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NEWSLETTER

THE NEWSLETTER OF THE ASIAN SECURITIES ANALYSTS FEDERATION INC

also available on www.asaf.org.au

Quarterly Issue, December 2005

Message from Chairman



*Bill Kwok,
ASAF Chairman*

I am honoured to have been elected the Chairman at the last Annual General Meeting of the Asian Securities Analysts Federation held in Beijing on October 26, 2005. I am indebted to the trust fellow Executive Committee members of ASAF have placed in me as well as the support Hong Kong Securities Institute has offered for me to take on this new position.

ASAF has moved ahead under the leadership of Mr. Kiyoto Hagiwara, our immediate past Chairman. On the international front, CIIA examination is receiving good response. Mr. Hagiwara continues to serve as the Chairman of ACIIA and would no doubt look out for the interest and the value of this program for ACIIA members as well as ASAF members. The ASAF conference held in Beijing on October 27, 2005 supported by Securities Association of China (SAC) and the Securities Analysts Association of China (SAAC) was a great success. Over 200 people attended the one day conference and participated in

an important discussion under the theme of "Trend and Outlook of Asian Capital Market Developments in the 21st Century". We are looking forward to the next one, to be hosted by the Korea Certified Investment Analysts Association in Seoul in November 2006.

While we would continue to review and explore the role of ASAF for the various member societies as outlined in the previous long term strategies, I think under the current interest in Asian financial markets, it would be very timely to embark on further refinement of a business model for ASAF which would permit the organization to sustain itself financially. As a leader in best practices and professional conduct, ASAF should continue to look for ways to assist the member societies to raise their recognition in the home countries. On this front, suggestions from member societies are most welcome.

Summing up, I encourage you to continue to support ASAF in its endeavours to work with regional societies. Participate in our activities and join us for regional meetings! You will see in the following pages a summary of our past activities and agenda going forward.

I look forward to working with you in the near future.

Best wishes for a Happy New Year.

Bill Kwok

Mr. Hagiwara's message upon retirement as ASAF Chairman



*Kiyoto Hagiwara,
Former ASAF Chairman*

Since my appointment as ASAF Chairman in autumn 2001, I have endeavored to promote the development of ASAF and enhance its presence supported by the cooperation of member societies. A quarter of a century has passed since the predecessor of ASAF, the Asian Securities Analysts Council (ASAC), was established in 1979, and my term as ASAF Chairman has been the most recent four years. When I look back four years ago, ASAF was about to proceed to its next growth stage after having mostly completed construction of the organizational infrastructure.

During these years, the aftermath of the so-called Asian Crisis in 1997 also affected our activities, and there were also a number of cases where the conduct of financial analysts came under severe criticism. Today, we have 14 member societies with almost 37,000 individual members, and operation of the organization is being efficiently conducted through our combined efforts.

Following establishment of the Advocacy Committee in 2001, ASAF now has three standing committees which are making good progress with the action plans based on "Long-term and Concrete Strategies" approved at the AGM in 2002. The CIIA Program, one of the most important objectives of the federation, has been progressing smoothly.

However, as I mentioned at the start of the AGM this year, there are a number of immediate challenges facing ASAF: one is how to support those member societies facing managerial and financial problems. In order to avoid the worst case scenario of resignation from membership, it is more than ever necessary for ASAF as a whole to seriously consider what we can do to help by combining our wisdom.

Another matter is the importance of the ethical conduct of securities analysts. So far, through the activities of the Advocacy Committee, two position papers have been published and which have made a significant contribution to the improvement of ethical issues. As you well appreciate, there are significant variations in terms of market development in the ASAF region and the whole market has been experiencing very rapid growth, thus some further efforts are required to establish a firm ethical basis for the profession.

Lastly, our next challenge is to consider how our designations can be mutually recognized including their portability. As we have discussed, there are various differences such as language, legal system, rules, trade practices, etc, thus it is not easy to achieve instant progress. However, in order for member societies to further develop, timely improvements are required. Perhaps it will be important to study this subject within ASAF based on the already existing CIIA Program, and then expand such study to involve other regions such as Europe and America.

