

DISCUSSION AND ANALYSIS OF PERFORMANCE

RESULTS

During 2003, the Company recorded a net profit after tax of US\$1,081,878 (compared with a loss of US\$571,721 during the previous corresponding year), attributable largely to the realised gain on disposal of investments.

The net asset value of the Company, as at December 31, 2003, was US\$15,631,942. The net asset value per share was US\$3.86, compared with US\$1.75 as at December 31, 2002, an increase over the year of 120.57% 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 14.89%.

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 Asset 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 redemption of the Company's Participating Shares 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 98.94% 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 redemption of the Company's Participating Shares*, a total of 947,475 Participating Shares in the Company were redeemed on October 10, 2003. The Shares were redeemed pro-rata among the holders of all the Shares and the total number of Shares being redeemed corresponded as closely as possible to the proportion that the net proceeds received by the Company from the redemption of Initial Investment Units* bears to the net asset value of the Company.

The redemption price of US\$2.71 per share was paid to all Shareholders recorded on the register of members as at the close of business on October 9, 2003.

In accordance with the Proposal*, further redemptions of Shares are expected to be effected 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.*

On behalf of the Board

Pichit Akrathit

Director

Andrew Lo Tak Shing

Director

April 8, 2004