

# VIETNAM EQUITY HOLDING

(an exempted company incorporated in the Cayman Islands  
with registration number 193017)

## **PLACING MEMORANDUM**

**In relation to the proposed placing of up  
to 50,000,000 Ordinary Shares at €2.50 per Share  
payable in full on or before the Closing Date**

**OCTOBER 2008**

## NOTICE TO SHAREHOLDERS

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "PLACING MEMORANDUM") HAS BEEN PREPARED SOLELY FOR PROSPECTIVE SHAREHOLDERS WHO ARE CONSIDERING THE PURCHASE OF ORDINARY SHARES (THE "SHARES"), PAR VALUE OF €2.00 PER SHARE, OF VIETNAM EQUITY HOLDING (THE "COMPANY"), AN EXEMPTED COMPANY FORMED UNDER THE LAWS OF THE CAYMAN ISLANDS. SAIGON ASSET MANAGEMENT CORPORATION ("SAM" OR THE "INVESTMENT MANAGER"), AN EXEMPTED COMPANY FORMED UNDER THE LAWS OF THE CAYMAN ISLANDS, SERVES AS THE INVESTMENT MANAGER TO THE COMPANY. HANOI FUND MANAGEMENT COMPANY ("HFM" OR THE "INVESTMENT ADVISOR"), A JOINT STOCK COMPANY INCORPORATED IN VIETNAM, SERVES AS THE INVESTMENT ADVISOR TO SAM.

ANY REPRODUCTION OR DISTRIBUTION OF THIS PLACING MEMORANDUM, IN WHOLE OR IN PART, OR THE DISCLOSURE OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY OR ITS BOARD OF DIRECTORS (THE "BOARD" OR THE "DIRECTORS"), IS PROHIBITED. BY ACCEPTING THIS PLACING MEMORANDUM, EACH PROSPECTIVE SHAREHOLDER AGREES TO THE FOREGOING.

IN MAKING AN INVESTMENT DECISION, PROSPECTIVE SHAREHOLDERS MUST RELY ON THEIR OWN EXAMINATION OF THE SHARES, THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SHARES HAVE NOT BEEN RECOMMENDED BY ANY SECURITIES COMMISSION OR REGULATORY AUTHORITY IN THE UNITED STATES OR IN ANY OTHER COUNTRY OR JURISDICTION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PLACING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SHARES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE LAWS OF ANY COUNTRY OR JURISDICTION. THE SHARES WILL BE OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT AND REGULATION D AND REGULATION S PROMULGATED THEREUNDER AND OTHER EXEMPTIONS OF SIMILAR IMPORT IN THE LAWS OF THE STATES AND OTHER COUNTRIES OR JURISDICTIONS WHERE THE OFFERING WILL BE MADE. THE COMPANY WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). CONSEQUENTLY, SHAREHOLDERS WILL NOT BE AFFORDED THE PROTECTIONS OF THE INVESTMENT COMPANY ACT.

THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS IN THE UNITED STATES OR THE LAWS OF THE RELEVANT COUNTRY OR JURISDICTION PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. IN ADDITION, SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED, IN WHOLE OR IN PART, EXCEPT AS PROVIDED IN THE ARTICLES OF ASSOCIATION OF THE COMPANY (THE "ARTICLES"). ACCORDINGLY, PROSPECTIVE SHAREHOLDERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE SHARES FOR AN INDEFINITE PERIOD OF TIME. THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE SHARES UNDER THE SECURITIES ACT, ANY STATE SECURITIES LAW OR THE LAWS OF ANY OTHER COUNTRY OR JURISDICTION.

THE SHARES ARE OFFERED SUBJECT TO ANY SALE BEING MADE AND SUBJECT TO THE RIGHT OF THE BOARD TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART. AN INVESTMENT IN THE SHARES WILL INVOLVE SIGNIFICANT RISKS DUE TO, AMONG OTHER THINGS, THE NATURE OF THE COMPANY'S INVESTMENTS AND THE NATURE OF THE SHARES. THERE CAN BE NO ASSURANCE THAT THE COMPANY'S INVESTMENT OBJECTIVES WILL BE REALIZED. PROSPECTIVE SHAREHOLDERS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY, WHICH ARE CHARACTERISTIC OF THE INVESTMENT DESCRIBED HEREIN.

PROSPECTIVE SHAREHOLDERS SHOULD NOT CONSTRUE THE CONTENTS OF THIS PLACING MEMORANDUM AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE. EACH PROSPECTIVE SHAREHOLDER SHOULD MAKE ITS OWN INQUIRIES AND CONSULT ITS ADVISORS AS TO THE COMPANY AND THIS OFFERING AND AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE SHARES. THE BOARD AND THE INVESTMENT MANAGER HAVE BASED ALL ESTIMATES AND PROJECTIONS AS TO EVENTS THAT MAY OCCUR IN THE FUTURE UPON THEIR BEST JUDGMENT AS OF THE DATE OF THIS PLACING MEMORANDUM (OR THE LATEST AMENDMENT OR SUPPLEMENT HERETO). WHETHER OR NOT SUCH ESTIMATES OR PROJECTIONS MAY BE ACHIEVED WILL DEPEND UPON THE COMPANY'S ACHIEVING ITS OVERALL BUSINESS OBJECTIVES AND THE AVAILABILITY OF FUNDS, INCLUDING FUNDS FROM THE SALE OF SHARES. THE BOARD AND THE INVESTMENT MANAGER DO NOT GUARANTEE THAT ANY OF THESE PROJECTIONS WILL BE ATTAINED. ACTUAL RESULTS WILL VARY FROM THE PROJECTIONS, AND SUCH VARIATIONS MAY BE MATERIAL. PRIOR TO THE SALE OF THE SHARES, THE COMPANY WILL PROVIDE SHAREHOLDERS WITH THE OPPORTUNITY TO ASK THE INVESTMENT MANAGER AND THE COMPANY'S COUNSEL AND ADVISORS QUESTIONS

CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION IN THE COMPANY'S POSSESSION OR WHICH THE COMPANY CAN OBTAIN WITHOUT UNREASONABLE EFFORT OR EXPENSE. CERTAIN INFORMATION CONTAINED HEREIN CONCERNING ECONOMIC TRENDS AND PERFORMANCE ARE BASED ON OR DERIVED FROM INFORMATION PROVIDED BY INDEPENDENT THIRD-PARTY SOURCES. THE COMPANY BELIEVES THAT SUCH INFORMATION IS ACCURATE AND THAT THE SOURCES FROM WHICH IT HAS BEEN OBTAINED ARE RELIABLE. THE COMPANY CANNOT GUARANTEE THE ACCURACY OF SUCH INFORMATION, HOWEVER, AND HAS NOT INDEPENDENTLY VERIFIED THE ASSUMPTIONS ON WHICH SUCH INFORMATION IS BASED.

THIS OFFERING IS SUBJECT TO THE TERMS DESCRIBED IN THIS PLACING MEMORANDUM. THIS PLACING MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE SUBSCRIPTION AGREEMENT AND THE ARTICLES. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS PLACING MEMORANDUM AND PROSPECTIVE SHARE HOLDER SHOULD NOT RELY ON ANY SUCH REPRESENTATION. STATEMENTS IN THIS PLACING MEMORANDUM ARE MADE AS OF THE DATE HEREOF UNLESS STATED OTHERWISE HEREIN, AND NEITHER THE DELIVERY OF THIS PLACING MEMORANDUM AT ANY TIME, NOR ANY SALE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCE CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE. THIS PLACING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE IN THE UNITED STATES, COUNTRY OR OTHER JURISDICTION TO ANY PERSON OR ENTITY TO WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH STATE, COUNTRY OR JURISDICTION. THE BOARD, THE INVESTMENT MANAGER AND/OR THEIR RESPECTIVE AFFILIATES RESERVE THE RIGHT TO MODIFY ANY OF THE TERMS OF THE OFFERING AND THE SHARES DESCRIBED HEREIN.

THIS PLACING MEMORANDUM WAS PREPARED SOLELY FOR SELECTED PROSPECTIVE SHAREHOLDERS INTERESTED IN THIS OFFERING. BY TAKING RECEIPT OF THIS PLACING MEMORANDUM, PROSPECTIVE SHAREHOLDERS AGREE THAT THE CONTENTS HEREIN CONSTITUTE PROPRIETARY AND CONFIDENTIAL INFORMATION THAT THE COMPANY, THE INVESTMENT MANAGER AND THEIR RESPECTIVE AFFILIATES, INVESTMENT FUNDS, COMPANIES, AND PORTFOLIO INVESTMENTS (COLLECTIVELY, THE "AFFECTED PARTIES") DERIVE INDEPENDENT ECONOMIC VALUE FROM NOT BEING GENERALLY KNOWN AND ARE THE SUBJECT OF REASONABLE EFFORTS TO MAINTAIN THEIR SECRECY. THE RECIPIENT FURTHER AGREES THAT THE CONTENTS OF THIS PLACING MEMORANDUM ARE TRADE SECRETS, THE DISCLOSURE OF WHICH ARE LIKELY TO CAUSE SUBSTANTIAL AND IRREPARABLE COMPETITIVE HARM TO THE AFFECTED PARTIES OR THEIR RESPECTIVE BUSINESSES. WHETHER OR NOT A PROSPECTIVE SHAREHOLDER INVEST IN THE SHARES, SUCH PROSPECTIVE SHAREHOLDER MAY NOT DISTRIBUTE THIS PLACING MEMORANDUM TO ANYONE OTHER THAN ITS OWN FINANCIAL AND LEGAL ADVISORS, NOR MAY THE PROSPECTIVE SHAREHOLDERS MAKE COPIES OF THIS OR ANY OTHER DOCUMENT IT RECEIVES, EXCEPT TO THE EXTENT NECESSARY TO CONSULT WITH ITS FINANCIAL AND LEGAL ADVISORS WHO ARE ADVISING THE PROSPECTIVE SHAREHOLDER IN CONNECTION WITH THIS OFFERING (AND ONLY SO LONG AS SUCH ADVISORS AGREE TO HOLD THIS INFORMATION CONFIDENTIAL AND NOT USE IT FOR PURPOSES OTHER THAN ADVISING THE PROSPECTIVE SHAREHOLDER IN CONNECTION HEREWITH). ANY OTHER REPRODUCTION OR DISTRIBUTION OF THIS PLACING MEMORANDUM, IN WHOLE OR IN PART, OR THE DISCLOSURE OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE BOARD AND THE INVESTMENT MANAGER, IS PROHIBITED. BY ACCEPTING THIS PLACING MEMORANDUM, EACH PROSPECTIVE SHAREHOLDER AGREES TO THE FOREGOING.

