taiwan was again among the worst performing markets in the region as a result of political deadlock ahead of presidential elections in early 2008 and the continued poor performance of the technology sector

Korea also repeated its poor 2006 showing Political scandals, disaffection with the government and generally poor earnings for the technology and auto sectors hurt performance The outlook for 2008 was boosted by the election of the pro-business candidate in December's presidential elections

Singapore lagged the region as the government postponed public sector construction projects and introduced measures to cool the booming property sector The banking sector was hurt by concern over exposure to the US sub-prime crisis

Portfolio Review

The following table shows your Company's key stock positions versus the MSCI All Countries Asia ex-Japan benchmark at the beginning of 2007

Top Ten Holdings 01/01/2007	Trust Holding %	Benchmark Weight %	Active Weight %
China Construction Bank	5 7	0 9	4 8
Vietnam Enterprise Investment Fund	3 3	0 0	3 3
Bank Mandiri	3 2	0 1	3 1
Maanshan Iron and Steel	3 1	0 1	3 0
Hopson Holdings	2 5	0 1	2 4
Esprit Holdings	3 0	0 6	2 4
Sinopec China Petroleum	3 2	0 9	2 3
Astra International	2 5	0 2	2 3
China Mengniu Dairy	2 3	0 2	2 1
Samsung Electronics	6 6	4 7	1 9

Source Henderson/Factset

Your Company started the year with a bias towards stocks in China and Indonesia Financials and property were the largest sector weights in the Company Over the course of the year, Chinese and Hong Kong investments continued to rise, partly as a result of strong performance and partly through additional stock purchases Singapore also increased in weight through additional purchases of **Noble Group** and a new position in **Wilmar International** Both companies are exposed to the boom in soft commodities Indian investments were added to, with the inclusion of **Tata Steel** and **Larsen and Toubro** Both companies are geared into that country's rapid development of basic infrastructure These investments were funded by further reductions in the weights of Korean and Taiwan

Manager's Review

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Performance

The table below shows the top five contributors to, and bottom five detractors from, the Company's performance

Top Five	12 Month Return %	Contribution to Company Performance versus Benchmark %
Suntech Power	137 98	2 65
China COSCO	384 72	1 56
China Mobile	105 36	1 23
LG Corporation	128 75	1 18
IOI Corporation	120 21	1 16

Bottom Five	12 Month Return %	Detraction from Company Performance versus Benchmark %
China Power International Development	-14 27	-0 70
Eredene Capital	-28 70	-0 71
United Overseas Bank	-12 14	-0 82
Tenaga Nasional	-4 23	-0 91
Kookmin Bank	-6 85	-1 11

Source Henderson/Factset

Principal Contributors

Suntech Power is a Chinese based manufacturer of photovoltaic cells and modules used in the solar power industry The company performed very strongly as a result of securing significant new supplies of polysilicon, the key component in solar cell production Demand for solar cells is projected to grow rapidly over the next five years as greater cell efficiency and lower costs allow solar to reach competitiveness with traditional sources of power Suntech has significant scale and market leading technology

China COSCO is China's largest container shipping company The stock performed well as the market anticipated the acquisition of China's largest bulk shipping fleet from its parent China Overseas Shipping on favourable terms The financing of this deal through a well received Chinese "A" share market listing led to earnings enhancement for owners of the Hong Kong listed "H" shares

China Mobile is the largest mainland cell phone operator The company's earnings were upgraded substantially in 2007 as a result of better than expected subscriber growth and usage Rural business has expanded rapidly as a result of higher incomes and the company's virtual monopoly in the countryside

Manager's Review

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LG Corporation is the holding company of LG Group and benefited from the strong performance of its key subsidiaries, LG Electronics, LG Health and Household, and LG Chemical The company benefited from a reappraisal of its unlisted investments following improved disclosure and royalty payments from group companies to use the LG name

IOI Corporation is a Malaysian conglomerate with significant exposure to the cultivation and processing of palm oil Palm oil prices have been very strong as a result of a general global shortage of vegetable oils for food and cooking together with new demand from biodiesel producers

Principal Detractors

Kookmin Bank is the largest Korean commercial bank The company suffered from a slow domestic economy, increased competition leading to downward pressure on net interest margins and uncertainty over the proposed acquisition of Korea Exchange Bank The stock is still held by your Company in anticipation of better loan volumes and a recovery in margins in 2008

Tenega Nasional is Malaysia's main electricity generation and distribution company The stock was bought in anticipation of cost savings from the restructuring of the business by new management, more rational capital expenditure and reform of the power tariff formula Progress in all areas has been slower than expected and the stock was sold in November

United Overseas Bank is one of Singapore's leading commercial banks The shares performed poorly in 2007 as a consequence of measures by the Singapore government to limit speculation in the property market and concerns over the bank's exposure to US sub-prime mortgage defaults The shares are no longer held by your Company

Eredene Capital is an AIM listed Indian property fund The company has failed to deliver on its promised pipeline of projects since listing in 2006 Following the arrival of new management, the investment of proceeds from the IPO has quickened and we expect it to deliver strong growth through investment in port related infrastructure over the next few years

Manager's Review

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China Power International Development develops and operates power plants in China The group's planned acquisition of plants across China was expected to contribute to significant earnings growth over the next three years Delays to this expansion plus sharply higher coal costs led to earnings disappointment The stock is no longer held by your Company

Portfolio Outlook

The table below shows your Company's key stock positions versus the MSCI All Country Asia ex-Japan Index benchmark at the end of 2007

Top Ten Positions 31/12/07	Trust Holding %	Benchmark Weight %	Active Weight %
Suntech Power	4 2	0 0	4 2
Sun Hung Kai Properties	4 1	0 9	3 2
Noble Group	3 1	0 1	3 0
CNOOC	3 6	0 8	2 8
IOI Corporation	3 0	0 3	2 7
Industrial & Commercial Bank of China	3 3	0 7	2 6
Vietnam Enterprise Investment Fund	2 6	0 0	2 6
China Mobile	6 0	3 5	2 5
SK Holdings	2 8	0 3	2 5
Bank Of China	2 8	0 4	2 4

Source Henderson/Factset

Brief descriptions of **Suntech Power**, **China Mobile** and **IOI Corporation** have been included earlier These investments remain significant holdings for your Company A brief description of the remaining largest holdings follows

Other Major Holdings at 31 December 2007

Noble Group is a Singapore listed global logistics company primarily involved in the procurement and shipping of agricultural, energy and mineral commodities The company is a beneficiary of the rise in volumes of these commodities to China and has investments in both upstream commodity businesses and downstream processing facilities leading to higher margins over time

Manager's Review

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Sun Hung Kai Properties is Hong Kong's leading property development company with a rapidly growing Chinese development portfolio Hong Kong property is likely to benefit from tight supply and strong demand as the result of a booming economy Strong wage growth and falling real interest rates will continue to support affordability

Vietnam Enterprise Investment Fund is a Dublin listed fund with the primary objective of building a balanced portfolio of investments in Vietnam The country remains one of the most attractive long term development stories in the region Vietnam has a large, literate and low cost labour force together with a strong agricultural sector and potentially large mineral reserves

Yanzhou Coal is one of China's largest coal producers Transport bottlenecks in China and among the main coal producing countries in the region, particularly Australia, have led to shortages of coal in Eastern China where much of the country's power generating capacity is located The company is a prime beneficiary of the sharply higher coal prices this has caused

CNOOC is one of China's leading oil exploration and production companies Chinese demand for energy is expected to continue to grow and the country remains a net importer of oil and gas CNOOC will benefit from a significant pick up in production over the next few years as recent oil and gas investments reach maturity

SK Holding is the holding company of Korea's SK Group The shares trade at a significant discount to its key listed subsidiaries, SK Telecom and SK Energy This discount is expected to narrow as the company restructures its interests and cash from the subsidiaries is returned to the group through dividends

Industrial and Commercial Bank of China is the largest commercial bank in China with 18,000 branches and a 20% share of deposits Strong loan and fee income growth is expected over the next few years as the economy continues to expand rapidly

Manager's Review

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Bank of China is a leading commercial bank with a share of deposits of 11% Bank of China (Hong Kong) is a 65% owned subsidiary with a market leading position in Hong Kong Core loan and fee income growth in China is expected to continue to grow rapidly over the next few years Business in Hong Kong is expected to turn around sharply as low interest rates stimulate the property market

Property and Financials remain an important focus area for the Company going into 2008 Residential property in Asia continues to benefit from low real interest rates and strong wage growth As a result, more households are entering the market for the first time or trading up to larger properties The commercial property sector is supported by strong corporate profits and investment Both areas of the market face tight supply, leading to higher rents and growth in capital values The banking sector is seeing the benefit of this through strong growth in lending volumes and rising collateral values on the stock of loans written off in the aftermath of the Asian crisis

The Company has also begun 2008 with a large position in the industrial sector This investment is focused on construction and infrastructure related shares Construction is benefiting from strong regional property markets and is getting an additional boost from increased spending on basic infrastructure in India, China and elsewhere together with a boom in overseas orders from the Middle East We expect these trends to be insulated from the slowdown and possible recession in the developed world in the coming twelve months

Andrew Beal
Portfolio Manager
29 February 2008

Attribution Analysis

(Estimated Attribution Analysis for the year to 31 December 2007)

Country	No of stocks at year end	Contribution %	Comments
China	9	+5 4	Strong Stock Selection (refer to Manager's Review)
Hong Kong	7	-0 1	
Indonesia	3	-1 6	Astra International
India	5	-2 1	Tata Motors
Korea	7	-1 3	Kookmin Bank
Malaysia	2	+0 3	IOI Corporation
Philippines	–	-0 1	
Pakistan	–	0 0	
Singapore	5	+1 3	Noble Group and Wilmar International
Thailand	–	-0 2	
Taiwan	5	-0 5	
Vietnam*	1	-0 6	
Other	2	-1 7	Eredene Capital
Cash and gearing		-1 7	High cash position in August rally and put option premium cost
Share Buy Back		1 0	
Total		**-1 9**	

*The Vietnamese stock market is not included in the MSCI All Countries Asia ex-Japan Index

Key Stock Contributors and Detractors (relative total effect)

List and Valuation of Investments

at 31 December 2007

Stocks in **bold** are the twenty largest investments which by value account for 62% of the total value of investments

	£'000	%
China		
Bank Of China	**10,247**	**2.8**
China Mobile	**21,738**	**6.0**
China National Building Materials	6,970	1.9
CNOOC	**12,919**	**3.6**
Industrial & Commercial Bank Of China	**12,043**	**3.3**
Shanghai Forte Land	2,732	0.8
Suntech Power Holdings*	**15,070**	**4.2**
Tencent Holdings	**10,063**	**2.8**
Yanzhou Coal	**9,704**	**2.7**
Total China	101,486	28.1
Hong Kong		
CNPC Hong Kong	6,047	1.7
Esprit Holdings	7,449	2.0
Henderson Land Development	**9,693**	**2.7**
Lenovo Group	8,319	2.3
Polytec Asset Holdings	1,764	0.5
Sun Hung Kai Properties	**14,910**	**4.1**
Tianjin Development Holdings	2,389	0.7
Total Hong Kong	50,571	14.0
India		
Eredene Capital**	1,975	0.5
ICICI Bank	**8,975**	**2.6**
Larsen and Toubro	4,247	1.2
Reliance Communication	**9,115**	**2.5**
Tata Steel	**10,010**	**2.7**
Total India	34,322	9.5
Indonesia		
Bank Mandiri	6,401	1.8
Indosat	6,893	1.9
Indo Tambangraya Megah	1,169	0.3
Total Indonesia	14,463	4.0

