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A Rising Star on the Thai Bourse

Aiming to expand its business horizons, **Star Sanitaryware Pcl. (STAR)**, a leading producer and distributor of sanitary ware and accessories, made its debut on the Market for Alternative Investment (mai). The company listed its securities on the Thai bourse on September 15, 2005.

Due to the continued expansion of the property development industry, STAR has significant growth potential and is an interesting alternative for investors. The new listing tops up the number of listed companies on the bourse, sister of The Stock Exchange of Thailand, to 27.

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Thailand's Capital Market Academy Debuts Its Leadership Program

The Capital Market Academy (CMA), an institution of The Stock Exchange of Thailand (SET), has launched its leadership program with top executives from numerous organizations participating. The CMA's mission is to synergize learning vision, and leadership to develop top quality leaders for Thailand's capital market.

SET President Mr. Kittiratt Na-Ranong announced at the inauguration of the CMA's first leadership program that the academy had invited 50 top-level executives from the public and private sectors, non-government organizations, academic institutions, and the SET and its subsidiaries to attend its first **"CMA Leadership Program"**, scheduled for September 9 – December 3, 2005.

He said, *"The CMA will create a new frontier in top executive programs, as its course blends learning about in the capital market with leadership and ethics. It aims at developing top-quality leaders who will play a key role in the Thai capital market. The desired leaders should have a superior understanding of business and the capital market, readiness to adapt to change, foresight to enable them to anticipate business opportunities and threats, and the capability to professionally and effectively lead their organizations around obstacles."*

"In addition to having an opportunity to gain insights by exchanging views with other participants, this will be a great opportunity for the course's participants to create a network for future possible collaboration," he continued.

The CMA Leadership Program consists of seminars, case studies, discussions and reality-based activities. The




สถาบันวิทยากรตลาดทุน
CAPITAL MARKET ACADEMY



Mr. Kittiratt Na-Ranong
SET President

participants must present their final project papers in order to earn their Certificates of Achievement.

The CMA Leadership Program includes a Core Course (60 hrs.), divided into three areas: 1) Professional knowledge in the capital market 2) Social aspects that should be integrated with business knowledge, and 3) Leadership expertise. Furthermore, there will be an out-of-classroom activity entitled **"Educational Activity to Acquire Foresight"**. This activity will equip the participants with increased expertise in current global economic, social and political trends.

The CMA is under the operational umbrella of the SET. The CMA will implement major academic activities applicable to capital market managers, to develop both the capital market and Thai society, such as the Leadership Program and other management training courses and seminars on general academic issues. 

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Risk Management in Internal Auditing

By Mr. Jessada Chor. Charoenying

Internal auditing is an independent, objective assurance and consulting activity to add value and improve an organization's operations. It achieves these goals by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of an organization's risk management, internal controls, and governance processes.

Internal auditing includes the assessment of an organization's overall risk management. However, internal auditing itself also contains risks that might bring about conditions and events that are adverse to an organization's success. Therefore, internal auditing itself also needs to be assessed and managed, and risk management in internal auditing is crucial.

The main objective of internal auditing is to assure the organization's board of directors, management team and stakeholders that the organization's risk management is efficient and will assist the organization in achieving its goals.

An internal auditor should be aware of the usefulness of risk management in helping an organization achieve its mission. Risk management also mitigates risks caused by changes in an organization, since its scope also covers determining how the organization deals with critical changes.


An organization with sufficient and appropriate risk management generally has consistent income, a loyal customer base, sufficient cash flow for business expansion and gives returns to shareholders and creditors in a punctual manner. It is for these reasons that organizations should adopt risk management even if it's not required by law.

Internal auditing needs to have clearly defined objectives, planning, coverage, and evaluation, and should adhere to international standards. An internal auditor's job also covers proactively assessing the risks in the internal auditing process itself. In doing so, internal auditors have to anticipate and identify all auditable activities and emerging risk factors that could possibly hinder the accomplishment of internal auditing.

Internal auditors should have refined skills and expertise in evaluating an organization's work, operations and risk management systems, and their influences on the overall organizational goals or objectives.

Since internal auditing consists of audit objective outlining, strategic planning, appropriate coverage and measurable efficiency evaluations, internal auditors must be professional and have extensive knowledge of business administration, strategic planning and risk management.

Internal auditing without risk management will eventually fail, since it could not adequately support achieving an organization's objectives. Internal auditing without risk management simply addresses risks posed to the organization, without adding any value to the organization. In other words, internal auditing without risk management will only identify problems that have already occurred. Thus, internal auditing is, in a way, like an appendix, which could be cut out without having any effect on the whole organization. Consequently, this type of internal audit will fail to carry out its tasks and realize its full potential.

Therefore, to be successful an internal auditing needs to simultaneously perform a comprehensive risk management assessment as well. By focusing on effective risk management, internal auditors mitigate risks by not only offering remedies for current risks in trouble areas but also by anticipating problems and playing an important role in protecting the organization from future catastrophes or missed opportunities. Internal auditing combined with risk management is proactive as well as responsive and reactive, thus greatly benefiting all parties involved. Used in this fashion, internal auditors are considered a valuable resource by and for the management and boards of directors in accomplishing an organization's overall objectives as well as strengthening internal controls and corporate governance. 