THIS PLACING MEMORANDUM CONTAINS FORWARD LOOKING STATEMENTS BASED ON THE INVESTMENT MANAGER'S EXPERIENCE AND EXPECTATIONS ABOUT THE MARKETS IN WHICH THE COMPANY INVESTS AND THE METHODS BY WHICH THE INVESTMENT MANAGER EXPECTS TO CAUSE THE COMPANY TO INVEST IN THOSE MARKETS. THOSE STATEMENTS ARE SOMETIMES INDICATED BY WORDS SUCH AS "EXPECTS," "BELIEVES," "SEEKS," "MAY," "INTENDS," "ATTEMPTS," "WILL" AND SIMILAR EXPRESSIONS. THOSE FORWARD LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO MANY RISKS, UNCERTAINTIES AND ASSUMPTIONS THAT ARE DIFFICULT TO PREDICT. THEREFORE, ACTUAL RETURNS COULD BE MUCH LOWER THAN THOSE EXPRESSED OR IMPLIED IN ANY FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. THE SECTION TITLED "RISK FACTORS" IN THIS PLACING MEMORANDUM DISCUSSES SOME OF THE IMPORTANT RISK FACTORS THAT MAY AFFECT THE COMPANY'S RETURNS. PROSPECTIVE SHAREHOLDERS SHOULD CAREFULLY CONSIDER THOSE RISKS AND OTHER INFORMATION IN THIS PLACING MEMORANDUM BEFORE DECIDING WHETHER TO INVEST IN SHARES OF THE COMPANY. NEITHER THE COMPANY NOR THE INVESTMENT MANAGER HAS ANY OBLIGATION TO REVISE OR UPDATE ANY FORWARD LOOKING STATEMENT FOR ANY REASON.

ANY ESTIMATES, INCLUDING ESTIMATES OF REVENUE, EXPENSE AND NET INCOME INCLUDED IN THIS PLACING MEMORANDUM ARE BASED UPON ASSUMPTIONS THAT THE INVESTMENT MANAGER CONSIDERS REASONABLE AS OF THE DATE OF THIS PLACING MEMORANDUM. THE ESTIMATES ARE BASED ON ASSUMPTIONS, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND THE COMPANY'S OR THE INVESTMENT MANAGER'S CONTROL. THERE CAN BE NO

ASSURANCE THAT THE ESTIMATED RETURNS CAN BE REALIZED OR THAT THE ACTUAL RETURNS WILL NOT BE MATERIALLY HIGHER OR LOWER THAN THOSE CALCULATED. IN ADDITION, THE CALCULATIONS USED TO GENERATE THE ESTIMATES WERE NOT PREPARED WITH A VIEW TOWARDS PUBLIC DISCLOSURE OR COMPLIANCE WITH THE PUBLISHED GUIDELINES OF ANY REGULATORY AUTHORITY OR GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES OR IN ANY COUNTRY OR JURISDICTION.

**VIETNAM EQUITY HOLDING  
A CAYMAN ISLANDS EXEMPTED COMPANY**

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## 1. WHY VIETNAM

Vietnam is undergoing unprecedented change, and its investment foundation has never been stronger. With an annual growth rate of about 8.5% (the second highest in Asia) and an increasingly market-oriented government fueled by the youngest population in the world, Vietnam is becoming one of Asia's top investment destinations.

Vietnam entered the World Trade Organization ("WTO") as a full member on January 11, 2007. The WTO membership's greatest benefit to Vietnam is the solidification of its structural reforms through international commitments. The "Doi Moi" (economic renewal) reforms introduced in the mid-1980s paved the way for Vietnam's transition from a centrally-planned economy to a market economy and for the liberalization of trade and inward investment policies. Progress with reforms has not always been easy, but as in China, WTO membership is seen as a much-needed catalyst to strengthen the hands of the reformers to accelerate equitizations of State-owned enterprises ("SOEs"). Between now and the end of the decade, the top SOEs in Vietnam, also known as the "super-monopolies," will be equitized and their shares will be sold in an initial public offering process.

Vietnam's economic growth and liberalization present tremendous opportunities for local and foreign businesses. Local companies are competing in international markets while becoming increasingly more efficient, productive, and profitable. They form strategic partnerships with foreign companies which improves their valuations and financial performance. Foreign enterprises are entering Vietnam in large number seeking to capitalize on the growth through market shares, co-investment rights, and acquisition opportunities.