	£'000	%
Korea		
Doosan Infracore	8,475	2.3
Hyundai Development	7,366	2.0
Hyundai Engineering & Construction	6,118	1.7
Kookmin Bank	**9,365**	**2.6**
Samsung Electronics	8,608	2.4
Shinhan Financial Group	7,681	2.1
SK Holdings	**9,963**	**2.8**
Total Korea	57,576	15.9
Malaysia		
Bumiputra Commerce	7,732	2.1
IOI Corporation	**10,651**	**3.0**
Total Malaysia	18,383	5.1
Singapore		
Banyan Tree Holdings	7,580	2.1
DBS Group	**10,104**	**2.8**
Keppel Corporation	**9,920**	**2.7**
Noble Group	**11,205**	**3.1**
Wilmar International	**9,012**	**2.5**
Total Singapore	47,821	13.2
Taiwan		
China Airlines	3,369	0.9
EVA Airways	3,345	0.9
High Tech Computer Corporation	8,428	2.3
Mediatek	5,673	1.6
Yuanta Financial Holding	6,849	1.9
Total Taiwan	27,664	7.6
United States		
MSCI Index Put 9 Jan 2008 expiry#	69	0.0
MSCI Index Put 25 Jan 2008 expiry#	2	0.0
Total United States	71	0.0
Vietnam		
Vietnam Enterprise Investment Fund	**9,452**	**2.6**
Total Vietnam	9,452	2.6
TOTAL INVESTMENTS	361,809	100.0

#OTC Options
*New York Stock Exchange Listed
**Listed on AIM in the UK

Directors

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

Pictured from left to right Front Row – Hugh Aldous, David Robins, Judith Unwin, Struan Robertson
Back Row – Andrew Beal (Manager), Peter Berry, David Brief, Christopher Keljik, Michael Kerley (Assistant Manager), Andrea Callaby (Henderson Secretarial Services Limited)

David Robins* (Chairman) 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 A former Chairman of LCH Clearnet Ltd and a Director of MPC Investors Ltd, he is currently Chairman of Oriel Securities Ltd and a Director of Meggitt plc, Bending Light Ltd and EMG Ltd He is also Chairman of three charities

Hugh Aldous*† was appointed to the Board in 2003 He is a partner in Grant Thornton UK LLP He is also Chairman of The Eastern European Trust plc, a director of Polar Capital Holdings plc, Melorio plc, Innospec Inc (NASDAQ) and Elderstreet VCT plc He was a member of the Competition Commission and a DTI Inspector with various appointments from 1987 to 2003

Peter Berry CMG*† was appointed to the Board in 1994 and is the Senior Independent Director He was until recently Chairman of The Crown Agents for Oversea Governments and Administrations and of its asset management and banking subsidiaries and a Director of the construction company Kier Group plc He has lived and worked in several South East Asian countries He is also Chairman of Martin Currie Portfolio Investment Trust 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 He will be retiring from the Board at the AGM in April this year

Christopher Keljik OBE*† was appointed to the Board in November 2007 He retired as a Director of Standard Chartered plc in May 2005 after 29 years, during which time he held a number of senior positions working in London, Hong Kong, New York and Singapore in corporate finance, treasury and general management Prior to his retirement, his responsibilities at Standard Chartered included its businesses in Africa, the Middle East, South Asia, the UK and the Americas He is a Chartered Accountant and is also a Non-Executive Director of Foreign & Colonial Investment Trust plc, Jardine Lloyd Thompson Group plc, and Millennium & Copthorne Hotels plc

David Brief*† was also appointed to the Board in November 2007 He is Chief Investment Officer of BAE Systems Pension Funds Investment Management Limited Mr Brief is one of the UK's most experienced pensions investment executives with almost thirty years in the investment business

Struan Robertson*† was appointed to the Board in 2004 He is a Non-Executive Director of Forth Ports plc, Tomkins plc, International Power plc and Salamander Energy plc He was previously Group Chief Executive of the Wates Group Ltd and was a Senior Independent Director of WS Atkins 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*† 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 Somerville College, Oxford University in 1976 She has been a member of various UK Government Trade Advisory groups and was appointed to the Board of The UK India Business Council in Autumn 2005 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

*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

Henderson Global Investors Limited is appointed to manage the investment portfolio The terms of appointment are given in the Director's Report on page 16

The portfolio has been managed by **Andrew Beal** since September 2005 He is assisted by **Michael Kerley** Henderson Secretarial Services Limited is the Corporate Secretary to the Company and is represented by **Andrea Callaby**

Report of the Directors

The Directors present the audited accounts of the Company and their report for the year ended 31 December 2007

Status

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 It is required to seek HM Revenue and Customs approval of its status as an investment trust under the above-mentioned Section 842 every year, and this approval will continue to be sought Approval of the Company's status as an investment trust has been received in respect of the year ended 31 December 2006 although this approval is subject to there being no subsequent enquiries under Corporation Tax Self Assessment The Directors are of the opinion that the Company has continued to conduct its affairs in a manner that will enable it to continue to gain such approval

The Company intends to continue to manage its affairs so that its investments fully qualify for a stocks and shares component of an Individual Savings Account and also fully qualify for a Personal Equity Plan

Business Review

The following review is designed to provide information primarily about the Company's business and results for the year ended 31 December 2007 and covers

- Investment Objective
- Investment Policy
- Performance for the Year and Dividends
- Performance Measurement and Key Performance Indicators
- Gearing
- Management Arrangements
- Internal Controls and Management of Risks
- Share Capital
- Future Developments

A review of the investment activities for the year ended 31 December 2007 and the outlook for the coming financial year are given in the Manager's Review on pages 5 to 11

Investment Objective

The Company aims to maximise long term total returns from investing in companies operating primarily in the Pacific region, excluding Japan and Australasia, wherever they may be listed

The portfolio is constructed without specific reference to any individual market's composite index or the regional benchmark

However, the Company does measure its performance against the MSCI All Country Asia ex-Japan Index While beating the Index is not an end in itself, comparison with the Index provides attribution analysis and consequent explanation and discussion of performance that is presented to each Board meeting

Investment Policy

The Company generates returns from high conviction, bottom-up stock selection, with a country and sector overlay The Portfolio Manager targets companies trading at a deep discount to long term franchise value with the ability to beat market consensus earnings expectations over a 1 to 2 year time horizon The Company invests in companies of all sizes and can take limited exposure to unlisted names, with the Board's approval The portfolio typically has 40 to 60 holdings with an average active position size of index weight (if applicable) plus 200 to 400 basis points

The Company aims to provide shareholders with a high rate of total return largely generated from capital growth, but is not constrained from also achieving a high dividend yield if conditions allow

Borrowing is actively utilised to enhance performance Gearing will not exceed 30% of net asset value, and the Manager tends to adhere to a normal working limit of 20% At the period end, there were outstanding borrowings of £51 3 million and cash balances of £5 0 million Refer to Note 16 5 on page 50 for further details of loan facilities The borrowing at year end, which is drawn down in Hong Kong Dollars, is higher than the loan facility amount of £50 million primarily on account of exchange fluctuations

Report of the Directors

continued

The Company will not invest more than 15% of its gross assets in any other investment trust, investment company or collective vehicle Neither will the Company invest more than 15% in any one company or group of related companies

The Manager may utilise selected derivatives as approved by the Board (Index Futures and Options) to protect the capital invested in the portfolio

Performance for the Year and Dividends

Total net assets at 31 December 2007 amounted to £312 560 million compared with £248 987 million at 31 December 2006, while the net asset value per ordinary share rose from 135 5p to 183 5p, an increase of 35 4%

The contributions to the share price can be seen in the table below

	Pence
Share price at 31/12/06	**122.0**
Return derived from	
Index	46 6
Stock selection	-1 5
Gearing	-2 0
Buy-backs	1 2
Total from NAV	**44.3**
Effect of change in discount	-5 0
Share price at 31/12/07	**161 3**
Dividend Reinvested	1 7
Total Return Value at 31/12/07	**163 0**

Both the preceding Manager's Review and the attribution analysis provide further detailed commentary on stock selection and the resultant country exposures In addition, the impact from both gearing and share buy-backs is shown in the tables above and the attribution analysis on page 10, whilst the top ten contributors to performance and the bottom ten detractors are shown in the Manager's Review on page 11

Both gearing and share buy-backs have resulted from Board policy decisions and are commented upon in the Performance Measurement and KPI section following

At 31 December 2007, the Company held 46 investments (2006 45), as detailed on page 12

The net return on ordinary activities after taxation for the year was £85 876 million, or 48 05p per share (2006 £41 413 million or 22 28p per share) an increase of 107 4% in total and 115 7% in terms of pence per share from the previous year In line with Section 842 of the Income and Corporation Taxes Act 1988, the retention should not exceed 15% of income from the portfolio in any accounting period Accordingly, for the financial year under review, a dividend of 2 00p per share is proposed, which is 53 8% above the payout of 1 30p per share made last year

Performance Measurement and Key Performance Indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Manager, the Directors take into account the following key performance indicators

- *Returns and Net Asset Value*
  The Board reviews and compares, at each meeting, the performance of the portfolio as well as the Net Asset Value (NAV) and share price for the Company

  Thus, the stock selection process and the results of that process are discussed in detail, whilst the Board also reviews the active weights within the portfolio (the extent to which holdings diverge from the Index), the contributions to returns of individual stocks, the exposure to particular sectors and issues around liquidity

  Though the Company does not have a formal benchmark, it uses the MSCI All Country Asia ex-Japan Index for comparison and attribution analysis purposes, as detailed in the Manager's Review on pages 5 to 11

- *Discount to Net Asset Value*
  At each Board meeting, the Directors monitor the level of the Company's discount to NAV and review the average discount/premium for the Company's peer group

  The Board has sanctioned the use of share buy-backs to enhance shareholder value The Manager has been active during the year in carrying out

Report of the Directors

continued

buy-backs when necessary, to maintain the discount to NAV at around the average level of the peer group sector

The Company publishes a NAV per share figure on a daily basis, through the official newswire of the London Stock Exchange This figure is calculated in accordance with the Association of Investment Companies (AIC) formula and excludes current financial year revenue This means that it is on a different basis to the NAV per ordinary share calculated within the year end financial statements, which does include current financial year revenue