* Vice President, Compliance & Credit Review, Internal Audit Department, Small and Medium Enterprise Development Bank of Thailand
C.I.A. (Certified Internal Auditor), C.P.I.A. (Certified Professional Internal Auditor)

Baan Sansiri Property Fund (SIRIPF)

Baan Sansiri Property Fund was listed on The Stock Exchange of Thailand (SET) in the Property & Construction Industry Group, Property Development Sector. The Fund had 86.5 mln. investment units, with a par value of THB10.00 each. The Fund, worth THB865 mln. (approx. USD21 mln.), commenced trading on September 26, 2005, using **"SIRIPF"** as its trading symbol. SIRIPF became the 8th listed property fund on the SET.

SIRIPF is a non-redeemable and specific property fund. The project life is not specified. ING Funds (Thailand) established and manages the fund, while the Thai Military Bank Pcl. is the Fund's trustee. ING Funds (Thailand) sold investment units of SIRIPF to the general public during August 22 – September 2, 2005, at THB10.00 per unit.

Mr. Maris Tarab, Managing Director of ING Funds (Thailand), said: *"SIRIPF's investment will be in the immovable property owned by Sansiri Pcl. (SIRI). Initially, the fund invested in the land and 25 residential houses of the Sansiri House-Sukhumvit 67 Project, which targets foreign executives and diplomats as potential residents.*

The Fund will enter into a lease agreement in favor of SIRI for five years and annually collect rental fees of not less than THB70 mln. (approx. USD2 mln.). Therefore, investors will consistently receive high returns for the first five-year period. When the five-year lease agreement expires, the Fund could either sell the property of the Sansiri House-Sukhumvit 67



Mr. Maris Tarab

Project back to SIRI at the purchasing price, or sell it to other buyers. This is one of the fund's strongest points for managing its project portfolio."

SIRIPF's policy is to pay dividends to unitholders at least twice per annum. If the fund has a net profit, dividends will be paid at no less than 90% of the annual net profit, plus a portion of the retained earnings, if any. However, if the dividends to be

paid during the fiscal year are lower than, or equal to, THB0.10, they will be brought forward for payment at the end of that fiscal year instead.

"It is expected that unitholders will receive an annual return at the rate of approximately 7% for five consecutive years. This is relatively high, compared with the recently-launched saving bonds which give an annual return of 5%," noted Mr. Maris.

As of September 9, 2005, SIRIPF's three principal unitholders were Sansiri Pcl., Finansia Life Assurance Co. Ltd. and the Islamic Bank of Thailand, which hold 12.91%, 3.47%, and 2.89% of the Fund's total outstanding units respectively.

For more information on the Baan Sansiri Property Fund, please visit the SET's website at www.set.or.th.

To Gain Tax Privileges Potential Listings Must Trade on Thai Bourse in 2006

The Stock Exchange of Thailand (SET) announced that companies that have met listing requirements and submitted their listing applications to the SET by December 31, 2005, must commence trading on the bourse by December 31, 2006 to enable them to reap the tax privileges being offered.

Tax privileges have been offered to listed companies since 2001 as part of the government's policy to promote new listings. From the normal 30% corporate tax rate, new listings on the SET pay only 25% while those on the Market for Alternative Investment (mai) pay taxes of only 20%. These privileges will continue to be offered until December 31, 2005.

After discussions with the SET, the Revenue Department has decided that companies that have applied for listing by

December 31, 2005 will remain eligible for the privileges even though they have not started trading in 2005. The SET was advised to clarify the specifics of both the tax privileges and the listing period for companies currently in the listing process.

The SET Board resolved that all companies that have submitted listing applications to the SET by December 31, 2005 must commence trading on the bourse by December 31, 2006, or they will lose their eligibility for the tax privileges.

The SET's related rules and regulations will be amended in accordance with this promotional scheme and will then be submitted to the Securities and Exchange Commission (SEC) for approval.

Automated Transfer System to Facilitate New Investors

On September 28, 2005, The Stock Exchange of Thailand (SET) announced that new investors who trade through cash accounts can make payments through the Automated Transfer System (ATS). However, this is only applicable to accounts opened with brokers from November 1, 2005, onwards, except for institutions and juristic persons.

Payment through the ATS should make brokers' operations more effective and make it more convenient for investors. Additionally, this will help shorten the clearing and settlement period from T+3 to T+2 in the future.

The SET Announces the Delisting of TLI

Thai Lift Industries Pcl. (TLI) had previously asked for voluntary delisting and has now complied with The Stock Exchange of Thailand's rules and regulations re: Delisting of Securities, 1999.

By virtue of Section 171 (4) of the Securities and Exchange Act B.E. 2535 (1992), the Board of Governors of the SET has approved the delisting of TLI. TLI's securities will remain listed until September 22, 2005 and then will formally be delisted from the SET on September 23, 2005.