In addition to these favorable economic conditions, the following factors should enable sustainable economic growth in the long term:

- A baby boom following the conclusion of the Vietnam War has created a youthful generation with little memory of past conflicts. With an age structure of 28% under 14 and 30% between the ages of 15 and 30, it is forecasted that the proportion of Vietnam's population over 30 years old will not exceed 50% until 2020.
- Vietnam's population surpassed 84 million people at the end of 2006 and ranks 2nd in Southeast Asia after Indonesia and 13th in the world.
- The percentage of people who spend more than VND1 million (€46.35) a month in disposable income surged 316% in 2006 from that of the previous year.
- Vietnam's 95% literacy rate is among the world's highest, roughly equal to that of the United States and Ireland. Vietnam's youths are increasingly interested in technology, and this discipline has attracted the most talented students in recent years.
- Vietnam is widely recognized as both a safe and secure country with little risk of terrorism and civil unrest. This is evidenced by the normalization of relationships with the United States, as seen by the recent bilateral agreement on Vietnam's WTO entry and positive relations with China, Cambodia and other regional neighbors.
- The Economist Intelligence Unit has ranked Vietnam 35 out of 121 countries for peace. Additionally, Vietnam's political stability is only second to Singapore in the Asia Pacific region according to Business Monitor International.
- Vietnam is on the "China plus one other country" strategy list of many large multinationals seeking a diversified investment base in Asia. With a significant competitive advantage in areas such as labor costs, literacy, and political stability, Vietnam is viewed as an alternative destination outside of China and India.



## **2. THE COMPANY**

### **2.1. Introduction**

*Unless otherwise defined in the body of this document, all capitalized terms are defined in section 14.*

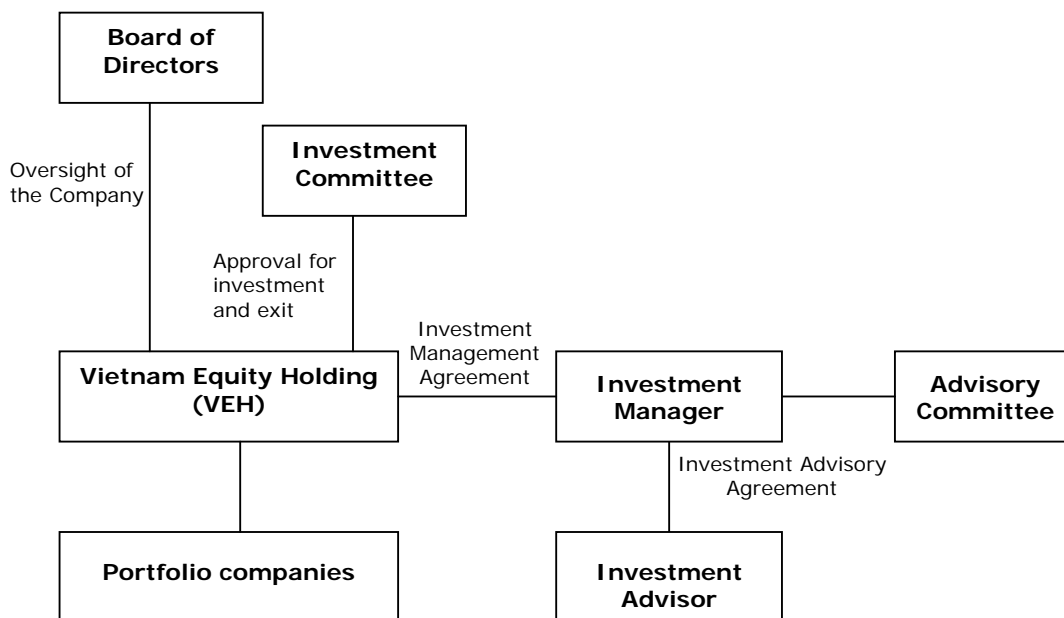
Vietnam Equity Holding (“VEH” or the “Company”) is a recently incorporated Cayman Islands exempted company created to engage in equity investment in Vietnam. The Company currently has a capital structure comprising a single class of Shares.

The Company will be managed by Saigon Asset Management Corporation (“SAM” or the “Investment Manager”), formerly known as Anpha Capital Group, an exempted company incorporated under the laws of the Cayman Islands. Hanoi Fund Management Company (“HFM” or the “Investment Advisor”), a joint stock company incorporated in Vietnam that operate an asset management company from headquarters in Hanoi and representative office in Ho Chi Minh City, serves as the Investment Advisor to SAM. Specifically, HFM, pursuant to an Investment Advisory Agreement with SAM, will provide SAM with investment advisory services. HFM is one of the few asset management companies in Vietnam that has been granted a domestic asset management license. By having this license, HFM is authorized to sponsor and manage a local investment fund which, under certain circumstances, may make investments in Vietnam without foreign ownership limitations and restrictions. The Company intends to enter into a contribution agreement with HFM which will allow the Company to become an investor into the local investment fund.

The Investment Manager’s investment team draws on the talents of international and domestically-trained professionals from top fund management companies in Vietnam, complemented by a seasoned board of directors with deep-rooted local knowledge and relationships. Corporate governance and the value creation process are enhanced by international advisors with demonstrated corporate influence regionally and globally.

The Investment Committee, whose members are appointed by the Board of Directors of the Company (the “Board” or the “Directors”), is responsible for considering and approving all investments made by the Company in portfolio companies. An investment will generally be made only if a majority of the members of the Investment Committee agree that the investment is appropriate for the Company. After an investment is made, the Investment Committee will continue to provide advice with respect to such investment on an as needed basis and will assist in the design of an exit strategy for each such investment. The Investment Manager has established an Advisory Committee to augment the expertise of its management team and to allow the Investment Manager to further draw on international and local deal flow generation and shareholders’ value creation experience. The Advisory Committee will only have an advisory role with respect to the Company in that all investment decisions will be made by the Investment Committee.