While I have naturally been aware of these problems, I could not necessarily actually tackle them during my term of office. Therefore, I sincerely hope that under the leadership of the new Chairman, Dr. Bill Kwok, ASAF will squarely face these challenges and that the federation will achieve even more significant developments. Needless to say, I am fully determined, as the Deputy Chairman as well as President & CEO of SAAJ, to fully support the new Chairman in every way possible.

Thank you very much.

Kiyoto Hagiwara

ACIIA® News

CIIA® Exam: September 2005 Session

The CIIA® September exam session was successfully held on 16–17 September in Vienna, Paris, Frankfurt, Hong Kong, Hyderabad, Delhi, Ahmedabad, Kolkata, Mumbai, Chennai, Bangalore, Indore, Pune, Muscat, Milan, Tokyo, Osaka, London, New York, Luxembourg, Moscow, Madrid, Interlaken, Athens and Buenos Aires, catering to many candidates from 14 countries.

CIIA examinations has been held in 25 cities and over 3000 professionals have received the CIIA designation and current registered candidates are over 5500.

The March 2006 exam session is scheduled for 10 September in Africa, Europe, and North and South America, and 11 September in Asia.

ACIIA® Council Meeting and ACIIA Seminar: 17 November 2005, Seoul, Korea

The ACIIA® Council Meeting was held on 17 November 2005 in Seoul, Korea. On this occasion, the Korea Certified Investment Analysts Association (KCIAA) organized a seminar under the theme of “International Capital Markets” inviting speakers from Asia and Europe to draw attention to the CIIA® as an internationally recognized designation.

Secretariat News

ASAF Committee Meetings and AGM in Beijing

The meetings of various ASAF committees and the Annual General Meeting (AGM) were held 25-26 October 2005 in Beijing, China. In addition to regular agenda items such as approval of the financial statements and budget for the following year, six new ExComm Members were elected. At the subsequent Executive Committee Meeting held 26 October, Dr. Bill Kwok (HKSI) was elected Chairman, and Kiyoto Hagiwara (SAAJ) Deputy Chairman. The four new directors are John Unkles of FINSIA (Financial Services Institute of Australasia – formerly the Securities Institute of Australia), Dr. Lin Yixiang (SAAC), Sanjay Ramchandani (ICFAI), and Tolmas Wong (SSFA). There was substantial discussion regarding the reciprocal acceptance of members’ designations and the relationship of such

designations with local professional licenses. It was decided a study would be undertaken as the next Education Committee project.

ASAF 2005 Conference in Beijing

The 25th Conference (including those held under the ASAC umbrella) was successfully held 27-28 October at the Shangri-la Hotel, Beijing, China. The theme of the conference was “Trend and Outlook of Asian Capital Market Developments in the 21st Century”. There were ten brilliant speeches by high government officials, regulators, academicians, and practitioners from ASAF members including China, Australia, Chinese Taipei, Hong Kong, India, and Japan. The more-than-200 participants were greatly stimulated and enjoyed the occasion immensely. On 28 October, the host society, SAAC, arranged a tour of old Beijing, including hutong (traditional housing) and the Temple of Heaven. During the conference, it was announced that the ASAF 2006 Conference would be held 9–10 November 2006 in Seoul, Korea, hosted by KCIAA (The Korea Certified Investment Analysts Association).

Calendar 2006

April 2006

ASAF Interim
Executive Committee Meeting
ASAF Seminar

Manila, Philippines

28-29 June 2006

ACIIA® Council Meeting
ACIIA® Annual General Meeting

Luxembourg

7-10 November 2006

ASAF Education Committee Meeting
ASAF Advocacy Committee Meeting
ASAF Communications Committee Meeting
ASAF Executive Committee Meeting
ASAF Annual General Meeting
ASAF 2006 Conference

Seoul, Korea

Member's Regional News

Australia — Finsia

Merger and rebranding update

The launch earlier this month of our new name and logo is a key step in the merger of the two former Institutes.

Introducing Finsia — connecting you with the future

Finsia is the new organisation connecting the best of Australasia's financial services, people and knowledge.

Our new brand identity represents the journey of change for our profession. It reflects our sharp and progressive view on the future.