ASEAN Finance Ministers Launch New ASEAN Indices with FTSE Group



The Stock Exchange of Thailand



The ASEAN Finance Ministers have launched the new FTSE/ASEAN indices at the ministers' Investors' Seminar, held in London. These indices, created in partnership with the FTSE Group, have been designed for the trading and benchmarking of financial products in South East Asia. The indices, calculated beginning on September 21, 2005, were initiated by the ASEAN Finance Ministers to brand ASEAN as an asset class and as a benchmark for ASEAN's performance. The project is the first cooperative effort between the five ASEAN exchanges—Bursa Malaysia, Jakarta Stock Exchange, Philippines Stock Exchange, Singapore Exchange and The Stock Exchange of Thailand.

Two indices have been created: the FTSE/ASEAN Index, which has 180 constituents and will act as the benchmark for the five markets, and the FTSE/ASEAN 40 — a tradable index suitable for institutional and retail funds, exchange-traded funds and derivatives contracts. These indices are the first internationally-recognized indices that have been created for the ASEAN equity markets as a regional grouping.

The indices were designed using international standards, are free float-adjusted and are based on the Industry Classification Benchmark (ICB).

The five Exchanges, in a joint statement, said, "This regional collaboration represents the ASEAN exchanges' efforts to promote the ASEAN financial markets. The indices that FTSE has developed based on recognized standards and methodology will increase the visibility of ASEAN to domestic and international investors, and brand ASEAN as an appealing asset class."

Mr. Mark Makepeace, Chief Executive, FTSE Group said, "FTSE is delighted to have been selected by the ASEAN exchanges to create innovative index products for those looking to invest in the South-East Asian market. This partnership again underlines FTSE's success in working with leading financial institutions on a global basis."

For full details, including constituent lists, performances and a research report based on the indices, please visit www.ftse.com/asean

FTSE/ASEAN 40 Index Constituents and Weightings (August 31, 2005)

Rank	Security	Country	Gross Mkt. Cap (USD Mil.)	Net Mkt. Cap* (USD Mil.)	Weight in FTSE/ASEAN 40 Index (%)
1	DBS Group Holdings	Singapore	13,792	10,344	8.3%
2	Singapore Telecom	Singapore	25,346	10,138	8.1%
3	United Overseas Banking	Singapore	12,948	9,711	7.8%
4	Overseas Chinese Banking	Singapore	11,684	8,763	7.0%
5	Malayan Banking	Malaysia	11,155	5,577	4.5%
6	Telekomunikasi Indonesia	Indonesia	10,080	5,040	4.0%
7	PTT	Thailand	16,660	4,998	4.0%
8	Tenaga Nasional	Malaysia	9,334	4,667	3.7%
9	Singapore Airlines	Singapore	8,578	4,289	3.4%
10	Singapore Press Holdings	Singapore	4,183	4,183	3.3%
11	Keppel Corp	Singapore	5,384	4,038	3.2%
12	Malaysian Intl Shipping	Malaysia	8,777	3,511	2.8%
13	City Developments	Singapore	4,425	3,319	2.7%
14	PTT Exploration & Production	Thailand	7,640	3,056	2.4%
15	Astra International	Indonesia	3,960	2,970	2.4%
16	Sime Darby	Malaysia	3,832	2,874	2.3%
17	Telekom Malaysia	Malaysia	9,312	2,794	2.2%
18	Bangkok Bank	Thailand	5,129	2,513	2.0%
19	IOI	Malaysia	3,347	2,510	2.0%
20	Capitaland	Singapore	4,571	2,285	1.8%
21	Singapore Technologies Engineering	Singapore	4,445	2,222	1.8%
22	Advanced Info Service	Thailand	7,177	2,153	1.7%
23	Bank Central Asia	Indonesia	4,076	2,038	1.6%
24	Maxis Communications	Malaysia	6,240	1,872	1.5%
25	Genting	Malaysia	3,567	1,819	1.5%
26	Kasikornbank	Thailand	3,588	1,758	1.4%
27	Siam Cement	Thailand	6,973	1,743	1.4%
28	Bank Rakyat Indonesia	Indonesia	2,941	1,471	1.2%
29	British American Tobacco (Malaysia)	Malaysia	2,895	1,448	1.2%
30	Sembcorp Industries Limited	Singapore	2,854	1,427	1.1%
31	Astro All Asia Networks	Malaysia	2,791	1,395	1.1%
32	Commerce Asset Holdings	Malaysia	3,976	1,193	1.0%
33	Resorts World	Malaysia	2,981	1,193	1.0%
34	Neptune Orient Lines	Singapore	2,777	1,111	0.9%
35	Indosat	Indonesia	2,695	1,078	0.9%
36	Phil Long Dist Tel	Philippines	4,808	962	0.8%
37	Plus Expressways	Malaysia	4,242	848	0.7%
38	Unilever Indonesia	Indonesia	3,130	626	0.5%
39	YTL Power International	Malaysia	2,749	550	0.4%
40	Bank Mandiri	Indonesia	2,660	532	0.4%

Note: * Investable Mkt. Cap.

Source: FTSE Group



The Stock Exchange of Thailand

Star Sanitaryware Pcl. manufactures and exports "Vitreous China" sanitary wares and accessories under the brand name "STAR". The company offers a wide range of products, including bathtubs, water closets, washbasins, urinals, bidets, squats, soap holders, paper holders and towel rails.

Its factory is in Saraburi province and currently has a per annum production capacity of approximately 9,230 tons. In 2004 and Q1/2005, the company had actual outputs of 75.68% and 81.43% of total production capacity, respectively.