The relationship between the Company, the Investment Manager, the Investment Advisor, the Investment Committee and the Advisory Committee is illustrated in the diagram below and further details are set out in section 3 of this Placing Memorandum:



## 2.2. Investment Objectives

The objective of the Company is to seek capital appreciation of its assets by making equity investments in companies with significant exposure to Vietnam. Specifically, the Company has invested in and will continue to invest in equity securities of SOEs, private companies, over-the-counter (“OTC”) companies, and/or Listed Companies and/or in debt securities. The Company seeks to invest in a diversified and balanced portfolio that would achieve above average returns at an acceptable level of risk, give rise to long-term and short-term returns, and be capable of yielding recurrent earnings and/or capital gains.

## 2.3. Competitive Strengths and Differentiations

The investment management business is fairly new in Vietnam. With the exception of one large fund, most Vietnam-centric investment funds currently in existence were established less than five years ago. During the past two years, the number of investment funds in Vietnam has increased significantly due to Vietnam’s economic potentials and a strong demand by global investors to enter this market. Competition is fierce and the field is currently controlled mostly by foreign funds. As such, new investment firms being created need to differentiate themselves in order to be competitive. Within that context, the Investment Manager was created to take advantage of the synergy of three distinctive groups:

- (i) Members of the Investment Manager with on-the-ground and international track record. Members of the Investment Manager came from top investment funds in Vietnam, have a long-term interest in the country, possess a thorough understanding of the Vietnamese culture, and are fluent in English and Vietnamese. The team’s economic interest is equitably distributed so as to properly align its interest with that of the Company.
- (ii) Members of the Investment Advisor, consisting of local senior executives, have extensive local business experience and established industry and governmental contacts which should provide unparalleled deal flow sourcing capabilities.
- (iii) International Partners and executives seeking collaboration with Vietnam’s top local investors and industry leaders. This group will provide rigorous corporate governance and assistance with cross-border business transactions as well as enhancement of the value creation process of portfolio companies. Consequently, this should encourage

Vietnamese enterprises to seek to work with the Investment Manager on the basis that it can provide them with strategic partnerships and capital to penetrate new markets, improve management capabilities, and enhance operational and financial results.

The Company believes it can deliver value creation to Shareholders through the following competitive advantages which are highly differentiated from most investment funds in Vietnam:

#### ■ **Domestic Asset Management License**

The domestic asset management license is a key differentiator and serves as a major competitive advantage over most investment funds in Vietnam. Currently, most investment funds in Vietnam are foreign funds which can only invest a maximum of 30% to 49% in a Vietnamese company, depending on asset class and industry. In addition, foreign funds are restricted and/or prohibited in making investments into specific industries such as financial services, telecommunications, energy, tourism, media, and education. HFM, the Investment Advisor to SAM, is one of the few domestic licensed asset management companies in Vietnam, which allows it to sponsor and manage a local investment fund that, under certain circumstances, will not be subject to foreign ownership limitations. In that event, the local investment fund may be able to make investments into otherwise restricted and prohibited key industries in Vietnam.

There are very few domestic asset management licenses in Vietnam. Due to the tremendous capabilities of the license, it is normally granted only to local Vietnamese, those that the Government believes will nurture the interest of the country in the long term. Foreign funds cannot get this status and must enter in a joint venture with a license holder if they wish to enhance investment capabilities. The reason for the segregation is because foreign funds are normally managed by non-Vietnamese nationals who do not have significant ties to the country except for their portfolio assets and investment objectives. On the other hand, Vietnamese nationals who are granted the license normally have significant ties to the country professionally and personally. Hence, it is more likely that the local asset management license holder will capitalize on the power given by the license for the long term which is preferred by both the Government and shareholders.

In addition, this domestic license provides the local investment fund with leverage when it comes to an entrance-point into Vietnamese companies who are not familiar with foreign investment funds. The domestic asset management license also allows the local investment fund to bid for target companies as a local and/or foreign strategic investor, which allows it greater maneuverability and options regarding auction prices, volume and availability of shares. Therefore, having the domestic asset management license allows the Company, through the local investment fund, to access and penetrate deals with far greater results than their competitors.

#### ■ **Access to Proprietary Deal Flow**

We draw from a deep-rooted and broad network and established relationships provided by the members of the Investment Advisor, all of whom have had extensive industry experience in Vietnam. All members of the Investment Advisor have held top positions at leading Vietnamese and foreign-invested companies in Vietnam. All key members of the Investment Manager and the Investment Advisor have held top positions at leading institutions, government ministries, and investment funds in Vietnam. Mr. Louis Nguyen, Managing Partner of the Investment Manager, was formerly Managing Director at VinaCapital. Mr. Nguyen was an original management member of VinaCapital and was instrumental in growing the assets under management from €27.22 million in 2004 to €1.40 billion in 2007. He has been sourcing deals in Vietnam since 2003.