- *Performance Against the Peer Group*
  The Company is included in the AIC Asia Pacific excluding Japan sector The Directors view the comparison of performance against the peer group as even more important than a comparison against the sector index, and accordingly scrutinise the relative performance of the Company closely at each Board meeting
- *Risk Measures*
  The Board takes account of the degree of risk that the Manager is incurring in order to generate high returns, by reviewing at every Board meeting tracking error, volatility, portfolio concentration and the information ratio
- *Gearing*
  The Board has in place facilities which allow it to borrow as and when appropriate At 31 December 2007 the Company had a committed short term facility of £50 million (refer to Investment Policy on page 14 for further details) Actual gearing at the end of the year was 14 8%

  The Portfolio Manager utilises gearing whenever the portfolio is fully invested in shares offering attractive returns and interesting opportunities arise which the Manager does not wish to fund through share sales The Board monitors the level of gearing in the light of market conditions, and ensures that the Company is in compliance with the covenants attached to its borrowings at each of its meetings

Management Company and Fee Arrangements

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 by BNP Paribas Fund Services UK Limited Custody services are provided by way of a separate agreement with JP Morgan Chase

From 1 January 2006, the investment management fee comprised a base fee and a performance fee In calculating any performance fees payable, the Company's performance and the benchmark performance will both be measured on a total return basis The benchmark is the MSCI All Country Asia ex-Japan Index

The chart below provides a graphic illustration of how the management and performance fees are determined

Management and Performance Fees

Report of the Directors

continued

The Base Fee

The base fee is calculated in the first instance at the rate of 0 60% per annum of gross assets, calculated and paid at the rate of 0 15% per quarter Gross assets are defined as the net asset value per ordinary share on the calculation date at the end of the quarter multiplied by the weighted average number of shares in issue throughout the relevant period, plus bank borrowings less, where relevant, provision for dividends to be paid out

The base fee is subject to potential claw back A claw back can arise in two circumstances, if there is an absolute fall in net asset value ("NAV") and if there is underperformance relative to the benchmark

In the case of an absolute fall in NAV, if, at the end of an annual period, the closing NAV per share is lower than the opening NAV per share by more than 2 5%, the "First Claw Back" provision applies If rolling underperformance relative to the benchmark exceeds 2 5%, the "Second Claw Back" provision applies

Rolling performance will be based on three year averages following 2006 and 2007, when it will be based on a single year and a two year average respectively The amount of the claw back will be the greater of the fall in value or the value of underperformance, subject to a maximum claw back, in any accounting period, of half the basic fee for that period

The Performance Fee

A performance fee is payable if changes in the value of the Company's assets outperform changes in the benchmark The amount of the performance fee will depend on the degree of this outperformance, which will be measured in three 'bands' The Band 1 performance fee, otherwise known as the 'Top Up Fee', will be payable on outperformance of up to 2 0%, at the rate of 0 3% of gross assets The Band 2 performance fee will be payable on NAV per share outperformance of between 2 0% and 8 0% at the rate of 10% of outperformance in excess of 2 0%, and a further Band 3 performance fee on NAV per share outperformance in excess of 8 0% at the rate of 20% of outperformance in excess of 8 0% Band 2 and 3 performance fees are calculated on net assets

For any annual period, the combined total of the base fee plus any performance fees will be capped at 2 5% of the net assets of the Company as at the end of that period

Band 1, Band 2 and Band 3 are calculated on a rolling three year performance basis Performance for 2006 was measured in the financial year 2006 For 2007, the performance will be measured on a rolling two year performance basis, being 2006 and 2007 For financial periods thereafter, a rolling three year performance will be used as the measurement

Over the two year period since 1 January 2006 on a rolling two year average the Company has outperformed its benchmark by 0 9% as calculated in accordance with the formula set out in the management agreement Therefore a band 1 top up fee of £1,144,000 is payable

Revised commission sharing arrangements were put in place with effect from 1 January 2006 by the Manager in line with new regulations

Internal Controls and Management of Risks

There are in place extensive internal controls to evaluate and manage any major financial, operational and compliance risks facing the Company Additional details of the internal controls system and how the Board undertakes the analysis of the Company's business risks are contained in the Corporate Governance Report on page 27

The risk of the portfolio is monitored regularly by the Board and it should be noted that deviation from the benchmark index is not necessarily an increased risk The Portfolio Manager ensures that portfolio risk is mitigated by stock diversification

By its nature, as an investment trust, the Company's business activities are exposed to market risk, market price risk, currency risk interest rate risk, liquidity risk and credit risk The Company's policies for managing

Report of the Directors

continued

these risks are set out in note 16 to the accounts on pages 44 to 52

The Board has approved agreements for, and the scope to use, non deliverable forwards to cover currency risk and Index Futures and Options to hedge the capital value of the trust During the year the Portfolio Manager purchased put option protection on the Company's benchmark index, the MSCI All Country Asia ex-Japan At the time of purchase, the premium payable for this protection was less than 1% of the net asset value These put options expired on 9 and 25 January 2008

Share Capital

The Company's share capital comprises ordinary shares with a nominal value of 5 pence each There are no restrictions on the transfer of the Company's ordinary shares or voting rights, and there are no shares which carry special rights with regard to the control of the Company

The number of ordinary shares in issue on 31 December 2007 was 170,331,407 During the year 13,386,952 shares were repurchased and cancelled Since 31 December 2007 and up to the date of this document, a further 475,000 shares have been repurchased and cancelled

Future developments

While the future performance of the Company is dependant, to a large degree, on the performance of financial markets, which, in turn, are subject to many external factors, the Board's intention is that the Company will continue to pursue its stated investment objective in accordance with the strategy outlined in this report Further comments on the outlook for the Company for the next twelve months are set out in the Chairman's Statement on pages 3 and 4 and the Manager's Review on pages 5 to 11

Directors

The names and biographies of the Directors holding office at the date of this report are listed on page 13 With the exception of Mr Brief and Mr Keljik, both of whom joined the Board on 19 November 2007, all of the Directors served throughout the year The Board may appoint Directors to the Board without shareholder approval Any Director so appointed must stand for reappointment by the shareholders at the next AGM in accordance with the Articles of Association 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 on pages 27 to 31

As required under the Combined Code, the Company's Articles of Association require that every Director retires by rotation at least every three years and the Company's Articles of Association provide that one third of Directors retire by rotation each year Directors may then offer themselves for re-election The Director retiring by rotation at the forthcoming AGM is Mr Robins who offers himself for re-election Further Mr Brief and Mr Keljik offer themselves for election at the forthcoming AGM, having been appointed to the Board since the last AGM

Directors' Remuneration

A report on Directors' remuneration is on pages 25 and 26

Directors' Interests in Shares

Directors' interests in the ordinary share capital of the Company at 1 January 2007 and 31 December 2007 are set out below

	Ordinary shares of 5p	
	31 December 2007	1 January 2007
With beneficial interest		
Mr D A Robins (Chairman)	13,000	13,000
Mr H G C Aldous	36,559	30,000
Mr P F Berry	14,000	14,000
Mr D D S Robertson	20,000	20,000
Miss J R Unwin	16,091	12,684
Mr C A Keljik (i)	16,435	14,889
Mr D Brief (i)	–	–

(i) from appointment – 19 November 2007

Report of the Directors

continued

There have been no changes in the Directors' interests since the end of the financial year

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

Directors' Indemnity

At last year's Annual General Meeting, shareholders voted through changes to the Company's Articles of Association to permit wider indemnities to be granted to Directors in relation to liabilities incurred by them in carrying out their respective duties, as well as to assist Directors with the funding of defence expenditure as it is incurred A Deed of Indemnity was entered into in favour of present and past Directors

Substantial Shareholders

Shareholder	% of voting rights
Sarasin & Partners	11 13
British Steel Pension Scheme	8 16
Advance Developing Markets Trust	5 45
Legal & General	5 09
Carrousel Capital	3 65
Rensburg Sheppards	3 09
Tattersall Advisory Group	2 21

Declarations of interests in voting rights of the Company, as at 29 February 2008, are set out above

In addition, the Board is aware that, at 31 January 2008, 6 2% of the voting rights was held on behalf of participants in the Itshenderson ISA and PEP dealing accounts and on behalf of participants in other Henderson PEPs and ISAs These participants are given the opportunity to instruct the relevant nominee company to exercise their voting rights appertaining to their shares in respect of all general meetings of the Company In accordance with the revised terms and conditions of Itshenderson, issued by Henderson in 2007, Henderson has stated that it will instruct its nominee company to exercise the voting rights of any shares held through Itshenderson that have not been exercised by the individual participants in itshenderson It will do so by voting for or against all resolutions to be put at all general meetings of the Company (or by withholding votes on such resolutions) pro rata to the aggregate voting instructions for each resolution received from those participants who have chosen to exercise their voting rights

ISAs/PEPs

With effect from 6 April 2008 the annual Individual Savings Account (ISA) investment allowance will be increased to £7,200 All existing PEP accounts will automatically become Stocks and Shares ISAs and will be subject to ISA rules and regulations The Company intends to continue to manage its affairs so that its investments fully qualify for a stocks and shares component of an ISA

Donations

The Company made a charitable donation of £7,500 during the year to Sabakan, a charity based in the Philippines A provision of £5,500 has been made although a new charity has not been identified as yet Further details of this charity can be found on page 56 Donations are made via a Charities Aid Foundation account No payments were made for political purposes

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

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving this Report are listed on page 13 Each of those Directors confirms that

- to the best of his/her knowledge and belief, there is no information relevant to the preparation of the

Report of the Directors

continued

Report and Accounts of which the Company's auditors are unaware, and

- he/she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

Corporate Governance

A statement on Corporate Governance is on pages 27 to 31

Authority to Make Market Purchases of the Company's Own Shares

At the AGM in April 2007 the Company was authorised to make market purchases up to 27,372,993 of the Company's own issued shares for cancellation

Since the AGM the Company made market purchases for cancellation of 12,751,952 shares which represented 6 98% of the issued share capital at the date of the last AGM The aggregate consideration paid by the Company for the shares, including stamp duty was £19,239,000 The nominal value of the shares purchased was £637,598 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 14,621,041 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 25,461,475 ordinary 5p shares or £1,273,074 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 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% 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 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 2009, 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

Electronic Communications – Resolution 10

Certain provisions of the Companies Act 2006 have already come into effect New provisions have been introduced with effect from 20 January 2007 dealing with, inter alia, Company communications to shareholders and other provisions which facilitate communications in electronic form and by means of a website Similar amendments to facilitate communications with Shareholders in electronic form and by means of a website have been introduced into the UK Disclosure and Transparency Rules

The shareholder electronic communications provisions in the Companies Act 2006 and the UK Disclosure and Transparency Rules are intended to make it easier and cheaper for UK companies to communicate with their shareholders In particular, the new Act and the UK Disclosure and Transparency Rules extend the provisions of the Companies Act 1985 by enabling a company, subject to certain conditions, to treat its shareholders as having deemed to agree to communication by means of a website The waiver is conditional on obtaining Shareholder approval by the passing of Resolution 10

The passing of Resolution 10 will enable the Company to take advantage of the deemed agreement procedure for electronic communications by means of a website, which works as follows For a Shareholder to be deemed to have agreed to receive communications by means of