"STAR": Thai sanitary ware brand in the global market

Recently, STAR was granted the "Prime Minister's Export Award for the year 2005" in the Best Thai-Owned Brand category from the Department of Export Promotion, Ministry of Commerce. The reward is bona fide evidence of the company's more than 15 years of brand recognition-building in the global market.

Dr. Somchai Wongaroon, Vice Chairman of Star Sanitaryware Pcl. talked about the company's key strength: *"We are strongly committed to producing only the best quality products. Our production process starts with the use of only the best materials. Then these materials are shaped using unique designs and the application of modern technologies under the supervision of specialists and a strict quality control and quality assurance system. These superior production standards have helped our brand 'STAR' become better-known in the global sanitary ware market."*

STAR's financial highlights (in THB mln.)

	2003	2004	H1/2005
Sales revenue	233	271	154
Net profits	36	347*	27

Remarks: In 2004, STAR had profits from debt restructuring of THB309 mln.

The company's major revenues come from its exports, which account for 80% of its total sales revenues. Its overseas markets include Australia, Bangladesh, Brunei, China, Dubai, England, Hong Kong, Japan, Korea, Malaysia, Maldives, Myanmar, New Zealand, Philippines, Singapore, Sri Lanka, Saudi Arabia, Taiwan, Vietnam, the U.S.A.

Dr. Somchai added: *"In addition to our effective quality-oriented production technologies, STAR's products also have competitive prices. Because we have plenty of high-skilled workers but lower labor costs when compared with sanitary ware manufacturers in other countries, our products' prices can beat other brands of the same quality."*

Star Sanitaryware Pcl. (STAR)



Dr. Somchai Wongaroon
Vice Chairman

STAR has been known for years in the global market for its truly outstanding sanitary ware."

Raising funds on the mai to expand its business

Star Sanitaryware Pcl. listed its securities on the Market for Alternative Investment (mai). They commenced trading on September 13, 2005, using "STAR" as their trading symbol.

STAR has THB136 mln. (approx. USD3.31 mln.) worth of paid-up capital. These holdings are comprised of 100 mln. existing shares plus an additional 36 mln. shares in capital increase, each with a par value of THB1.00. On August 31 and September 1- 2, 2005, the company sold 32.5 mln. shares (23.9% of its paid-up capital after initial public offering) to the public at THB3.50, and an additional 3.5 mln. shares (2.57% of its paid-up capital after the IPO) to STAR's directors and employees at THB2.60 per share. Syrus Securities Pcl. was the company's financial advisor.

STAR's newly-acquired funds will be used for repaying its debts, purchasing a new kiln and other needed equipment and for working capital. STAR will pay out no less than 40% of net profits after corporate taxes as dividends. After the IPO, the three principal shareholders of STAR are Dr. Somchai Wongaroon, Mrs. Kannikar Wongaroon and Mr. Prasit Wongaroon, holding 11.52%, 8.95%, and 5.63% of the company's paid-up capital respectively.

"After listing on the mai, we believe that STAR will grow stronger daily in both financial strength and competitiveness. Aside from repaying its debt, purchasing other needed equipment, and spending on working capital, STAR will also spend the acquired funds for creating new products to provide a wider variety of sanitary wares. We will maintain our standards of quality and management to win the confidence of all relevant parties. We do believe that STAR will become more glittering and sparkling than ever," ended Dr. Somchai.

“The Viability of Mega-Projects Worth THB1.7 Trillion”

Finance Minister Dr. Thanong Bidaya delivered a keynote address at the seminar entitled “**The Viability of Mega-Projects Worth THB1.7 Trillion**”, organized by The Stock Exchange of Thailand (SET) and Khaphoon Turakij Newspaper at the Prof. Sangvian Indaravijaya Auditorium, the SET Building, on September 14, 2005.

Government will press ahead with THB1.7 trillion mega-projects

The Finance Minister announced that the government is ready to go full steam ahead with the mega-projects, worth THB1.7 trillion (approx. USD41 bln.), and is confident that it can apportion the budget to invest in the infrastructure projects as planned.

“All related ministries are now working together to ensure the implementation of the massive investment plan over the next 4 to 5 years. Every party concerned is reviewing the pros and cons of each part of the project before actual implementation begins, in early-2006. The next step is for all parties to make their investment plans more efficient. Any proposed changes should be made internally, to prevent the spread of misinformation to the general public. Operations of mega-projects must be taken seriously at every step and plans may have to adjust to the economic conditions encountered in each period. Changes are expected to be completed by end-2005, with actual implementation starting with the bidding for construction projects to begin next year. It’s important for the government to speed up all bidding processes for each project this year in order to guard against delays,” said the Finance Minister.

The above investments will be used to develop Thailand’s physical structure (e.g., mass transit or housing) and intermediate infrastructure (e.g., water supply, education, or healthcare projects), accounting for 77% and 23% of the total investment, respectively.

“Where does the THB1.7 trillion budget come from?”