#### ■ **Locally Immersed Team**

The formation of an investment team with a combination of local and international track record is extremely difficult in Vietnam. Unlike matured economies, the investment management business is fairly new in Vietnam. Most investment funds have a significant shortage of talents. However, overseas Vietnamese are slowly migrating back to Vietnam

to fill the shortage of such talents in the country, but very few are in the investment field as compared to their Indian and Chinese counterparts. In addition, very few investment managers in Vietnam have operating experience so as to clearly understand the day-to-day operations of portfolio companies and to provide them with value-added expertise. Compounding this with the language barrier, as Vietnamese is still the dominant language used, most foreign fund managers who are not fluent in Vietnamese often run into problems with sourcing deals, interacting with senior management of target companies, and harmonizing with Vietnamese board members.

Members of the investment team are highly differentiated from those of their competitors as follows:

- The members have achieved investment track records domestically from top investment funds in Vietnam and internationally from both large and small financial institutions.
- The members speak fluent Vietnamese and English, understand the Vietnamese culture and history, and are mostly Vietnamese nationals or overseas Vietnamese with long-term commitment to the country.
- The members have extensive on-the-ground experience, full comprehension of market behavior, and established long-term relationships with industry leaders, decision makers, domain experts, and government ministries of Vietnam.

#### ■ **Distributed Ownership among Team Members**

Most investment funds in Vietnam do not have an equity sharing plan with its core team members. Although this behavior is slowly changing, the majority of funds in Vietnam are usually controlled by one or two key management members. To preserve the long-term interest of its management members and employees, the Investment Manager's equity is shared among management members and employees. This distributed ownership creates added incentives for performance-driven results and loyalty to firm, thus making this unique structure as one of the first true partnerships within an asset management company in Vietnam. It is rare and fair, providing the Investment Manager with cohesion and synergy unparalleled to existing investment management companies.

#### ■ **Commitment by Principals**

The Investment Manager believes in the potential of the Company and is committed to Vietnam. Accordingly, the Investment Manager has committed to invest a minimum of €3.5 million in assets in the Company, subject to Investment Committee's approval and valuation by an independent third-party. This commitment should help to anchor the credibility of the Company and provides intangible yet important benefits, including confidence in the Investment Manager's ability to deliver performance results and a high level of trust among key members of the Investment Manager.

In addition, subject to the SAM Board's approval, the Investment Manager intends to donate a minimum of 2% of its Performance Fee to establish a charitable fund to support various important constituents in Vietnam, such as Agent Orange victims, orphans, and the poor and disadvantaged in Vietnam.

#### ■ **Partnership with Active Shareholders**

The Company intends to attract active Shareholders to enhance value creation of its investment process. Most companies in Vietnam currently seek strategic or value-added investors who can assist in management, best practices, sales and marketing, foreign market expansion, and introduction to customers, partners, and investors. Although members of the Investment Manager and the Board have extensive industry and operating experience, the Company will seek active Shareholders who have a strategic interest in Vietnam and will work along side the Company to create intrinsic value in promising Vietnamese enterprises.

## 2.4. Investment Strategy

The Company aims to achieve its investment objectives as follows:

### Seek Out Proprietary Deal Flow

The Company intends to leverage the advantages offered by the Investment Advisor's domestic asset management license, the Investment Advisor's locally-immersed management team, and an experienced Board to source and capture proprietary deal flow. This is a major competitive advantage as most investment fund managers in Vietnam often face major barriers to entry including language, local customs, and legal investment restrictions and limitations.

### Invest in Target Companies

The Company seeks to invest in companies with strong characteristics including an experienced and proven management team that supports corporate governance and financial transparency, a high-growth financial model, differentiated products or services, superior competitive advantages, a significant market share, and a clear and demonstrable exit strategy for investors.

### Focus on Key Asset Classes

While the majority of investment funds in Vietnam tend to focus on one particular market niche, the Company seeks above average return opportunities in the overall equity market, rather than following one core, dedicated investment thesis. After thorough research into Vietnam's equity markets, the Company believes delivery of maximum returns to its Shareholders requires the flexibility to venture into across-the-board opportunities in order to effectively manage investment risks and to capitalize on attractive capital gains when favorable market conditions permit. In particular, the Company's opportunity-driven investment strategy is concomitant with, and encouraged by, the dynamism of Vietnam's emerging market, which the Investment Manager believes ultimately rewards most those who embrace such inclusive investment strategies. The Company will concentrate its investment focus in the following areas:

- **Equitization of SOEs:** Since the early 1990's, Vietnam has been closely following the economic changes in China. One of the biggest lessons learned was the necessary step of equitizing state-owned assets which is transforming China into one of the leading economies in the world today. However, unlike China, Vietnam took a further step by equitizing the smaller, less attractive companies first, and is about to enter the final stage by equitizing the largest enterprises between now and 2010. SOEs have traditionally performed better financially and operationally after the equitization process. This can be opportunistic as this investment class is not always available globally. In addition, as these are the biggest of the best companies in Vietnam, enterprise value would be much more significant and can be attractive to larger institutional investors. Lastly, as these super-monopolies usually control significant market shares, corporate investors seeking international expansion normally seek to acquire strategic stakes in order to gain entrance into the country. The Company plans to work with both institutional and strategic investors to capitalize on the large opportunities of SOE equitizations.
- **Over-the-Counter (OTC) Companies:** There are currently over 3,000 OTC companies in Vietnam with a collectively market capitalization of approximately €36.79 billion. After equitization, all SOEs become joint stock companies listed on the OTC market, and then eventually listed on the Vietnam Stock Exchanges for additional liquidity and credibility. With the Government's mandate to equitize the final round of the "super monopoly" SOEs between now and 2010, the most attractive companies in Vietnam will list on the OTC market. SOEs generally perform significantly better subsequent to the equitization process (see "Equitization Process in Vietnam" at Section 7.4). Unlike the big board, OTC companies tend to be elusive and invisible to foreign-based investors, but due to the Investment Advisor's on-the-ground presence and experience, the Company has fostered strong ties with local companies, securities