Report of the Directors

continued

a website, in addition to the passing of Resolution 10, the Shareholder must also be asked individually to agree that the Company can communicate with them by way of its website In the event that a Shareholder does not respond with an objection to the Company's request to communicate by means of a website within 28 days from the date of the request, the Shareholder will be deemed to have agreed to receive notices, documents or information from the Company by means of a website

Any Shareholder may indicate their wish to continue to receive printed documents at any time and any agreement to receive documents or information electronically or by means of a website can be revoked at any time Every Shareholder who has agreed to receive communications by website will be notified when a document is available on a website If a Shareholder has provided the Company with an email address for the purpose of receiving communications in electronic form that notification will be sent by email If a Shareholder's email address is not held by the Company, a printed notice will be sent advising that a document is available on the Company's website

In the event that Resolution 10 is passed, Shareholders will be contacted in writing to request their consent for the use of electronic communications by means of a website for conveying information

The effect of sending hard copy financial reports and other information to only those who wish to receive information in that way will achieve cost savings for the benefit of Shareholders

Alterations to the Articles – Resolution 11
To reflect the provisions of the Companies Act 2006 brought into force on 1 January 2007, 20 January 2007, 6 April 2007 and 1 October 2007, it is proposed that alterations be made to the Articles of Association Further information in relation to the proposed alterations is set out below

Further Alterations to the Articles – Resolution 12
Certain of the provisions of the Companies Act 2006, in particular those relating to Directors' conflicts of interests, will be brought into force on 1 October 2008 It is proposed that, in order to reflect these enactments, further amendments be made to the Articles These amendments, if approved, would come into force from 1 October 2008 or such later date as section 175 of the Companies Act 2006 is brought into force Further information in relation to the proposed alterations is set out below

The remaining provisions of the Companies Act 2006 are expected to come into force during 2009 In addition, various regulations that relate to certain of these provisions have yet to be finalised Consequently, it will be necessary for the Company to undertake a further review of its Articles of Association in due course in order to reflect these other provisions As these further changes to the Articles of Association will be reasonably substantial in number, it is anticipated that the Company will adopt a further new set of Articles of Association at its Annual General Meeting in 2009

Summary of Amendments to the Articles of Association

Amendments to take effect from the date of the Annual General Meeting, conditional on the passing of Resolution 11

1 Articles which duplicate statutory provisions
Provisions in the current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006 Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings The main changes made to reflect this approach are detailed below

2 Form of resolution
The current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that,

Report of the Directors

continued

where an extraordinary resolution is required, a special resolution is also effective This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006

3 Redeemable shares

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption The Companies Act 2006 enables Directors to determine such matters instead provided they are so authorised by the articles The amended Articles contain such an authorisation The Company has no plans to issue redeemable shares but if it did so the Directors would need Shareholders' authority to issue new shares in the usual way

4 Convening extraordinary and annual general meetings

The provisions in the current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006 In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required

5 Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the current Articles proxies are only entitled to vote on a poll Further, the time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the Articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the Shareholder Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways, then the power is treated as not being exercised) The New Articles are consistent with these new provisions

6 Age of Directors on appointment

The current Articles contain a provision limiting the age at which a Director can continue to be a Director or be appointed Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the amended Articles

7 Notice of Board meetings

Under the current Articles, when a Director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away This provision has been amended, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad It has been replaced with a more general provision that a Director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place

8 Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications

The amended Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28

Report of the Directors

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days beginning with the date on which the request was sent The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information

9 Directors' indemnities and loans to fund expenditure
The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify Directors and to fund expenditure incurred in connection with certain actions against Directors In addition, the existing exemption allowing a company to provide money or the purpose of funding a Directors' defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies

10 General
The Articles will be amended to clarify that both the indemnity for officers of the Company and the power for Directors to purchase and maintain insurance for certain persons shall not apply to the Company's auditors

Amendments to take effect from 1 October 2008, conditional on the passing of Resolution 12

1 Directors' interests
The Companies Act 2006 sets out Directors' general duties The provisions largely codify the existing law, but with some changes

Under the Companies Act 2006, from 1 October 2008 a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation The Companies Act 2006 allows Directors of public companies to authorise conflicts and potential conflicts where the Articles of Association contain a provision to this effect The Companies Act 2006 also allows the Articles to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty

The amended Articles (which it is proposed will come into effect on 1 October 2008) give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict First, only independent Directors (i e those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate

From 1 October 2008, it is also proposed that the amended Articles should contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors

The governing law of the new Articles is expressed to be English law

Payment of Suppliers
It is the Company's payment policy for the financial year to 31 December 2008 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 (2006 nil)

Report of the Directors
continued

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

By order of the Board
Andrea Callaby FCIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
29 February 2008

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 7A to the Companies Act 1985 in respect of the year ended 31 December 2007 The Act requires the auditors to report to the Company's members on certain parts of the Report and to state whether in their opinion those parts of the Report have been properly prepared in accordance with the Act Therefore the Report has been dividend into separate sections for audited and unaudited information The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration As required by the Act, a resolution to approve the report will be proposed at the AGM

UNAUDITED

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 of similar type and size

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, share option schemes or pension arrangements provided by the Company and the fees are not specifically related to the Directors' performance, either individually or collectively

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 Chairmen of the Board and Audit Committee to be paid a higher fee than the other Directors in recognition of the additional responsibilities

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 £25,000, the Audit Committee Chairman £17,000, the other Directors £15,500 each

The policy is to review Directors' fees annually, although such review will not necessarily result in any change to the rates With effect from 1 January 2008 the Chairman's fee was increased to £27,000 per annum, the Chairman of the Audit Committee's fee was increased to £18,500 and the other Directors' fees increased to £17,000 each

Performance Graph

A line graph as required by the Act showing the Company's share price total return compared to the MSCI All Country Asia ex-Japan Index has been provided below, even though the Index is not used as a benchmark, but merely as a means of comparison

Directors' Remuneration Report

continued

AUDITED

Amount of Each Directors' Emoluments

The fees payable by the Company in respect of each of the Directors who served during the current and previous years, were as follows

	2007	2006
Mr D A Robins (Chairman)	**£25,000**	£25,000
Mr H G C Aldous	**£17,000**	£17,000
Mr P F Berry	**£15,500**	£15,500
Mr D Brief (i)	**£1,811**	–
Mr C A Keljik (i)	**£1,811**	–
Mr D D S Robertson	**£15,500**	£15,500
Miss J R Unwin	**£15,500**	£15,500
TOTAL	**£92,122**	£88,500

Notes

(i) Appointed 19 November 2007

The highest paid Director's emoluments thus totalled £25,000 (2006 £25,000)

By order of the Board

A M Callaby

Andrea Callaby, FCIS

For and on behalf of

Henderson Secretarial Services Limited, Secretary

29 February 2008

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

Corporate Governance

Background
The Board is accountable to shareholders for the governance of the Company's affairs Paragraph 9 8 6 of the UK Listing Rules requires all listed companies to disclose how they have applied the principles and complied with the provisions of the revised Combined Code The Financial Reporting Council (the "FRC") confirmed in February 2007 that it remained the view of the FRC that by following the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"), boards of investment companies should fully meet their obligations in relation to the Combined Code and paragraph 9 8 6 of the Listing Rules

The Board of Henderson TR Pacific Investment Trust plc has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide') The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Henderson TR Pacific Investment Trust plc

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code) will provide the most appropriate information to shareholders

Statement of Compliance
The Directors consider that throughout the accounting year ended 31 December 2007 the Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below

The Combined Code includes provisions relating to
- the role of the Chief Executive
- Executive Directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the position of Henderson TR Pacific Investment Trust plc, being an externally managed investment company The Company has therefore not reported further in respect of these provisions

Application of the Code's Principles
The AIC Code comprises 21 principles The Board attaches importance to the matters set out in the AIC Code and lists below how the AIC Code's Principles have been applied

Board Independence and Composition
The Board currently consists of seven Non-Executive Directors, all of whom are deemed to be independent of Henderson Global Investors Limited (the "Manager") The Directors review their independence annually

Mr Berry, the Senior Independent Director, has served on the Board since 1994 and as mentioned in the Chairman's Statement will retire from the Board at the conclusion of the Annual General Meeting to be held on 23 April 2008 The Board of independent Directors has appointed Mr Struan Robertson to succeed Mr Berry as the Senior Independent Director Mr Robertson has served on the Board of the Company since 2004 and is fully independent

The Directors' biographies, on page 13, 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 both the Asian Pacific region and India The Board visited the region in March 2006 and intends to make these trips every other year, with the next trip planned in March 2008 During these visits the Board meets with various representatives of Governments and of companies in which the portfolio is invested or ones in which the Portfolio Manager is considering making an investment

Seven Board meetings are scheduled for the coming 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 is also held each year Additional

Corporate Governance

continued

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 Wherever possible all Directors attend the AGM

	Board Meetings	Audit Committee	Management Engagement Committee	Nominations Committee	Strategy Meeting
No of meetings	**8**	**2**	**2**	**1**	**1**
Mr D A Robins (i)	8	n/a	2	1	1
Mr H G C Aldous	8	2	2	–	1
Mr P F Berry	8	2	2	1	1
Mr D D S Robertson	7	2	2	1	1
Miss J R Unwin	4	1	1	–	–
Mr C Keljik (ii)	1	–	1	–	–
Mr D Brief (ii)	1	–	1	–	–

Notes
(i) Mr Robins is not a member of the Audit Committee although he may be invited to attend
(ii) Appointed 19 November 2007

Chairman

The Chairman is an independent Non-Executive Director who has no conflicting relationships The Chairman's other significant commitments are detailed on page 13 and have changed during the year following his resignation from various positions Since all Directors are non-executive and day to day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer

Senior Independent Director

Mr Berry is the Senior Independent Director until 23 April 2008 when he retires from the Board and Mr Robertson will succeed Mr Berry in this role

Board Committees

There are three Board Committees, the Audit Committee, the Nominations Committee and the Management Engagement 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 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 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 Half Year 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 auditors' 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 auditors, 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 representative of the Manager

The Manager and BNP Paribas Fund Services UK 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

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 Directors are members of the Nominations Committee The Chairman of the Board acts as Chairman of the Nominations Committee

Corporate Governance

continued

but does not participate when the Chairman's performance, re-election or his successor is being considered

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 Directors are members of the Management Engagement Committee which is chaired by the Chairman of the Board

Appointment of the Manager
The Board reviews the performance of the Manager at each Board meeting and the Company's performance against a peer group of investment companies and a benchmark, the MSCI All Country Asia ex-Japan Index

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 Beal, has long experience of investment in the Pacific region and is supported by both an office in Singapore and by dedicated analytical support staff in London In addition the Manager has extensive investment management resources and wide experience in managing and administering investment trust companies

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 Nominations Committee 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 Accordingly, Mr Brief and Mr Keljik will stand for election at the forthcoming AGM

Directors retire every three years to ensure compliance with the AIC Code, Combined Code and the Articles of Association The Director retiring by rotation is Mr Robins who offers himself for re-election

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, a thorough appraisal process has been put in place This is 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

Corporate Governance

continued

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 25 and 26

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 26, the Independent Auditors' Report on pages 32 and 33, and the Statement of Going Concern on page 24