Our new name, Finsia, unites the rich and diverse heritage of our respected organisations: it represents our transition and reflects our combined expertise and strength.

Our new symbol represents new possibilities. It reflects the calibre of our people and our standards.

We are the premier source of the best financial services education and information. We are a confident and leading voice that is heard and respected.

We connect people and knowledge with respect and willingness.

We anticipate the needs of our progressive, diverse and lively profession. We are open-minded so we respond to and welcome change.

And we support you with the best knowledge to foster our lifelong learning and growth.

We are Finsia — your essential professional partner.

Functions were held across Australia and New Zealand in November to celebrate our new name and branding and the feedback to date has been overwhelmingly positive. On behalf of the Board I would like to personally thank all the members who have given so generously of their time to ensure the efficiency of the integration processes.

One of the most important areas of the process has been combining the databases of the two previous institutes. Now that this has been completed, we can ensure seamless delivery of all services and

benefits to all members, both via the website and via our offices.

Integration of the two Melbourne offices occurred in early December, and all staff are now in new premises on Level 12, 330 Collins Street. The new location offers well-equipped seminar and meeting rooms in a stylish modern office setting.

Trimester three enrolments exceed expectations

Subject enrolments for Trimester 3 (running from 19 September to 6 December 2005) were 117% over budget this year and 31% above the figures for the same period last year. Both Open Entry and Postgraduate subject enrolments exceeded expectations significantly, and Masters enrolments met targets. The three-trimester study pattern is popular with students, and subject loads are being spread more evenly across the year.

New student numbers are also encouraging, particularly for postgraduate courses. This indicates that the market seems to be recovering from compliance fatigue and also that further moves beyond compliance training (which has been a key focus for the Institute in recent years) are likely.

Record new member numbers

By 18 October 2005, the Institute had approved a record number of 2,996 new members for the calendar year 2005. This sets a new benchmark for the Institute for future years. We would like to extend a warm welcome to all of our new members.

New member numbers for the previous three years were 2,914 (2002), 2,509 (2003) and 2,917 (2004).

From 31 October onwards, Finsia rules will apply for all new applicants. These are laid out on the Membership Benefits and Services webpage, as well as in the Constitution, available via the About Finsia webpages.

Visit from Professor Anthony Saunders — Stern School of Business

Finsia recently brought out to Australia Professor Anthony Saunders, Chairman of the Department of Finance, Stern School of Business, New York University. Professor Saunders conducted two-day symposiums in Melbourne and Sydney on the subject of Basel II, Credit Risk and Operational Risk Measurement and Management. He also spoke at the 10th AIBF Banking and Finance Conference in Melbourne. This conference brought together academics and practitioners and featured both

international and local keynote speakers in addition to the presentation of academic papers each afternoon. This conference will continue as the 11th Finsia Banking and Finance Conference.

International success in Thailand

Finsia in cooperation with the Thailand Securities Institute successfully presented a three-day training course: Stock Index Futures in Bangkok from 9 to 11 September 2005. This course was designed to develop participants knowledge and skills of futures and support the industry with the launch of the first product the SET 50 Index futures.

87 participants attended the training course and they represented Senior Executive staff from the key organisations in Thailand Capital Markets. The organisations included:

- Thailand Futures Exchange
- Stock Exchange of Thailand
- Securities and Exchange Commission of Thailand
- Securities firms licensed to sell futures in the Thai market
- Universities

The course was opened by Punsak Vejanurug, Executive Vice President, Stock Exchange of Thailand and many of his senior staff attended the program. Overall the feedback from course participants was excellent and the course presenter Stephen Chambers SF Fin facilitated a comprehensive introduction to Stock Index Futures that was based on his own experiences and utilised case studies to reinforce the key concepts for the target audience.

At the completion of the course all participants were presented with Certificates signed by Khun Kittiratt Na Ranong, President, The Stock Exchange of Thailand and Brian Salter F Fin, Chief Executive Officer Finsia.

OMX supported the training course and their sponsorship was integral to the course success and we are most grateful for their involvement and support for the development tailored training courses for the market participants in Thailand.

Thailand Securities Institute was a most gracious host for the training course and they ensured that the training was well organised and all participants' needs were met. The response to the training was reinforced by the fact that Finsia was commissioned to make a second trip to Thailand in 28 October-4 November 2005 to provide further public and tailored in-house courses.