firms, and investment institutions to keep abreast of the market and access to deal flow.

- **Private Equity:** According to the General Statistic Office of Vietnam, approximately 47% of Vietnam's GDP is currently contributed by non-State-owned companies, including joint ventures with foreign companies. At the same time, very few investment funds in Vietnam focus on private equity due to the fact that foreign investment fund managers traditionally have been focusing on the listed segment of the market, which generally requires little negotiations with target companies. Many private companies command significant market share in various industries. It is expected that many of these companies will undergo an IPO process within 24 months from the relevant date of investment by the Company because of an inherent need for capital to fuel expansion. The Company intends to focus on private equity since it has proven to be an attractive asset class and is clearly underserved.
- **Listed Shares:** In 2006, Vietnam grabbed attention around the world when its stock market was one of the best performers during that year. In 2007, the Vietnam Stock Exchanges experienced various corrections which were expected to bring corporate valuations to reasonable terms. As the top SOEs trading on the OTC market will eventually list on the big board, the Company believes this will be a major force of momentum and continue to deliver values for the listed segment. The Company plans to invest in listed shares through rigorous due diligence and as market conditions permit.

## 2.5. Investment Policies

The Company will adhere to the following investment policies:

**Geographical focus:** The Company intends to invest primarily in companies that are based in Vietnam. The Company may from time to time invest in companies operating in other countries but have significant operations in Vietnam, but in no case will the Company invest more than 20% of its NAV (valued at the time of investment) in such securities.

**Sector focus:** The Company will seek to develop a diversified and balanced portfolio of OTC equity, private equity, listed equity, and equitizations of SOEs.

**Type of investment:** The Company plans to invest in:

- Common shares, preferred shares, convertible loans, convertible bonds and other securities which are equity, equity-linked or otherwise convertible into equity, regardless of whether such securities are listed or unlisted or are rated or unrated;
- Investment funds and the like that invest predominantly in Vietnam and trading at a discount to NAV of at least 15%;
- Loans, bonds and other securities which are debt or debt-linked;
- Bank deposits or fixed-income securities as the Investment Manager may deem fit; and
- Derivative instruments for efficient portfolio management purposes (including for purposes of hedging currency, interest rate, and portfolio risks) and to gain exposure to specific securities or baskets of securities where direct exposure is unattainable or only attainable on less favorable terms.

**Control of investments:** In the event the Company holds a majority interest in a portfolio company, it will seek to take legal or management control of the portfolio company. In the event the Company holds a minority interest in a portfolio company, it will seek to secure adequate minority shareholder protection rights.

**Realization of investments:** The Company will aim to realize individual investments when the Board, with the advice of the Investment Committee, believes the realization would be in the best interests of the Company and would fulfill the Company's investment objectives.

The Board will not alter the fundamental investment policies of the Company, except in exceptional circumstances with the approval of a Special Resolution of Shareholders passed at a general meeting of the Company.

## **2.6. Investment Restrictions**

There are no restrictions on the investments that the Company may make except that the Company will not invest more than 20% of its NAV (valued at the time of investment) in the shares of a single portfolio company.

The Company will not attempt to purchase shares in any company which would result in a breach of applicable regulations, though the Company may take advantage of any relaxation of such regulations as may occur over the course of time.

Prospective Shareholders should note that the Company is not subject to restrictions in respect of the following:

- (i) There are no limits on the sectors in which the Company can invest. However, the Company will endeavor to adhere to the general principle of sector diversification in respect of its assets; and
- (ii) Although the Company does not intend to invest more than 20% of its NAV (determined at the time of investment) in companies located outside of Vietnam, it has the ability to invest substantial assets in companies located outside of Vietnam as long as such companies have significant operations in Vietnam.

## **2.7. Investment Procedures and Investment Realizations**

The Company's investment procedures are summarized as follows:

### **A. OTC, Private Equity, SOE Equitizations, and Listed Companies**

In respect of investments by the Company in OTC, private equity, SOE equitizations, and Listed Companies, the Company intends to operate as follows:

### **Origination and Deal Flow Sourcing**

Attracting investment opportunities is a significant quality of any investment fund. Due to the abundance of investment funds and inflow of capital into Vietnam, many attractive investment targets are now carefully selecting their financial partners. The Company's key management members have held top positions at leading institutions, and investment funds in the country and will play key roles in accessing proprietary and high quality investment opportunities for the Company in Vietnam. Senior management members of the Investment Manager and Investment Advisor, including Mr. Louis Nguyen, and Mr. Desmond Lin, have been active directly or indirectly in public and private equity in Vietnam for many years, some of whom are renowned senior financial executives who are familiar with deal flow sourcing (see "Access to Proprietary Deal Flow" section above).