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 both a forum to discuss industry matters and those issues common to the Chairmen which they wish to discuss with the Manager and on which the Chairman then reports 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 and revised in October 2005 ("the Turnbull Guidance") The process was fully in place during 2007 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 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

Corporate Governance

continued

The Board, assisted by the Manager, has undertaken an annual review of the effectiveness 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

Shareholder relations are given high priority by both the Board and the Manager The prime medium by which the Company communicates with shareholders is through the Half-Year and Annual Report and Accounts which aim to provide shareholders with a clear understanding of the Company's activities and its results In addition interim management statements will be issued twice per annum in accordance with the Transparency Directive This information is supplemented by the daily calculation and by the publication at the London and New Zealand Stock Exchanges of the net asset value of the Company's ordinary shares and a monthly fact sheet Information can also be found on www hendersontrpacific com

The Board monitors the shareholder register of the Company at each meeting and maintains regular contact with major 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 Portfolio 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 57 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 26 February 2008 It is the intention of the Board that the Annual Report and Accounts and Notice of the AGM be issued to shareholders so as to provide at least twenty working days' notice of the AGM Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the inside back cover At other times the Company responds to letters from shareholders on a range of issues

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 on pages 59 and 60 Separate resolutions are proposed to each substantive issue

General presentations to both shareholders and analysts follow the publication of the annual results Information on the Company is also provided on its website, www hendersontrpacific com or through www itshenderson com

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

New Zealand Listing

It should be noted that the UK Codes of Corporate Governance may materially differ from the New Zealand Stock Exchange's corporate governance rules and principles of the Corporate Best Practice Code Investors can find more information regarding the UK Codes of Corporate Governance on www theaic co uk

Independent Auditors' Report

to the members of Henderson TR Pacific Investment Trust plc

We have audited the financial statements of Henderson TR Pacific Investment Trust plc for the year ended 31 December 2007 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Directors' Remuneration Report that is described as having been audited

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) 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 part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 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 form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Highlights of the Year, Performance, Dividend and Historical Record, the Chairman's Statement, the Manager's Review, the List and Valuation of Investment, the Report of the Directors, the unaudited part of the Directors' Remuneration Report and the Corporate Governance Statement We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 part of the Directors' Remuneration Report to be audited It also includes an assessment of the significant estimates and judgments made by the

Independent Auditors' Report

continued

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 part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its net return and cash flows for the year then ended,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

29 February 2008

The accounts are published on the www itshenderson com websites, which is a website maintained by the Company's investment manager Henderson Global Investors Limited ("Henderson") The maintenance and integrity of the website maintained by Henderson or any of its subsidiaries is so far as it relates to the Company the responsibility of Henderson The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in the jurisdiction

Income Statement

for the year ended 31 December 2007

Notes		Year ended 31 December 2007 Revenue Return £'000	Capital Return £'000	Total £'000	Year ended 31 December 2006 Revenue Return £'000	Capital Return £'000	Total £'000
2	Gains from investments held at fair value through profit or loss	–	**84,272**	**84,272**	–	40,634	40,634
3	Income from investments held at fair value through profit or loss	**7,044**	–	**7,044**	4,959	–	4,959
4	Other interest receivable and similar income	**360**	–	**360**	223	–	223
	Gross revenue and capital gains	**7,404**	**84,272**	**91,676**	5,182	40,634	45,816
5	Management fee	**(654)**	**(1,221)**	**(1,875)**	(548)	(892)	(1,440)
5	Performance fee	–	**(1,144)**	**(1,144)**	–	(1,099)	(1,099)
6	Other administrative expenses	**(717)**	–	**(717)**	(630)	–	(630)
	Net return on ordinary activities before finance charges and taxation	**6,033**	**81,907**	**87,940**	4,004	38,643	42,647
7	Finance charges	**(308)**	**(923)**	**(1,231)**	(183)	(550)	(733)
	Net return on ordinary activities before taxation	**5,725**	**80,984**	**86,709**	3,821	38,093	41,914
8	Taxation on net return on ordinary activities	**(1,821)**	**988**	**(833)**	(1,264)	763	(501)
	Net return on ordinary activities after taxation	**3,904**	**81,972**	**85,876**	2,557	38,856	41,413
9	**Basic and diluted return per ordinary share**	**2 18p**	**45 87p**	**48 05p**	1 38p	20 90p	22 28p

The total column of this statement represents the Income Statement of the Company The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies All revenue and capital items in the above statement derive from continuing operations No operations were acquired or discontinued during the year The Company had no recognised gains or losses other than those disclosed in the Income Statement and Reconciliation of Movements in Shareholders' Funds

The notes on pages 38 to 55 form part of these accounts

Reconciliation of Movements in Shareholders' Funds

for the years ended 31 December 2007 and 31 December 2006

Notes	**Year ended 31 December 2007**	**Called up share capital £'000**	**Capital redemption reserve £'000**	**Special reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
	At 31 December 2006	**9,186**	**6,720**	**83,728**	**140,609**	**8,744**	**248,987**
	Net return from ordinary activities after taxation	**–**	**–**	**–**	**81,972**	**3,904**	**85,876**
10	Dividend paid in respect of year ended 31 December 2006 (paid 26 April 2007)	**–**	**–**	**–**	**–**	**(2,377)**	**(2,377)**
17	Purchase of own shares	**(670)**	**670**	**(19,926)**	**–**	**–**	**(19,926)**
17, 18	At 31 December 2007	**8,516**	**7,390**	**63,802**	**222,581**	**10,271**	**312,560**

Notes	**Year ended 31 December 2006**	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 31 December 2005	9,318	6,588	86,663	101,753	9,630	213,952
	Net return from ordinary activities after taxation	–	–	–	38,856	2,557	41,413
10	Dividend paid in respect of year ended 31 December 2005 (paid 7 April 2006)	–	–	–	–	(3,448)	(3,448)
10	Write back of dividends over twelve years old	–	–	–	–	5	5
17	Purchase of own shares	(132)	132	(2,935)	–	–	(2,935)
17, 18	At 31 December 2006	9,186	6,720	83,728	140,609	8,744	248,987

The notes on pages 38 to 55 form part of these accounts

Balance Sheet

at 31 December 2007

Notes		2007 £'000	2006 £'000
11, 12	**Fixed asset investments held at fair value through profit or loss**		
	Quoted at market value	**361,809**	274,587
	Current assets		
13	Debtors	**129**	272
	Bank balances and short term deposits	**5,008**	7,551
		5,137	7,823
14	**Creditors**: amounts falling due within one year	**(54,386)**	(33,423)
	Net current liabilities	**(49,249)**	(25,600)
	Total assets less current liabilities	**312,560**	248,987
15	**Provisions for liabilities and charges**	**–**	–
	Total net assets	**312,560**	248,987
	Capital and reserves		
17	Called up share capital	**8,516**	9,186
18	Capital redemption reserve	**7,390**	6,720
18	Special reserve	**63,802**	83,728
18	Other capital reserves	**222,581**	140,609
18	Revenue reserve	**10,271**	8,744
	Equity shareholders' funds	**312,560**	248,987
19	**Net asset value per ordinary share**	**183 5p**	135 5p

The accounts were approved by the directors on 29 February 2008

D A Robins
Director

The notes on pages 38 to 55 form part of these accounts

Cash Flow Statement

for the year ended 31 December 2007

Notes		2007 £'000	2007 £'000	2006 £'000	2006 £'000
20	**Net cash inflow from operating activities**		**2,598**		3,181
	Servicing of finance				
	Interest paid	**(1,216)**		(695)	
	Net cash outflow from servicing of finance		**(1,216)**		(695)
	Taxation				
	Withholding and corporation tax recovered/(paid)	**210**		(770)	
	Net tax recovered/(paid)		**210**		(770)
	Financial investment				
	Purchases of investments	**(378,020)**		(197,431)	
	Sales of investments	**377,981**		199,796	
	Net cash (outflow)/inflow from financial investment		**(39)**		2,365
	Equity dividends paid		**(2,377)**		(3,443)
	Net cash (outflow)/inflow before financing		**(824)**		638
	Financing				
	Repurchases of ordinary shares	**(19,999)**		(2,874)	
	Drawdown of multi-currency loan facility	**19,451**		10,772	
	Net cash (outflow)/inflow from financing		**(548)**		7,898
	(Decrease)/increase in cash		**(1,372)**		8,536
	Reconciliation of net cash flow to movement in net debt				
21	(Decrease)/increase in cash as above		**(1,372)**		8,536
	Cash inflow from debt financing		**(19,451)**		(10,772)
	Change in net debt resulting from cash flows		**(20,823)**		(2,236)
	Exchange (losses)/gains		**(1,744)**		1,750
			(22,567)		(486)
	Net debt at 1 January		**(23,682)**		(23,196)
21	**Net debt at 31 December**		**(46,249)**		(23,682)

The notes on pages 38 to 55 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 the Companies Act 1985, accounting standards applicable in the United Kingdom and the Revised Statement of Recommended Practice – "Financial Statements of Investment Trust Companies" dated December 2005 (the Revised SORP) All of the Company's operations are of a continuing nature

b) Adoption of New Accounting Standard

FRS 29, Financial Instrument Disclosures has been adopted by the Company in 2007 FRS 29 introduces new disclosures relating to financial instruments This standard does not have any impact on the classification and/or valuation of the Company's financial instruments The additional disclosures provided in accordance with the requirements of the standard are set out in note 16 to the accounts

c) Valuation of fixed asset investments

Listed investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices

Unquoted investments are valued by the Directors using primary valuation techniques such as earnings multiples, recent transactions and net assets Where fair value cannot reliably be measured the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "Gains or losses from investments held at fair value through profit or loss" Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase All purchases and sales are accounted for on a trade date basis

d) Foreign currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional currency and presentational currency of the Company Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates

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 the date

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or to the revenue column of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature

e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of Directors, the dividend is capital in nature in which case it is taken to the capital return 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 using the effective interest rate method in accordance with the SORP Bank interest and stock lending income is accounted for on an accruals basis Stock dividends paid by Taiwanese companies where withholding tax is payable are recognised as income

Notes to the Accounts

continued

1 Accounting policies (continued)

f) Management and administration expenses and finance charges

Expenses are accounted for on an accruals basis 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 finance charges and investment management fee to the capital return shown in the Income Statement As in previous years, the amount of the management fee attributable to accounting, secretarial and administration services has been charged wholly to revenue return The performance fee and top-up fee are charged to capital return reflecting the fact that they are attributable largely, if not wholly, to capital performance The apportionment of the management fee between investment management and other services can be found in note 5 on page 40

g) Taxation

The tax effect of different items of expenditure is allocated between the capital return and revenue return 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 This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted 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) Bank borrowings

Interest bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs Finance charges, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

i) Capital Redemption Reserve

The nominal value of ordinary share capital repurchased for cancellation is transferred out of share capital and into the capital redemption reserve