On this occasion, Finsia provided training to participants in the capital markets in Thailand in cooperation with Thailand Securities Institute, as both public and tailored in-house training. The course was designed to assist with the upcoming launch of the SET 50 and included the following topics:

- a. Stock Index Futures
- b. Market Surveillance and Compliance
- c. International Debt Markets and Securities

In-house training clients included:

- a. Bond Electronic Exchange of Thailand (BEX)
- b. Securities and Exchange Commission of Thailand
- c. Thailand Futures Exchange

Four training courses were presented and all received excellent feedback. 2006 will see the presentation of more training courses in Bangkok for capital markets participants.

Finsia is most pleased to be partnering with Thailand Securities Institute to provide high quality training interventions for participants in the futures markets in Thailand.

Both organisations are committed to developing training that meets the needs of market participants and assist with the introduction of new products into the Thai capital markets.

(Brian Salter F Fin — CEO, Finsia)

Hong Kong — HKSI

The Path to Excellence

During the HKSI's Annual General Meeting held on 14 December 2005, Mr Edward Kwan was re-elected as chairman of the Institute. Together with 14 directors from the investment and finance industry, the HKSI Board continues to steer the Institute's path of development.

Recent Launch of an Advanced Level Qualification — the PDFM

The HKSI has recently introduced a new programme, the HKSI Professional Diploma in Financial Markets (PDFM), catering for the needs of finance practitioners.

The PDFM originates from the HKSI's current leading qualification — the HKSI Diploma Programme Examination (DPE). The new programme has been

designed to maximize its learner-friendliness by modularizing the current format of the DPE (from three DPE papers to seven PDFM modules) and allowing students to pursue the programme at their own pace and by their preferred mode of study. Applicants can opt for either the Training and Examination Mode (TE Mode) or the Examination-only Mode (EO Mode) for each of the seven PDFM modules.

A Preparatory Course for the CIIA® Examination

The HKSI jointly launched a diploma programme with the School of Continuing and Professional Education (SCOPE), City University of Hong Kong. The "Continuing Education Diploma in International Investment Strategy" comprises of seven courses with a total of 180 contact hours. The programme provides students with professional knowledge and practical skills in analyzing securities, making investment decisions, and managing investment portfolios, with special emphasis on international financial markets. In addition, it will help students prepare for the Certified International Investment Analyst (CIIA®) Final Examination.

The Appointment of the first HKSI Honorary Fellow

The HKSI Honorary Fellowship is intended for individuals who have made significant contribution to the financial community. "The distinguished position of Honorary Fellow is the ultimate role model for all our members as the genuine dedication to the advancement of the industry is an invaluable attribute deserving our respect and recognition," said Mr Edward Kwan.

Mr Charles Lee Yeh-kwong, GBS, JP, the Independent Non-executive Chairman of the Hong Kong Exchanges and Clearing Limited, was formally inducted as the first HKSI Honorary Fellow during the Institute's annual Autumn Dinner held on 20 October 2005.

The MPF Forum

The Mandatory Provident Fund system was in full operation in December 2000. The "HKSI Forum — MPF Five Years in Review" was held in October 2005 for a thorough review of the progress made in these years. The forum was a fruitful one as the Hon Frederick Ma, Secretary for Financial Services and the Treasury of the HKSAR, Ms Hendena Yu, Chief Operating Officer (Compliance) of the Mandatory Provident Fund Schemes Authority and a number

of senior market professionals shared their views in this forum.

Expansion of the Question Bank of the Licensing Examination

As part of its ongoing commitment to maintain the standards of the Licensing Examinations, the HKSI has embarked upon a major project to expand the Question Bank. With the help of experienced external consultants and reviewers, Phase I of the project has successfully been completed at the end of 2005 as scheduled and Phase II has just begun. The HKSI's overall goal is to substantially expand the Question Bank in line with the high number of enrolments for the Licensing Examinations and in order to pave the way for the launch of computer based examinations in the future. Phase II of the project is expected to be completed towards the end of 2006.

