

## **DISCUSSION AND ANALYSIS OF PERFORMANCE**

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### **RESULTS**

During 2004, the Company recorded a loss after tax of US\$1,924,697 (compared with a profit of US\$11,202,562 during the previous corresponding year), attributable largely to the increase of unrealised depreciation from revaluation of investments in securities.

The net asset value of the Company, as at December 31, 2004, was US\$11,725,493. As at December 31, 2004, the net asset value per share of the Company, after adjusting for special dividend declared and approved in December 2004, decreased by 22.68% in US\$ terms. Over the same period, the SET Index decreased by 12.30% in US\$ terms. The Company, in turn, underperformed the market by 10.38%.

During the year under review, the Thai economy was under the pressures of high oil prices, Thailand southern unrest and the December 26 tsunami disaster. Despite these risks, the Thai domestic consumption and private investments helped drive a moderate growth in the Thai economy with a growth rate of 6.4% in the first three quarters of 2004.

The Thai stock market recovered with a short rally when oil prices declined in November 2004 and there was the expectation of stronger Asian currencies against US dollar. The strengthening of the Baht stimulated investors' appetite for Thai stocks but such a rally was attacked by the tsunami disaster in late December 2004 which had dragged down the performance as a whole.

The Company's underperformance of the SET Index is attributable to the high cash position, held as a result of the declaration of the special dividend approved by the Board in December 2004.

As at December 31, 2004, the Company was 98.58% 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 slightly appreciated by 1.38% against the US dollar, which supported the performance.

### **OUTLOOK**

#### **Economic and Market Outlook**

We view 2005 with cautious optimism. The Thai economy should be able to be recovered following the reconstruction activity in the affected areas by the tsunami incident. The possibility of further US dollar weakness against the Baht is expected to induce fund inflows in the Thai stock market where there is a forecast of Thai corporate earnings growth and attractive dividend yield.

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### **Company**

In December 2004, the Company declared the payment of a special dividend of USD\$0.1319 (the equivalent of approximately HK\$1.0288) per share to all shareholders recorded on the register of members as at the close of business on January 11, 2005.

The Company will commence its third tranche of unit redemption of the Initial Investment Units\* in August 2005, the proceeds of which will return to shareholders by way of further dividend payment.

\* corresponding to the terms defined in the Announcement of December 22, 2004.

**Pichit Akkrathit**  
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April 22, 2005