According to the Finance Minister, the government’s budget to be used for the mega-projects over the next four years, including 2005, will total THB658 bln. (approx. USD16 bln.). Apart from its own funds, the

government will allocate revenues from state enterprises and the Finance Ministry totaling THB327 bln. (approx. USD8 bln.) to finance the mega-projects. The remainder will come from both domestic and foreign loans.

(in THB bln.)

Sources of budget for mega-projects (during 2005-2009)		
Government budgets	658	39%
Domestic loans	410	24%
Foreign credits	305	18%
Revenue from state enterprises	222	13%
Revenue from Finance Ministry	105	6%
Total	1,700	100%


The Finance Ministry expects that the country’s economy should grow between 5% to 6% on average from 2007 to 2009, with the projects as a whole contributing a percentage point annually to this figure.

Dr. Thanong indicated that the Finance Ministry would closely monitor all spending on the mega-projects to make sure that the spending is in line with existing economic conditions. By doing so, the Finance Ministry is seeking to keep the current account deficit at less than 2.5% of the country’s gross domestic product (GDP) and maintain public debt at below 50% of

GDP. Thailand’s public sector debt rose by over THB23 bln. in July to THB3.23 trillion, or 45% of Thailand’s GDP.

“We will keep the current account deficit at below 2.5% of GDP by cutting imports and doing more barter trades in agricultural products with foreign countries. If we see any warning signs that the deficit will exceed the target, we will immediately revise the mega-projects,” he continued.

The government aims to have a balanced budget over the next four years by collecting more taxes and attracting companies to list on the stock market, according to the Finance Minister. Presently, over 50% of corporate income taxes are collected from the 400 listed companies on the capital market.

In addition, Dr. Thanong assured all those in attendance of the fairness and transparency of the project’s management, saying that the Finance Ministry will closely monitor the budget utilization and bidding processes. More importantly, Prime Minister Dr. Thaksin Shinawatra himself will supervise the overall progress of the mega-projects investment plan. 



Thailand Scores Success in World Bank's Corporate Governance Assessment

The National Corporate Governance Committee (NCGC), chaired by PM Thaksin Shinawatra, released the findings on September 7, 2005 of the World Bank's Corporate Governance Assessment Report on the Observance of Standards and Codes (CG-ROSCs) on the Thai capital market. The report showed that the Thai capital market has achieved impressive scores in the World Bank's corporate governance (CG) country assessment, being ranked relatively higher than almost all of its peer countries in the region. This shows that Thailand's capital market is well on its way to fully complying with the international principles of CG.

Mr. Thirachai Phuvanatnaranubala, Secretary-General of the Securities and Exchange Commission and NCGC member, said he was satisfied with the World Bank's evaluation, reporting: *"We are pleased with the satisfactory scores and the overall results. Not only did we pass in every single principle but we also complied with the international standards for 69 percent of the total assessment. This fruitful achievement reflects the ambitious and collective efforts of all parties involved over the years. Every score is a worthwhile reward for our hard work.*

"Yet, our struggle for excellence and recognition amongst the regional and global markets is an ongoing process for the Thai capital market. From this point onward, we will map out improvement plans and take into account the World Bank's suggestions in amending our weaknesses and strengthening our good governance practices," he continued.



Mr. Thirachai Phuvanatnaranubala

The CG-ROSC achievement is expected to boost investors' confidence, especially that of foreign investors, who primarily rely on CG indicators for overseas investments.

"The local bourse is quite attractive considering our relatively low PE ratio, compared with that of other Asian markets," noted Mr. Thirachai.

The SEC, acting as the key coordinator of the CG-ROSCs project, will work to assure that Thailand will implement the NCGC's approved policies and operational plans to enable the

country to reach more substantial, tangible results. This requires the cooperative effort of all agencies involved, such as the Federation of Accounting Professionals, which must move Thailand's accounting standards towards full compliance with the International Financial Reporting Standards (IFRS) by 2006.

In its continued effort to achieve CG excellence, Thailand's SEC will schedule CG-ROSC seminars with market participants and related organizations on its upcoming agendas.

Founded in 2002 in accordance with a Cabinet resolution and guided by the Thai government's policy on good CG, the NCGC aims to significantly and consistently upgrade the good CG level of the Thai capital market.

The NCGC is chaired by the Thai Prime Minister and consists of representatives from relevant private and government sector organizations, including the Ministries of Finance and Commerce, the Bank of Thailand, the Securities and Exchange Commission, The Stock Exchange of Thailand, the Federation of Thai Accounting Professionals, the Thai Investors Association, the Association of Securities Companies and the Association of Listed Companies.

Notes:

1. Corporate Governance – Report on the Observance of Standards and Codes (CG-ROSCs) is based on the principles developed by and for the Organization for Economic Cooperation and Development (OECD). The six assessment criteria are:

- (1) Ensuring the Basis for an Effective Corporate Governance Framework
- (2) The Rights of Shareholders and Key Ownership Functions
- (3) Equitable Treatment of Shareholders
- (4) Roles of Stakeholders in Corporate Governance
- (5) Disclosure and Transparency
- (6) Responsibilities of the Board

Thailand registered for the World Bank's CG-ROSCs evaluation in 2004 and received the official report in early September 2005. The CG-ROSC's report will soon be available on www.worldbank.org or www.sec.or.th.