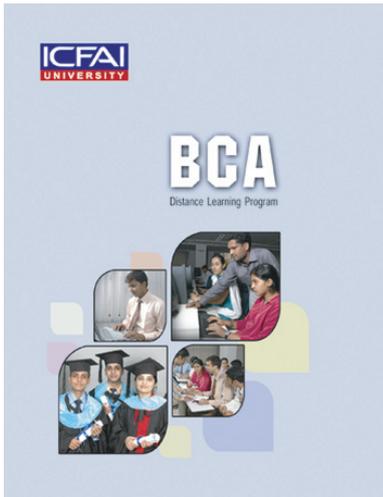
The Licensing Examinations in the Mainland

The HKSI has been working closely with the Securities Association of China and the Shanghai Securities Association in recent months in preparation for conducting the key regulatory Paper 1 of the Licensing Examinations in Shanghai in 2006. The examination is scheduled to be held on 22 April 2006. Detailed arrangements are in progress and enrolments for the examination are expected to start at the beginning of next year. All Mainland professionals (defined as PRC nationals possessing valid securities or futures practising qualifications in the Mainland) are eligible to enrol for the examination.

India — ICFAI

The ICFAI University launches Bachelor Degree Program in Computer Applications (BCA) on distance learning mode

The ICFAI University has recently launched the Bachelor of Computer Applications (BCA) program. The duration of the program is 3 years. The basic purpose of the program is to create a new breed of software professionals to meet the organizational needs in IT industry. The program encompasses foundational courses, latest tools and techniques and integrative as well as elective courses, with an optimal blend of theory and practice.



E-Learning Package

The ICFAI University has introduced a unique E-Learning package consisting of interactive CDs for its MBA distance learning program. The package is designed to provide the students with the flexibility of independent self-study in a convenient computer-based environment without the need for an internet connection. The e-learning package consists of E-Textbook, E-Lectures, Quizzes, Lecture notes, Articles and additional readings, Glossary and Mock tests.



New releases from ICFAI University Press

ICFAI University Press has so far published more than 600 books. Recently, ICFAI University Press has come out with 40 new titles. Some of the recently published titles include:

- Urban Infrastructure: An Introduction
- Value Based Wellness for the Service Sector Executive
- Management of Change in Education
- Value at Risk — Concepts & Applns

- Rural Transformation: Infrastructure & Micro Finance
- Education and Rural Development
- IT Enabled Manufacturing
- High Performance Organizations: HR Pers.
- Economic Crises in Russia & Latin American Issues & Pers.

For more information you may visit the website www.icfaipress.org

Japan — SAAJ

20th SAAJ ANNUAL CONFERENCE

“Management Strategy for the Global M&A Era”, 7 October 2005, at Nippon Keidanren Hall, in Tokyo.



The 20th SAAJ Annual Conference was successfully held on 7 October with more than 530 participants from many industries. The conference offered impressive general sessions and panel discussions by prominent speakers.



Prior to the keynote speeches of the SAAJ Annual Conference, "Awards for Excellence in Corporate Disclosure for 2005" were presented to 15 companies representing different industries. This corporate disclosure evaluation and award system has been implemented annually since 1995 based on evaluation by the SAAJ Corporate Disclosure Study Group.



Companies receiving awards:

- Mitsubishi Estate Co., Ltd.
(Construction, real estate, housing)
- Asahi Breweries, Ltd. (Foods)
- Matsushita Electric Industrial Co., Ltd.
(Electric)
- Yamaha Motor Co., Ltd. (Automobiles)
- Tokyo Gas Co., Ltd. (Utilities)
- Mitsui O.S.K. Lines Ltd. (Transportation)
- KDDI Corporation (Telecommunications)
- Mitsubishi Corporation (Trading)
- Mizuho Financial Group (Banking)
- Nomura Research Institute Ltd.
(Computer software)
- TELE WAVE, INC.
- CITIZEN ELECTRONICS CO., LTD.
- en-japan inc.
- NIDEC CORPORATION
- The Sumitomo Trust and Banking Co., Ltd.

In addition, distinguished articles appearing in SAAJ's monthly Security Analysts Journal were awarded the "Security Analysts Journal Prize". The Security Analysts Journal is the official monthly publication of the Association with a circulation exceeding 20,000.

