

DISCUSSION AND ANALYSIS OF PERFORMANCE

RESULTS

During 2003, the Company recorded a profit after tax of US\$11,202,562 (compared with a profit of US\$2,201,709 during the previous corresponding year), attributable largely to proceeds from sale of investments and to the unrealised appreciation from revaluation of investments in securities.

The net asset value of the Company, as at December 31, 2003, was US\$20,288,957. As at December 31, 2003, the net asset value per share of the Company, after adjusting for special dividend paid in Oct 2003, increased by 111.64% in US\$ terms. Over the same period, the SET Index increased by 135.46% in US\$ terms, making the Thai stock market relatively strong when compared with the other markets. The Company, in turn, underperformed the market by 23.82%.

During the year under review, the Thai market's outperformance is mainly attributable to the domestic economic expansions as follows:—

- (i) strong results from both financial and non-financial companies which helped sustain market sentiment;
- (ii) continual GDP growth which encouraged positive stock market;
- (iii) stronger Baht against US dollar which attracted foreign capital inflow; and
- (iv) low interest rate which caused investors to seek better return prospect from investment in equity market.

The Company's underperformance of the SET Index is attributable to the strong performance of the energy stocks in which Thai-Asia Open-end Fund has taken an underweight position during the year. In addition the high cash position, held as a result of the payment of the special dividend also contributed to the underperformance. The Company's portfolio had been positioned with a favor in the banking sector which is expected to be benefited from the ending of provision from non-performing loans in the forthcoming years.

As at December 31, 2003, the Company was 98.71% invested in Thai equities, with the balance being held in the form of bank deposits.

The Company's underlying investments are denominated in Baht and the Company is therefore exposed to fluctuations in Baht/US\$ exchange rates. During the year, the Baht appreciated by 8.73% against the US dollar, which supported the performance.

OUTLOOK

Economic and Market Outlook

We view 2004 with cautious optimism. The low interest rate environment, low inflation, abundant liquidity and rising corporate profits of Thai companies would be favourable for economic expansion and investment in Thai equity. We are seeing a forecast of 6.6% GDP growth for the year 2004.

We are optimistic for favourable stock market returns and expect a satisfactory absolute return for the SET Index in 2004. The earning growth of Thai listed companies is expected to be the key driver for Thai stock market in the year ahead. Risk factors might include an upturn of interest rates.

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Company

Further to the reporting in the 2003 Interim Report and the Announcement of September 19, 2003 in relation to the declaration of dividend, a special dividend of USD\$0.0656 (the equivalent of approximately HK\$0.512) per Share had been paid in US\$ to all Shareholders recorded on the register of members as at the close of business on October 10, 2003.

The declaration and payment of the dividend are made pursuant to the Proposal* relating to the implementation of the open-ending of the Company's Investment Plan, namely The Thai-Asia Fund. The Proposal* was unanimously approved by Shareholders present at the EGM* held on July 22, 2003.

In accordance with the Proposal*, further dividends are expected to be declared and paid during the second and third twelve month periods, respectively, following June 9, 2003, when further redemptions of the Company's Initial Investment Units* are permitted by the Thai SEC and are expected to be effected by the Company.

* corresponding to the terms defined in the Announcement of September 19, 2003.

Pichit Akraithit
Director

Andrew Lo Tak Shing
Director

April 8, 2004