2. The CG-ROSC's Comparison between Thailand and Other Asian Countries

Numbers of categories (%)	Thailand	South Korea	Indonesia	India	The Philippines
O-Observed	-	17	-	44	17
LO-Largely Observed	69	43	9	26	26
Subtotal O & LO	69	60	9	70	43
PO-Partially Observed	31	40	78	26	-
MNO-Materially not Observed	-	-	13	4	53
NO-Not Observed	-	-	-	-	4
Total	100	100	100	100	100

Remarks: this is an exclusive comparison among CG-ROSCs participants during 2001-2004

Thai and Vietnamese Exchanges Promote Ventures to List

The Stock Exchange of Thailand (SET) signed a memorandum of understanding (MOU) to continue providing technical assistance in IT systems and to mutually promote business opportunities with the HoChiMinh City Securities Trading Center (HoSTC) for another five years.

The MOU is concerned primarily with technical assistance, especially maintenance of trading and related systems. In addition, the MOU will promote business opportunities between the two exchanges. Thai-Vietnamese joint ventures will be encouraged to list on the SET and may also list on the HoSTC later. The MOU will last for five years starting from October 3, 2005.

SET President Mr. Kittiratt Na-Ranong said: *"Networking is important to the development of exchanges in the ASEAN region. Providing technical assistance and promoting business opportunities for both Thai and Vietnamese corporations are important. It will also give both countries' corporations access to the other's capital market. This collaboration will boost the image and role of the SET, as it helps the HoSTC to develop and*



open up to more opportunities. The collaboration will also lead to a strengthening of the region in the future."

HoSTC General Director Dr. Tran Duc Sinh stated: *"The Vietnamese securities trading center has been expanding over the past five years. Currently there are 30 listed companies and a mutual fund company on the market. The total market capitalization of the HoSTC is VND5,442 bln. (approx. USD0.34 bln.) or 0.6% of Vietnam's GDP in 2004. This is a relatively low portion. The Center, therefore, has been encouraging more foreign investment, an important element to the development of our market.*

"Nevertheless, we are still a small market and lack several essential infrastructure components. With the assistance from the SET since the first MOU signing in 2000, we were able to become operational in July 2000. Furthermore, with the SET's support and trust they have assured us of our market system's efficiency and security. We also hope that our bilateral ties will continue to last for a long time."



TSD Will Offer e-IPO, SBL and Repo Services

Thailand Securities Depository Co. Ltd. (TSD) prepares to debut its e-IPO service, which will enable investors to subscribe in shares conveniently through the Internet, enlarging the market's investor base and reducing securities companies' costs. Later on, the TSD will add securities borrowing and lending and corporate bond repurchasing services.

TSD announced that it will soon provide its e-IPO service, or the offering of share subscriptions at initial public offerings (IPOs) through its Internet-connected system. The e-IPO will make IPO share offerings easier for both the securities companies and investors. The system helps reduce the costs of securities companies and helps enlarge the market's investor base as it provides a more convenient means for subscribing in IPO shares via the Internet.

Presently, securities companies develop their own systems for share subscriptions and the different systems adopted may create discrepancies in the TSD's database. Furthermore, investors have to physically go to the subscribing agent's office, prepare documents and wait in queue to subscribe to and pay for their share subscriptions, which is both inconvenient and expensive.

TSD's e-IPO system will be a web-based application that will pool data from different sources and enable quick monitoring of each subscription's results. Investors can access the e-IPO system via the Internet from any location, thus saving them both time and money.

In addition to the convenience the e-IPO will bring, the system will reduce errors that may occur during the share

subscription process, as the new system manages each subscription, crosschecks and ensures compliance with the conditions of each given IPO as well as the specifics stated by each investor.

The TSD-developed e-IPO system will be able to serve underwriters regardless of whether or not there is an early share allocation before the IPO. Investors can log onto the Internet, register with the TSD and get their own user name and password to access the system. Investors may find out the results of a share subscription through the TSD Call Center or have these results mailed directly to them.