Articles receiving awards:

- *Investigation of Manager Trading and Herding – Using Composition Data of Equity Portfolios*
Nobuhito Asakura, DC Pension Division
Pension Trust Department
The Sumitomo Trust & Banking Co. Ltd.
Yoko Uno, CMA
Pension Fund Advisory Department
Rating and Investment Information, Inc.
- *Effects of Valuation Model on RMBS Investment*
Hiroshi Kasari, CMA, Chief Researcher
Atsushi Kaji, CMA, Senior Researcher
Jun Kataoka, CMA, Senior Reseracher
Mizuho Trust and Banking Co., Ltd.
- *Changes in Nikkei 225 Composite Stocks – Trading Simulation and Implication*
Katsuhiko Okada, CMA, Managing Director
IZ Management Co., Ltd.



The official record of the SAAJ Annual Conference and speech resumes are available in the November issue (Vol. 43) of *the Security Analysts Journal* (in Japanese).

Upcoming News/Events/ Seminars

The following events and seminars are scheduled to be held during January-March 2006:

2006

- 16 January:
“Outlook for the Japanese Stock Market in 2006 – From the viewpoint of technical analysis – ”
Eiji Kinouchi
Daiwa Institute of Research
 - 20 January:
11th SAAJ Seminar
“Sustainability of Corporations – New perspective of corporate value”
 - Session 1: “Hostile Acquisition and Corporate Evaluation”
 - Session 2: “Accounting Accruals, Quality of Profit, and Corporate Evaluation”
 - Session 3: “Brand Value and its Economic and Psychological Measurement”
 - Session 4: “CSR and Corporate Evaluation – From the viewpoint of SRI investors”
 - Session 5: “Evaluation of Corporate Surplus in Financial Assets and Real Options”
 - 24 January:
“Investment Performance Standards Seminar – Convergence on Global Investment Performance Standards”
Yoh Kuwabara, Director
Chuo Aoyama Audit Corporation

Hiroshi Fujibayashi, CMA, Senior Researcher
The Sumitomo Trust & Banking Co., Ltd.
 - 3 February:
“Hedge Fund Investment to Asian Stocks”
Michael Lai
GAM Investment Director for Asian Funds
 - 2–3 March:
19th SAAJ-CFA Institute/CFAJ (CFA Society of Japan) Joint Seminar
“New Developments in Global Investment Strategies”
- Since 1989, SAAJ has held an annual seminar in cooperation with AIMR (currently CFAI) focusing on various investment topics.

Speakers and instructors, from among top researchers and experienced practitioners in Japan, the US, and other countries, will explore recent developments referring to market trends in the US, Europe, and Japan.

Presentations and discussions are conducted in English or Japanese with simultaneous interpretation for both languages.

Session I

Trends in Global Investment Strategies

Part I

Recent Trends, Features, and Future Directions in Global Investments

Part II

Investing in Developed Equity Markets

Session II

Investing in Emerging Equity Markets

Session III

Global Fixed-Income Investments

Session IV

Alternative Investments

Exploring Alpha in Global Hedge Fund Investments

ASAF members are most welcome to attend this seminar. More details will be available in early January 2006 on the SAAJ website.

Recent Events

The following seminars were successfully held in October, November, and December 2005:

- 31 October
“Indian Economy and the Indo-Japanese Economic Relationship”
Takafumi Kadokura
Dai-ichi Life Research Institute Inc.
- 9 November:
“Managing Fixed Income Risk and Relative Value”
Eugene Flood, Chief Executive Officer
Smith Breeden Associates

- 16 November:
“Structured Finance in the United States
Aoto Kenmochi, ABS Director
Fitch Ratings
- 28 November:
“Appreciation of RMB and Trend of the Chinese
Economy ”
Yoshihisa Ohnishi, Director
Center for Financial Industry Information
Systems
- 19 December:
“Outlook for the World Economy in 2006”
Akinari Horii, Director-General
International Dept., Bank of Japan
- 22 December:
“New Trends in Retail Securities Business —
Trends in Japan and the US”
Takuo Saga, Senior Researcher
Japan Securities Research Institute



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