2 **Gains from investments held at fair value through profit or loss**	**2007 £'000**	2006 £'000
Gains from investments held at fair value through profit or loss based on historical cost	**56,789**	30,674
Amounts recognised as unrealised in the previous year	**(28,566)**	(31,368)
Realised gains/(losses) based on carrying values at previous balance sheet date	**28,223**	(694)
Net movement in unrealised appreciation	**57,793**	39,578
Net (losses)/gains on foreign exchange	**(1,744)**	1,750
Total gains from investments held at fair value through profit or loss	**84,272**	40,634

3 **Income from investments held at fair value through profit or loss**	**2007 £'000**	2006 £'000
Dividends from listed overseas equities	**6,140**	4,257
Taiwanese stock dividends	**332**	338
Special dividends from listed overseas equities	**572**	364
Total income from investments held at fair value through profit or loss	**7,044**	4,959

Notes to the Accounts

continued

4	Other interest receivable and similar income	2007 £'000	2006 £'000
	Bank interest	**196**	117
	Stock lending income	**164**	106
		360	223

At 31 December 2007 the total value of securities on loan by the Company for stock lending was £42,461,000 (2006 £11,894,000) The maximum aggregate value of securities on loan at any time during the year ended 31 December 2007 was £52,462,000 (2006 £33,399,000)

5 Management and performance fee	Year ended 31 December 2007 Revenue return £'000	Capital return £'000	Total £'000	Year ended 31 December 2006 Revenue return £'000	Capital return £'000	Total £'000
Investment management fee	**404**	**1,221**	**1,625**	298	892	1,190
Accounting, secretarial and administration costs	**250**	**–**	**250**	250	–	250
Performance fee*	**–**	**1,144**	**1,144**	–	1,099	1,099
	654	**2,365**	**3,019**	548	1,991	2,539

*The ("Band 1") top up performance fee has been charged to the capital return in accordance with the Company's allocation policy set out in the accounting policies in note 1(f)

A summary of the terms of the management agreement is given in the Report of the Directors on pages 16 and 17

6	Other administrative expenses (charged wholly to revenue return)	2007 £'000	2006 £'000
	Directors' fees (see Directors' Remuneration Report on pages 25 and 26)	**92**	89
	Auditors' remuneration		
	for audit services	**22**	19
	for non-audit services	**5**	2
	Bank charges	**254**	223
	Other expenses payable to the management company (share plan and marketing services)	**24**	24
	AIC Subscriptions	**23**	22
	Printing	**30**	39
	Registrar's fees	**28**	20
	Listing fees	**16**	16
	Directors' and Officers' Liability Insurance	**15**	23
	PR Agency	**25**	24
	Company Broker Fee	**28**	6
	Recruitment fees	**25**	-
	Other expenses*	**117**	113
	Charitable donations	**13**	10
		717	630

*Other expenses include items such as advisors' fees and other miscellaneous items

Notes to the Accounts

continued

7 Finance charges	Year ended 31 December 2007 Revenue Return £'000	Capital Return £'000	Total £'000	Year ended 31 December 2006 Revenue Return £'000	Capital Return £'000	Total £'000
On loans repayable within one year	**308**	**923**	**1,231**	183	550	733

75% of finance charges have been charged to capital return in accordance with the Company's allocation policy set out in the accounting policies in note 1(f)

8 Taxation on net return on ordinary activities	Year ended 31 December 2007 Revenue return £'000	Capital return £'000	Total £'000	Year ended 31 December 2006 Revenue return £'000	Capital return £'000	Total £'000
a) Analysis of charge in the period						
UK corporation tax at 30%	**642**	**–**	**642**	296	–	296
Double taxation relief	**(361)**	**–**	**(361)**	(260)	–	(260)
Marginal relief	**–**	**–**	**–**	(14)	–	(14)
Overseas withholding tax	**552**	**–**	**552**	531	–	531
Tax attributable to expenses and finance charges charged to capital	**988**	**(988)**	**–**	763	(763)	–
Current tax charge for the year	**1,821**	**(988)**	**833**	1,316	(763)	553
Deferred tax	**–**	**–**	**–**	(52)	–	(52)
Total tax	**1,821**	**(988)**	**833**	1,264	(763)	501

b) Factors affecting current tax charge for the year

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

	2007 £'000	2006 £'000
Net revenue return on ordinary activities before taxation	**5,725**	3,821
Corporation tax at 30%	**1,718**	1,146
Effects of		
Non taxable stock dividends	**(100)**	(101)
Overseas withholding tax	**190**	216
Income taxable in different periods	**4**	68
Disallowable expenses	**9**	1
Marginal relief	**–**	(14)
Current tax charge for the year	**1,821**	1,316

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments

The Company has no unused eligible unrelieved foreign tax or loan relationship deficits (2006 nil)

Notes to the Accounts

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9 Return per ordinary share

The total return per ordinary share is based on the net return attributable to the ordinary shares of £85,876,000 (2006 £41,413,000) and on 178,723,079 ordinary shares (2006 185,897,743) being the weighted average number of shares in issue during the year

The total return can be further analysed as follows

	2007 £'000	2006 £'000
Revenue return	**3,904**	2,557
Capital return	**81,972**	38,856
Total	**85,876**	41,413
Weighted average number of ordinary shares	**178,723,079**	185,897,743
Revenue return per ordinary share	**2 18p**	1 38p
Capital return per ordinary share	**45 87p**	20 90p
Total per ordinary share	**48 05p**	22 28p

The Company does not have any dilutive securities

10 Dividends on ordinary shares

	Register date	Payment date	2007 £'000	2006 £ 000
Write back of dividends over twelve years old			–	(5)
Final dividend (1 85p) for the year ended 31 December 2005	3 March 2006	7 April 2006	–	3,448
Final dividend (1 30p) for the year ended 31 December 2006	23 March 2007	26 April 2007	**2,377**	–
			2,377	3,443

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

The total dividend payable in respect of the financial year which forms the basis of section 842 of the Income and Corporation Taxes Act 1988 are set out below

	2007 £'000
Revenue available for distribution by way of dividend for the year	**3,904**
Proposed final of 2 00p for the year ended 31 December 2007 (based on 169,856,407 ordinary shares in issue at 29 February 2008)	**(3,397)**
Undistributed revenue for section 842 purposes*	**507**

* Undistributed revenue comprises 7 2% of income from investments of £7,044,000 (see note 3)

Notes to the Accounts
continued

11 Fixed asset investments held at fair value through profit or loss

	Total £'000
Changes in investments are as follows	
Valuation at 1 January 2007	**274,587**
Unrealised appreciation	**(52,674)**
Cost at 1 January 2007	**221,913**
Additions at cost	**379,187**
Disposals at cost	**(321,192)**
Cost at 31 December 2007	**279,908**
Unrealised appreciation	**81,901**
Valuation at 31 December 2007	**361,809**

Purchase transaction costs for the year ended 31 December 2007 were £990,000 (2006 £645,000) Sale transaction costs for the year ended 31 December 2007 were £1,265,000 (2006 £790,000)

12 Subsidiary undertaking

The Company had an investment in the issued ordinary share capital of its wholly owned subsidiary, Interinvestment Finance Company Limited This company was registered in England and Wales and was dormant throughout the year and the preceding year The aggregate capital and reserves of the company as at 31 December 2007 was £2 This subsidiary had not been consolidated on the grounds that it was insignificant to the results of the Company The subsidiary was dissolved on 5 July 2007

13 Debtors

	2007 £'000	2006 £ 000
Accrued dividend and other income	**57**	40
Prepayments	**32**	22
Tax recoverable	**-**	207
Other debtors*	**40**	3
	129	272

*Includes a provision of £19,000, which relates to the recovery of VAT as referred to in the Chairman's Statement on page 4

14 Creditors amounts falling due within one year

	2007 £'000	2006 £ 000
Currency loan and bank overdrafts	**51,257**	31,233
Purchases for settlement	**835**	–
Share buy backs awaiting settlement	**-**	61
Interest payable	**89**	74
Corporation tax payable	**279**	–
Accruals	**1,921**	2,055
Other creditors	**5**	–
	54,386	33,423

Notes to the Accounts

continued

15	Provisions for liabilities and charges	2007 £'000	2006 £'000
	Deferred taxation in respect of short term revenue timing differences		
	At 1 January	–	52
	Transfer during the year	–	(52)
	At 31 December	–	–

16 Risk Management policies and procedures

As an Investment Trust the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated on the inside front cover and in the business review In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends

These financial risks, market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk, and the Directors' approach to the management of these risks, are set out below The Board of Directors and the Investment Manager, coordinates the Company's risk management The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

The Board determines the objectives, policies and processes for managing the risks, and the methods used to manage the risks and these are set out below under the relevant risk category The policies for the management of risk have not changed from the previous accounting period

16.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices Market risk comprises market price risk (see note 16 2), currency risk (see note 16 3) and interest rate risk (see note 16 4) The Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis

16.2 Market Price Risk

Market price risks (ie changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the quoted and unquoted investments

Management of the risk

The Board of Directors manages the risks inherent in the investment portfolios by ensuring full and timely report of relevant information from the Investment Manager Investment performance is reviewed at each Board meeting The Board monitors the Portfolio Manager's compliance with the Company's objectives, and is directly responsible for investment strategy and asset allocation, including as between countries and economies

When appropriate, the Company manages its exposure to risk through its asset allocation decisions and very occasionally by buying/selling put or call options on indices relevant to its portfolio

Notes to the Accounts

continued

16 2 Market Price Risk (continued)

The Company's exposure to other changes in market prices at 31 December on its investments is as follows

	2007 £'000	2006 £'000
Investments held at fair value through profit or loss	**361,809**	274,587

Concentration of exposure to other price risks

An analysis of the Company's investment portfolio is shown on page 12 This shows the significant amounts invested in China, Hong Kong, India, Korea and Singapore Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the equity to an increase or decrease of 25% (2006 20%) in the fair values of the Company's equities (including exposure through options) This level of change is considered to be reasonably possible based on observation of current market conditions The sensitivity analysis is based on the Company's equities and exposure through options at each balance sheet date, with all other variables held constant

	2007		2006	
	Increase in fair value £'000	**Decrease in fair value £'000**	Increase in fair value £'000	Decrease in fair value £'000
Income statement – profit after tax				
Revenue return	**(95)**	**95**	(58)	58
Capital return	**90,167**	**(90,167)**	54,744	(54,744)
Total return after tax for the year	**90,072**	**(90,072)**	54,686	(54,686)
Net assets	**90,072**	**(90,072)**	54,686	(54,686)

16 3 Currency risk

A proportion of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency, and presentational currency) As a result, movements in exchange rates may affect the sterling value of those items

Management of the risk

The Investment Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting The Investment Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed

Foreign currency borrowing is used to limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments Where appropriate, they are used to achieve the portfolio characteristics that assist the Company in meeting its investment objectives These borrowings are limited to 30% of net asset value

Notes to the Accounts

continued

16 3 Currency risk (continued)

Investment income denominated in foreign currencies is converted into sterling on receipt The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31 December are shown below Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure

2007	**US $ £'000**	**HK$ £'000**	**Korean Won £'000**	**Singapore Dollar £'000**	**Other £'000**
Debtors (due from brokers, dividends and other income receivable)	**–**	**2**	**–**	**–**	**–**
Cash at bank and on deposit less short term overdrafts	**(519)**	**(2)**	**1**	**(363)**	**5,249**
Creditors (due to brokers, accruals and other creditors)	**(835)**	**(89)**	**–**	**–**	**(5)**
Borrowings under multi currency loan facility	**–**	**(51,257)**	**–**	**–**	**–**
Total foreign currency exposure on net monetary items	**(1,354)**	**(51,346)**	**1**	**(363)**	**5,244**
Investments at fair value through profit or loss that are equities	**56,939**	**136,987**	**57,576**	**47,821**	**60,511**
Total net foreign currency exposures	**55,585**	**85,641**	**57,577**	**47,458**	**65,755**

2006	US $ £'000	HK$ £'000	Korean Won £'000	Singapore Dollar £ 000	Other £ 000
Debtors (due from brokers, dividends and other income receivable)	–	–	–	–	4
Cash at bank and on deposit	7	2,396	–	10	4,414
Creditors (due to brokers, accruals and other creditors)	–	(69)	–	–	–
Borrowings under multi currency loan facility	–	(31,233)	–	–	–
Total foreign currency exposure on net monetary items	7	(28,906)	–	10	4,418
Investments at fair value through profit or loss that are equities	37,138	91,085	44,076	29,517	69,971
Total net foreign currency exposures	37,145	62,179	44,076	29,527	74,389

The above amounts are not representative of the exposure to risk during the year as levels of monetary foreign currency exposure change significantly throughout the year

Notes to the Accounts

continued

16 3 Currency risk (continued)

The maximum and minimum net foreign currency exposures for each currency were as follows

Year ended 31 December 2007	US $ £'000	HK$ £'000	Korean Won £'000	Singapore Dollar £'000	Other £'000
Maximum	**55,585**	**105,207**	**62,052**	**47,458**	**86,145**
Minimum	**35,383**	**57,530**	**46,402**	**29,468**	**64,983**

Year ended 31 December 2006	US $ £'000	HK$ £'000	Korean Won £ 000	Singapore Dollar £'000	Other £'000
Maximum	38,072	62,179	68,061	29,527	76,221
Minimum	18,770	34,824	43,341	19,372	58,334

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return after tax for the year and the net assets in regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates for the Sterling/US Dollar, Sterling/HK Dollar, Sterling/Korean Won and Sterling/Singapore Dollar

It assumes the following changes in exchange rates
Sterling/US Dollar +/- 10% (2006 10%) Sterling/HK Dollar +/- 10% (2006 10%)
Sterling/Korean Won +/- 10% (2006 10%) Sterling/Singapore Dollar +/- 10% (2006 10%)

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at each balance sheet date

If Sterling had depreciated against the currencies shown the impact on total return and net assets would have been as follows

	2007				2006			
	US $ £'000	HK$ £'000	Korean Won £'000	Singapore Dollar £'000	US $ £'000	HK$ £ 000	Korean Won £'000	Singapore Dollar £'000
Income statement – return after tax								
Revenue return	**52**	**121**	**73**	**73**	26	78	57	55
Capital return	**6,216**	**9,496**	**6,377**	**5,256**	4,115	6,895	4,881	3,269
Total return after tax for the year	**6,268**	**9,617**	**6,450**	**5,329**	4,141	6,973	4,938	3,324
Net assets	**6,268**	**9,617**	**6,450**	**5,329**	4,141	6,972	4,938	3,324

16 3 Currency risk (continued)

If Sterling had appreciated against the currencies shown, this would have had the following effect

	2007 US $ £'000	2007 HK$ £'000	2007 Korean Won £'000	2007 Singapore Dollar £'000	2006 US $ £'000	2006 HK$ £'000	2006 Korean Won £'000	2006 Singapore Dollar £'000
Income statement – return after tax								
Revenue return	**(42)**	**(99)**	**(60)**	**(59)**	(22)	(64)	(46)	(45)
Capital return	**(5,140)**	**(7,769)**	**(5,218)**	**(4,301)**	(3,366)	(5,641)	(3,994)	(2,675)
Total return after tax for the year	**(5,182)**	**(7,868)**	**(5,278)**	**(4,360)**	(3,388)	(5,705)	(4,040)	(2,720)
Net assets	**(5,182)**	**(7,868)**	**(5,278)**	**(4,360)**	(3,388)	(5,705)	(4,040)	(2,720)

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives

16.4 Interest rate risk

Interest rate movements may affect the interest payable on the Company's variable rate borrowings

Management of the risk

The majority of the Company's financial assets are non-interest bearing As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the multi-currency loan facility

The Company finances part of its activities through borrowings at levels approved and monitored by the Board

Derivative contracts are not used to hedge against the exposure to interest rate risk

Interest rate exposure

The exposure at 31 December of financial assets and (financial liabilities) to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be re-set

	2007 Within one year £'000	2007 More than one year £'000	2007 Total £'000	2006 Within one year £'000	2006 More than one year £'000	2006 Total £'000
Exposure to floating interest rates						
Cash at bank	**5,008**	–	**5,008**	7,551	–	7,551
Creditors – within one year						
– Borrowings under multi-currency loan facility	**(51,257)**	–	**(51,257)**	(31,233)	–	(31,233)
Total exposure to interest rates	**(46,249)**	–	**(46,249)**	(23,682)	–	(23,682)

The Company does not have any fixed interest rate exposure

Notes to the Accounts

continued

16 4 Interest rate risk (continued)

Interest receivable and finance costs are at the following rates

- Interest received on cash balances, or paid on bank overdrafts, is at margin over LIBOR or its foreign currency equivalent (2006 same)
- Interest paid on borrowings under the multi-currency loan facility is at a margin over LIBOR or its foreign currency equivalent for the type of loan The weighted average interest rate of these is 4 64% (2006 4 83%)

The above year end amounts are not representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made and borrowings are drawn down and repaid The maximum and minimum total interest rate exposures are shown below

	2007 Within one year £'000	2007 More than one year £'000	2007 Total £'000	2006 Within one year £ 000	2006 More than one year £ 000	2006 Total £'000
Assets (all floating rates)						
Maximum interest rate exposure	**26,692**	–	**26,692**	9,526	–	9,526
Minimum interest rate exposure	–	–	–	–	–	–
Liabilities (all floating rates):						
Maximum interest rate exposure	**(51,257)**	–	**(51,257)**	(31,233)	–	(31,233)
Minimum interest rate exposure	–	–	–	–	–	–

Interest rate sensitivity

The following table illustrates the sensitivity of the total return after tax for the year and net assets to an increase or decrease of 100 basis points in interest rates in regard to the Company's monetary financial assets and financial liabilities This level of change is considered to be reasonably possible based on observation of current market conditions The sensitivity analysis is based on the Company's monetary financial instruments held at each balance sheet date, with all other variables held constant

	2007 Increase in rate £'000	2007 Decrease in rate £'000	2006 Increase in rate £ 000	2006 Decrease in rate £'000
Income statement – profit after tax				
Revenue return	**(55)**	**55**	(2)	2
Capital return	**(269)**	**269**	(164)	164
Total return after tax for the year	**(324)**	**324**	(166)	166
Net assets	**(324)**	**324**	(166)	166

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since exposure changes as investments are made, borrowings are drawn down and repaid throughout the year

Notes to the Accounts

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16 5 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable The Company has a multi-currency loan facility of £50,000,000 (refer to Investment Policy on page 14 for further details) (2006 £50,000,000) and an overdraft facility up to £10 million 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

The Board gives guidance to the Investment Manager as to the maximum amount of the Company's resources that should be invested in any one company The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short term cash requirements

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 December, based on the earliest date on which payment can be required was as follows

2007	**3 months or less £'000**	**Not more than one year £'000**	**More than one year £'000**	**Total £'000**
Current liabilities				
Borrowings under the multi-currency loan facility	**51,257**	**–**	**–**	**51,257**
Amounts due to brokers and accruals	**2,850**	**279**	**–**	**3,129**
	54,107	**279**	**–**	**54,386**

2006	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
Current liabilities				
Borrowings under the multi-currency loan facility	31,233	–	–	31,233
Amounts due to brokers and accruals	2,190	–	–	2,190
	33,423	–	–	33,423

Notes to the Accounts

continued

16 6 Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss

Management of the risk

Credit risk is managed as follows

- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default,
- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker
- cash at bank is held only with reputable banks and is subject to continual review

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements

In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk at 31 December was as follows

	2007		2006	
	Balance sheet £'000	**Maximum exposure £'000**	Balance sheet £ 000	Maximum exposure £'000
Investments at fair value through profit or loss	**361,809**	**361,809**	274,587	274,587
Current assets				
Other debtors (amounts due from brokers, dividends and interest receivable)	**129**	**16,286**	272	6,217
Cash at bank and on deposit less short term overdrafts	**5,008**	**26,692**	7,551	9,526
	366,946	**404,787**	282,410	290,330

None of the Company's financial liabilities are past due or impaired

16.7 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities, are either carried in the balance sheet at their fair value (investments and derivatives) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the multi-currency loan facility)

16 8 Capital management policies and procedures

The Company's capital management objectives are

- to ensure that it will be able to continue as a going concern, and
- to maximise the income and capital return to its equity shareholders

through an appropriate balance of equity capital and "debt" The policy is that debt as shown below should be no more than 30% of shareholders funds

Notes to the Accounts

continued

16 8 Capital management policies and procedures (continued)

The Company's capital at 31 December comprises

	2007 £'000	2006 £ 000
Debt*		
Bank loans	**51,257**	31,233
	51,257	31,233
Capital and reserves		
Equity share capital	**8,516**	9,186
Special reserve	**63,802**	83,728
Revenue reserves and capital reserves	**240,242**	156,073
Shareholders' funds	**312,560**	248,987

* Debt as a percentage of Shareholders' Funds 16% 13%

The Board with the assistance of the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis This review includes

- the planned level of gearing, which takes into account the Portfolio Manager's view on the market,
- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (ie the level of share price discount or premium),
- the need for new issues of equity shares,
- the extent to which revenue in excess of that which is required to be distributed should be retained

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period

The Company is subject to several externally imposed capital requirements

- Under the multi currency facility adjusted net asset value shall exceed 300% of total borrowings, total borrowings not to exceed 30% of net asset value, net asset value not to fall below £135,000,000 These are measured in accordance with the policies used in the annual financial statements
- As a public company, the Company has a minimum share capital of £50,000
- In order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by law

These requirements are unchanged since last year, and the Company has complied with them

Notes to the Accounts

continued

17	Called up share capital	2007 £'000	2006 £'000
	Authorised		
	350,000,000 ordinary shares of 5p each	**17,500**	17,500
	Allotted, issued and fully paid		
	170,331,407 (2006 183,718,359) ordinary shares of 5p each	**8,516**	9,186

During the year the Company repurchased for cancellation 13,386,952 of its own issued shares, for a total consideration of £19,926,000 (inclusive of stamp duty totalling £100,000), leaving a balance of 170,331,407 ordinary shares for the purposes of the calculation of the net asset value per ordinary share Further details of the purchases can be found in the Report of the Directors on page 18

