

DIRECTORS' STATEMENT

The year 2000 was a disappointing year for the Thai equity market. Investment in Thai listed companies, on average, yielded a negative annual return of 44% in local currency. The negative news affecting the stock market included:

- An automatic weighting reduction of the Thai market in the Morgan Stanley Capital International index, and the creation of new Financial Times Stock Exchange indices which excluded the Thailand, Indonesia and Philippines markets, which made Thailand less important in the global and regional context.
- Continuing high domestic oil prices (against a weak Baht) and news of weak economic indicators also had adverse impacts on the Thai stock market.
- The dissolution of Parliament and the calling of a new general election during the last quarter of year 2000 caused investors to remain cautious.

Data released by the Bank of Thailand indicate an ongoing slowdown in the Thai economy in the latter part of year 2000. A slowdown in the US and the world economy may hamper the rate of Thailand's economic improvement. Non-performing loans remain a concern for the health of the Thai financial system, but the resumption of credit extensions by Thai financial institutions in 2001 could help the sustainability of the Thai economic recovery.

The performance of the Thai market and the Company's performance over the past year are summarised as follows:

- At the end of 2000, the Baht weakened to Baht 42.871 per US dollar which represented a 12.57% depreciation from Baht 37.482 per US dollar as at 31 December 1999. The SET closed at 269.19 points at the end of 2000, which was a decrease of 51.17% in US dollar terms over the year.
- As at December 31, 2000, the Company was 87.48% invested in Thai equities with the balance held in the form of bank deposits. The total net asset value of the Company, as at December 31, 2000, was US\$6,485,327 with a net asset value of US\$1.30 per share. The net asset value per share of the Company decreased by 49.61% in US\$ terms for the year ended December 31, 2000.
- As a whole, the Company has therefore outperformed the market by 1.56% over the last year.

The Board continues to believe that it will be in shareholders' best interests for the Company to become open-ended. This is dependent largely on The Thai Asset Fund (the "Fund"), the Company's vehicle for investment in Thai securities, being able to convert from a closed-end fund to an open-end fund. As at the date of this report, there had been no change in the Thai Securities and Exchange Commission's position that it had no policy to approve such conversion. The Board will continue to monitor the situation and make representations to the SEC if it considers appropriate.

If the Thai authorities permit the Fund to become open-ended and other necessary regulatory consents are obtained, the Board will seek further approvals from shareholders in a general meeting. The Board will keep shareholders apprised of the position from time to time.

On behalf of the Board

Chesada Loha-unchit

Director

Andrew Lo Tak Shing

Director

April 11, 2001