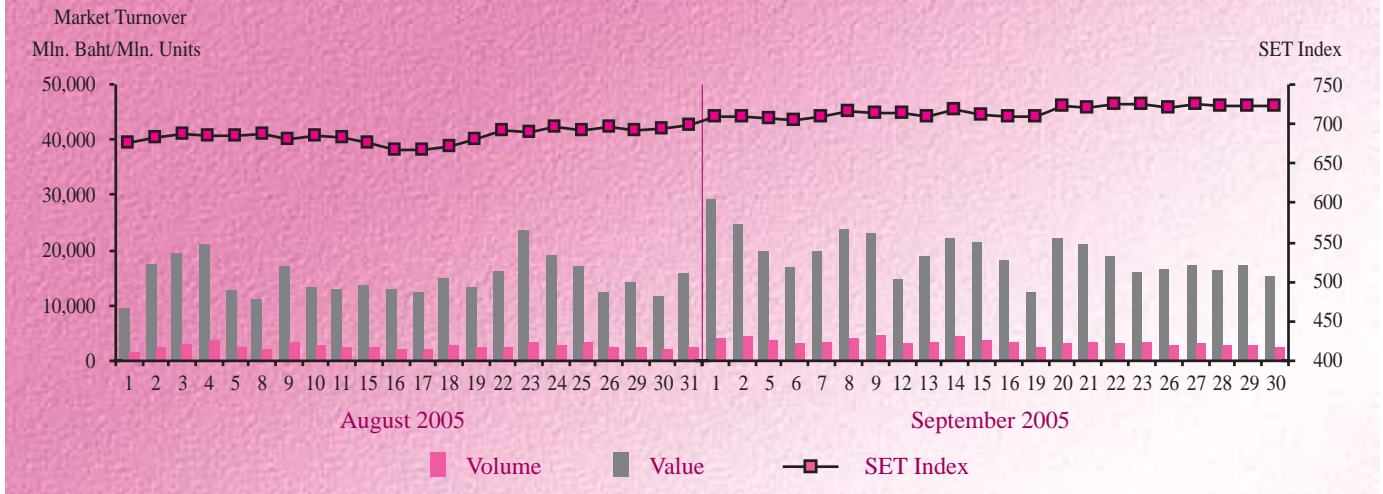
In addition to the new e-IPO service, the TSD will also develop its work systems so that they can more efficiently be a center for securities borrowing and lending (SBL) as well as collateral management. Furthermore, the TSD will be a center for corporate bond repurchases (repo), thus helping to develop the Thai bond market.

The TSD will proceed with these developments with advice from the Korea Securities Depository, which has accumulated a great deal of experience and expertise in these operations. The TSD expects its repo and SBL services to be available by January 2006 and April 2006, respectively. The TSD will now seek approval for these development plans from the Securities and Exchange Commission (SEC).

The expansion of TSD's services will help achieve greater efficiency in the industry's SBL and repo transactions as well as assist parties in risk management during the clearing and settlement processes.



SET Index and Market Turnover



The Stock Price Indices in September 2005

Index	High (Date)	Low (Date)	Close	
			September 2005	Compared with August 2005 (%)
SET	725.64 (22)	705.46 (6)	723.23	↑ 3.64%
SET50	514.62 (22)	500.18 (16)	511.89	↑ 3.25%
SET100*	1,118.55 (22)	1,087.73 (16)	1,112.82	↑ 3.40%
mai	175.05 (27)	172.73 (12)	174.22	↑ 0.87%

* The SET100 Index was launched on May 3, 2005.

Stock Market Turnover in September 2005

	Volume (Mln. Shares)				Value (Mln. Baht)				
	September 2005		Compared with August 2005 (%)		September 2005		Compared with August 2005 (%)		
	SET	mai	SET	mai	SET	mai	SET	mai	
Total	70,225.98	936.41	↑ 34.08%	↑ 106.62%	Total	421,978.32	2,403.27	↑ 28.43%	↑ 47.00%
Daily Average	3,192.09	42.56	↓ 78.62%	↑ 106.60%	Daily Average	19,180.83	109.24	↑ 28.43%	↑ 47.01%

Statistics of Listed Debentures in September 2005

Issues	Listed Debentures		Total Turnover	
	Units	Total Outstanding Value (Mln. Baht)	Units	Value (Mln. Baht)
52	266,135,000	249,268.20	19,500	19.59

Transactions by Type of Investors**

Unit : Mln. Baht

Type of Investors	August 2005				September 2005			
	Buy	%	Sell	%	Buy	%	Sell	%
Foreigners (corporate & individual)	110,286.43	33.40	92,401.89	27.99	113,961.79	26.85	100,978.98	23.79
Local Institutions*	34,097.36	10.33	42,729.92	12.94	42,243.92	9.96	42,482.07	10.01
Local Investors	185,795.00	56.27	195,046.98	59.07	268,175.89	63.19	280,920.55	66.20
Total	330,178.79	100.00	330,178.79	100.00	424,381.60	100.00	424,381.60	100.00

* Including securities companies, mutual funds, banks, finance firms, insurance companies, juridical entities and provident funds

** Including transactions of the mai

Top Ten Securities with Highest Market Value in September 2005

Rank	Securities		Market Value	
			Mln. Baht	% of Total
1	PTT	PTT	682,527.96	14.02
2	Advanced Info Service	ADVANC	318,531.15	6.54
3	PTT Exploration & Production	PTTEP	306,428.01	6.29
4	The Siam Cement	SCC	280,800.00	5.77
5	Bangkok Bank	BBL	200,414.68	4.12
6	Thai Oil	TOP	153,002.09	3.14
7	Kasikornbank	KBANK	148,283.94	3.05
8	Shin Corporation	SHIN	122,952.33	2.53
9	Krung Thai Bank	KTB	118,505.34	2.43
10	Thai Petrochemical Industry	TPI	110,669.65	2.27
Total			2,442,115.15	50.16

Top Ten Most Actively Traded Securities (Main Board) in September 2005

Rank	Securities		Number of Securities	Turnover Value	
				Mln. Baht	% of Total
1	Thai Petrochemical Industry	TPI	2,045,806,879	30,501.94	7.61
2	Thai Oil	TOP	345,658,480	24,873.23	6.20
3	PTT	PTT	83,522,917	20,268.34	5.06
4	Picnic Corporation	PICNI	5,487,640,972	14,469.95	3.61
5	PTT Exploration & Production	PTTEP	30,225,724	14,124.67	3.52
6	Bangkok Bank	BBL	97,688,691	10,383.87	2.59
7	Eastern Wire	EWC	484,593,488	9,939.81	2.48
8	Krung Thai Bank	KTB	900,004,380	9,260.01	2.31
9	The Aromatics (Thailand)	ATC	249,087,193	9,244.56	2.31
10	Asia Plus Securities	ASP	1,539,436,604	8,998.39	2.24
Total			11,263,665,328	152,064.77	37.93