18	Reserves	Capital redemption reserve £'000	Special reserve £'000	Other capital reserves Realised reserve £'000	Other capital reserves Unrealised reserve £'000	Revenue reserve £'000
	At 1 January 2007	6,720	83,728	87,889	52,720	8,744
	Transfer on disposal of assets	–	–	28,566	(28,566)	–
	Net movement on investments held at fair value through profit or loss	–	–	28,223	57,793	–
	Net movement on foreign exchange	–	–	(1,262)	(482)	–
	Expenses and finance charges charged to capital	–	–	(3,288)	–	–
	Tax relief on expenses and finance charges charged to capital	–	–	988	–	–
	Purchases of own shares	670	(19,926)	–	–	–
	Final dividend for 2006 paid and declared	–	–	–	–	(2,377)
	Net revenue after taxation for the year	–	–	–	–	3,904
	At 31 December 2007	**7,390**	**63,802**	**141,116**	**81,465**	**10,271**

The revenue reserve is distributable by way of dividend

Under the terms of the Company's Articles of Association, sums standing to the credit of Other Capital Reserves are available for distribution only by way of redemption or purchase of any of the Company's own shares The Company may only distribute accumulated "realised" profits The Institute of Accountants in England and Wales, has issued guidance (TECH 01/08), stating that profits arising out of a change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed, provided the relevant assets can be readily converted into cash Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash and hence unrealised profits less losses amounting to £81,465,000, currently included within the Other Capital Reserves – Unrealised, may be regarded as distributable under Company Law

19 Net asset value per ordinary share

The net asset value per ordinary share is based on net assets attributable to the ordinary shares of £312,560,000 (2006 £248,987,000) and on the 170,331,407 (2006 183,718,359) ordinary shares in issue at 31 December 2007

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 2007	248,987
Net return on ordinary activities after taxation	85,876
Final dividend paid in respect of year ended 31 December 2006 (paid 26 April 2007)	(2,377)
Repurchase of 13,386,952 ordinary shares (see note 17)	(19,926)
Total net assets at 31 December 2007	**312,560**

20 Reconciliation of net return on ordinary activities before finance charges and taxation to net cash inflow from operating activities

	2007 £'000	2006 £'000
Total return before finance charges and taxation	**87,940**	42,647
Less capital return before finance charges and taxation	**(81,907)**	(38,643)
Net revenue before finance charges and taxation	**6,033**	4,004
(Increase)/decrease in prepayments and accrued income	**(17)**	126
(Increase)/decrease in other debtors	**(35)**	9
(Decrease)/increase in creditors	**(134)**	1,840
Management and performance fees taken to other capital return	**(2,365)**	(1,991)
Overseas withholding tax deducted at source	**(552)**	(469)
Taiwanese stock dividends	**(332)**	(338)
Net cash inflow from operating activities	**2,598**	3,181

21 Analysis of changes in net debt

	31 December 2006 £'000	Cash flow £'000	Exchange movements £'000	31 December 2007 £'000
Net cash				
Cash at bank and short term deposits less bank overdrafts	7,551	(1,372)	(1,171)	**5,008**
Debt				
Debt falling due within one year	(31,233)	(19,451)	(573)	**(51,257)**
Net debt	(23,682)	(20,823)	(1,744)	**(46,249)**

22 Capital commitments and contingent liabilities

Capital commitments

There were no capital commitments as at 31 December 2007 (2006 £nil)

Contingent liabilities

There were no contingent liabilities in respect of sub-underwriting participations as at 31 December 2007 (2006 £nil)

23 Transactions with the Investment Manager

Under the terms of an agreement dated 27 February 2007 (which replaced the Management Agreement dated 2 March 1995) 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 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 pages 16 and 17

The total of the fees paid or payable to Henderson under these agreements in respect of the year ended 31 December 2007 was £3,019,000 (excluding VAT) (2006 £2,539,000), of which £1,699,000 was outstanding at 31 December 2007 (2006 £1,855,000 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 2007 amounted to £24,000 (excluding VAT) (2006 £24,000), of which £12,000 was outstanding as at 31 December 2007 (2006 £12,000)

With effect from 1 July 2007 VAT is no longer chargeable on management and performance fees

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 charitable project currently 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 The Company has supported this charity since 2001 and contributed £7,500 during 2007 The Board agreed to provide further funding to Sabakan until 2008 at which point the funding to this charity will cease The Board is considering other charities and will report further in due course

Other Investor Information

Itshenderson ISA/PEP and Share Plan Holders
Itshenderson Administrator (Equiniti)
PO Box 4605
Worthing BN99 6QY
Telephone 0845 712 5432

Henderson ISAs and PEPs
Henderson Investment Management Limited
Block C – Western House
Lynch Wood Business Park
Peterborough PE2 6BP
Telephone 0800 832 832

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

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

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 www itshenderson com

Capital Gains Tax
The calculation of the tax on chargeable gains will depend on personal circumstances If you are in any doubt about your personal tax position, you are recommended to contact your professional adviser

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

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, Equiniti Limited (formerly 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 702 0005 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 0870 240 1847 This service is available during normal business hours

Glossary of Terms

Benchmark used for Comparison
The MSCI All Country Asia ex-Japan Index

Discount/Premium
The amount by which the share price of an investment trust is lower (discount) or higher (premium), than the net asset value per share The discount or premium 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 Gearing is the difference between the values of quoted investments and equity shareholders' funds divided by equity shareholders' funds x 100

Index Options
An agreement entered into by the Company that confers the right but not the obligation to sell or buy a specific stock market index within a specified period of time

Index Futures
An agreement entered into by the Company to sell or buy a specific stock market index at a specific future time and price

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 2007/2008 tax year is £7,000 (2008/2009 tax year is £7,200)

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

Non-deliverable forwards (NDF)
An agreement entered into by the Company to sell or buy a non-convertible or restricted currency They involve no exchange of principal, are fixed at a pre-determined price and are typically settled in US dollars

Total Expense Ratio
The measure of the total expenses incurred by the Company including those charged to capital, expressed as a percentage of the average shareholders' funds over the year

Warning to Shareholders

Over recent months many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments They can be very persistent and extremely persuasive Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports

Please note that it is very unlikely that either the Company or the Company's Registrar, Equiniti Limited (formerly Lloyds TSB Registrars), would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar at the numbers provided on the inside back cover

Notice of Meeting

Notice is hereby given that the Twenty First Annual General Meeting of Henderson TR Pacific Investment Trust plc will be held at 4 Broadgate, London EC2M 2DA on Wednesday, 23 April 2008 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 2007 be received

2 To approve the Directors' Remuneration Report for the year ended 31 December 2007

3 That a final dividend of 2 00p be declared

4 That Mr D Brief be elected a Director of the Company

5 That Mr C A Keljik be elected a Director of the Company

6 That Mr D A Robins 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 auditors' remuneration

Special Business

To consider, and if thought fit, pass the following resolutions 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 25,461,475 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 be authorised, subject to and in accordance with the provisions of the Companies Act 2006 and the Articles of Association of the Company (as from time to time varied), to send, convey or supply all types of notices, documents or information to the members by means of electronic equipment for the processing (including by means of digital compression), storage and transmission of data, using wires, radio optical technologies, or any other electromagnetic means, including by making such notices, documents or information available on a website

11 THAT the regulations contained in the printed document produced to the meeting and marked "A" (and for the purposes of identification initialled by the Chairman of the meeting) be hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association

12 THAT subject to Resolution 11 being passed and with effect from 1 October 2008 or such later date as section 175 of the Companies Act 2006 shall be

Notice of Meeting

continued

brought into force, the printed document produced to the meeting and marked "B" (and for the purposed of identification initialled by the Chairman of the meeting) be hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association

By order of the Board

Andrea Callaby FCIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
29 February 2008

Registered Office 4 Broadgate, London EC2M

Annual General Meeting Venue

Henderson Global Investors,
4 Broadgate, London EC2M 2DA

Notes

(i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 only those shareholders registered in the Register of Members of the Company at 12 30pm on 21 April 2008 shall be entitled to attend and vote at the Annual General Meeting Changes in entries on the relevant register of securities after 12 30pm on 21 April 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting

(ii) Pursuant to section 324 of the Companies Act 2006 a member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf A proxy need not be a member of the Company A form of proxy is enclosed and to be valid must be lodged with the Company's Registrars not less than forty-eight hours before the time fixed for the meeting This right does not apply to persons nominated to receive information rights pursuant to section 146 of the Companies Act 2006 Persons nominated to receive information rights under section 146 of the Companies Act 2006 have been sent this notice of meeting and are hereby informed in accordance with section 149(2) of the Companies Act 2006, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed or to have someone else appointed, as a proxy for this meeting If they have such right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements

(iii) The completion of the form of proxy will not preclude shareholders from attending and voting in person at the meeting

(iv) By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's securities made at the meeting

(v) The Register of Directors' Interests will be available for inspection at the meeting

(vi) The proposed new Articles of Association will be available for inspection at the meeting

(vii) A copy of the proposed new Articles of Association are available for inspection at the registered office of the Company, 4 Broadgate, London EC2M 2DA, during normal business hours on any weekday (public holidays excepted) from the date of this notice and at the place of the general meeting for at least 15 minutes before the meeting until the close of the meeting

(viii) In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www icsa org uk) for further details of this procedure The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above

(ix) As at 29 February 2008 (being the last practicable date prior to the publication of this Notice) the Company s issued share capital consists of 169 856,407 ordinary shares, carrying one vote each Therefore, the total voting rights in the Company as at 29 February 2008 are 169 856,407

Investor Information

Directors
David Robins (Chairman)*
Hugh Aldous*†
Peter Berry CMG (Senior Independent Director)*†
David Brief*†
Christopher Keljik OBE*†
Struan Robertson*†
Judith Unwin OBE*†

*Independent director and member of the Management Engagement Committee and the Nominations Committee

†Member of the Audit Committee

The Management Engagement Committee and the Nominations Committee are chaired by David Robins and the Audit Committee by Hugh Aldous

Investment Manager
Henderson Global Investors Limited is authorised and regulated by the Financial Services Authority and is represented by Andrew Beal

Andrew Beal is assisted in the management of the portfolio by Michael Kerley Both are based in London

Secretary
Andrea Callaby FCIS
Henderson Secretarial Services Limited

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Facsimile +44 (0)20 7818 4454
www hendersontrpacific com

Registered Number
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in England No 2153093

Independent Auditors
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Hay's Galleria
1 Hay's Lane
London SE1 2RD
Telephone +44 (0)20 7583 5000
www pwc com

UK Registrars
Equiniti Limited (formerly Lloyds TSB Registrars)
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone 0871 384 2474

Please note the new telephone number for shareholder enquiries has changed to **0871 384 2474** with immediate effect Calls to this number are charged at 8p per minute from a BT landline Other telephone provider costs may vary

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 1142, New Zealand
Telephone (New Zealand) (64) 9 488 8777
www computershare com

UK Stockbrokers
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