* Excluding transactions on Foreign Board and the mai

Top Ten Most Actively Traded Securities (Foreign Board) in September 2005

Rank	Securities		Number of Securities	Turnover Value	
				Mln. Baht	% of Total
1	Bangkok Bank	BBL-F	62,367,101	7,141.56	33.92
2	Kasikornbank	KBANK-F	77,241,400	5,094.71	24.20
3	Siam Cement	SCC-F	19,506,300	4,833.82	22.96
4	Banpu	BANPU-F	6,461,300	1,022.92	4.86
5	Land and Houses	LH-F	99,534,319	873.58	4.15
6	Electricity Generating	EGCOMP-F	5,537,200	408.19	1.94
7	Thai Union Frozen Products	TUF-F	13,542,600	406.09	1.93
8	Siam City Bank	SCIB-F	13,348,762	356.30	1.69
9	Tisco Finance	TISCO-F	10,628,600	296.80	1.41
10	Bank of Ayudhya	BAY-F	15,792,300	209.27	0.99
Total			323,959,882	20,643.24	98.06

* Excluding transactions of the mai

Top Ten Outstanding Non-Voting Depository Receipts (NVDRs) in September 2005 By Percentage of Paid-up Capital

Rank	Securities	Number of NVDRs	% of Paid-up Capital	
1	Golden Land Property Development	GOLD	221,512,972	35.16
2	Tisco Finance	TISCO	189,705,310	35.07
3	Raimon Land	RAIMON-W	504,831,520	33.67
4	Siam Panich Leasing	SPL	51,948,661	24.16
5	Aapico Hitech	AH	57,767,581	24.07
6	Univentures	UV	125,247,549	23.74
7	Shin Corporation	SHIN-W1	33,179,700	20.81
8	Univentures	UV-W1	35,958,300	20.78
9	Land and Houses	LH	1,691,525,963	20.51
10	Kasikornbank	KBANK	462,530,048	19.50

Top Ten Outstanding Non-Voting Depository Receipts (NVDRs) in September 2005 By Number of NVDRs

Rank	Securities	Number of NVDRs	% of Paid-up Capital	
1	Land and Houses	LH	1,691,525,963	20.51
2	Bangkok Land	BLAND	881,615,322	7.14
3	Raimon Land	RAIMON-W	504,831,520	33.67
4	The Thai Military Bank	TMB	498,558,654	3.74
5	Kasikornbank	KBANK	462,530,048	19.50
6	Quality Houses	QH	442,975,324	7.07
7	Asian Property Development	AP	345,204,580	15.14
8	Bangkok Bank	BBL	330,467,078	17.31
9	Hemraj Land and Development	HEMRAJ	311,914,100	5.13
10	Siam City Bank	SCIB	304,199,125	14.40

STAR is welcomed to the Market for Alternative Investment (mai)

In September 2005, the Market for Alternative Investment (mai) welcomed **Star Sanitaryware Pcl.**, a producer and distributor of sanitary ware and accessories. ✍



Chairman of Hong Kong's Securities & Futures Commission Lectures for Capital Market Academy

Mr. Andrew Sheng, the Chairman of the Securities and Futures Commission, Hong Kong, talked on *"Future Trends of Capital Markets in the Region"* for the executives of Capital Market Academy at The Stock Exchange of Thailand (SET). ✍



BEX Develops Trading Platform 'Firsts' for Institutions

The Bond Electronic Exchange (BEX) will provide the country's central electronic trading platform (ETP), called **'Firsts'** (Fixed Income and Related Securities Trading System), which was developed by Freewill Solutions. 'Firsts' will become operational by end-2005.

The most important characteristic of the 'Firsts' is that it will enable market participants to gain real-time trading information, so that clients can make more efficient investment decisions and therefore be able to trade and negotiate bonds more conveniently, quickly and transparently. This feature will induce institutions to trade more on the BEX, increasing overall turnover in the secondary market. ✍



Top executives from China Securities Regulatory Commission & Shenzhen Stock Exchange visit the SET

Mr. Vijit Supinit, Chairman of the SET, welcomed Mr. Xinyi Zhuang, Vice Chairman of the China Securities Regulatory Commission (CSRC), other CSRC senior executives, and Mr. Yujun Zhang, CEO of the Shenzhen Stock Exchange, on their visit to the SET. ✍



Seminar on "M&A—Create the Power to Strengthen Your Business"

The SET held a special seminar entitled **"M&A – Create the Power to Strengthen Your Business"** on September 20, 2005 at the SET Building. Three discussion forums were held: *"The Importance of M&As in today's world," "M&A Strategy and Process,"* and *"Strengthening Businesses Through M&As."* All sessions were well-attended by business operators. ✍