Most senior executives of Vietnamese companies and Government officials in Vietnam continue to prefer using Vietnamese as the official business language. This is a major challenge for most foreign institutions as they are unable to directly communicate with decision makers. All senior management members of the Investment Manager are fluent in Vietnamese and have a thorough understanding of local business culture, which should help in attracting new investment opportunities for the Company and bringing the negotiation process with respect to such opportunities to a successful closure.

The Company also intends to attract deal flow through other key sources such as the following:

- (i) Intermediaries, including top law firms, accounting firms, securities firms, consulting companies that are at the forefront of working directly with attractive companies seeking investment and credible strategic partners. The Investment Manager has established relationships with these intermediaries and often refers clients to them as appropriate.
- (ii) The media, including top local and national business publications, television, radio, and internet websites which cover a wide spectrum of business audience. The Investment Manager has built a public and investor relations team that has worked closely with the media. Such team will provide the Company with deep and cost effective coverage to business communities in the country.

The Company and the Investment Manager will also actively participate and organize investment conferences and seminars to increase awareness and positive branding.

### **Target Investments**

The Company seeks to invest in companies with strong characteristics including an experienced and proven management team that supports corporate governance and financial transparency, a high-growth financial model, differentiated products or services, superior competitive advantages, a significant market share, and can clear and demonstrable exit strategy for investors.

Following initial appraisal by the Investment Manager, subject to the oversight of the Investment Committee, investments satisfying key investment criteria will be deemed "target investments" and would then be subject to due diligence and consideration. In doing so, the Investment Manager would typically endeavor to carry out, where appropriate, the following:

- (i) a thorough assessment of the target investment's focused market;
- (ii) an analysis of economic and social factors relevant to the feasibility and potential revenue and profitability of the target investment;



- (iii) an investigation of the backgrounds of the management team of the target investment;
- (iv) an analysis of the target investment's historical performance and business plans, including an assessment of products, differentiations, competitors, and operations;
- (v) an evaluation of legal, regulatory and tax factors and implications;
- (vi) the identification of particular risk factors and means of overcoming or mitigating such risks;
- (vii) an evaluation of future requirements for human, financial and other resources;
- (viii) the formulation of an exit strategy and timetable for achieving liquidity; and
- (ix) a review of the general suitability of a particular investment for the Company.

The Investment Manager will provide a report to the Directors, in advance of the regular meetings of the Directors, covering its current activities and its proposed strategy for the period leading up to the next regular meeting of the Directors, all in such form and detail as may be reasonably requested by the Directors. In making investments, the Investment Manager will comply with the investment objectives, policies, restrictions and guidelines of the Company as may be amended from time to time.

#### **B. Debt Securities**

In respect of investments by the Company in debt securities, the Investment Manager, subject to oversight of the Investment Committee, will endeavor to carry out, where appropriate, the following:

- (i) An analysis of the debt security with respect to its present and future creditworthiness;
- (ii) An identification of particular risk factors that would impact on creditworthiness;
- (iii) An analysis of the likelihood of these risk factors occurring and the scale of the impact that this would have on creditworthiness;
- (iv) An assessment of the present and future liquidity of the investment through analysis of the average daily traded volume of the debt security; and
- (v) An analysis of the risks of the relevant debt security due to changes in prevailing interest rates.

#### **C. Approved Investments**

The Board has delegated decision-making powers with regard to investments to the Investment Committee. The Investment Committee will be responsible for all aspects of the implementation and execution of investment decisions, subject to the approval of the Board as circumstances may require.

#### **D. Monitoring of Investments**

Following an investment, the Investment Manager will monitor the progress and performance of each portfolio company through periodic meetings with its management, site visits, quarterly, and when available, monthly reviews of financial data and management reports, and, when possible, developing a non-fee-based shareholder advisory relationship with each company. The Investment Manager is responsible for reporting its findings periodically to the Investment Committee and the Board. While monitoring portfolio companies, the Investment Manager will regularly consider and report to the Investment Committee and the Board on its plan to exit investments.

#### **E. Value Creation Process**

The Company intends to attract active Shareholders to enhance the value creation of its investment process. Most companies in Vietnam currently seek strategic or value-added investors who can assist in management, best practices, sales and marketing, foreign market expansion, and introduction to customers, partners, and investors. Although members of the Investment Manager and the Board have extensive industry and operating experience, the Company will seek active Shareholders who have a strategic interest in Vietnam and will work along side with the Company to create intrinsic value into promising Vietnamese enterprises.

#### **F. Revaluation and Realization**

The successful upward revaluation and eventual realization of the Company's investments is the key to achieving the Company's investment objectives.

Upward revaluation, as distinct from realization, can result if an investment of the Company can, in accordance with the valuation principles applicable to the Company, be valued at a higher level than the amount originally invested. Revaluations occur, for example, due to independent valuation mechanisms, such as the Vietnam Stock Exchange or other stock exchanges on which portfolio companies might be listed, benchmarking, or third-party transactions involving a company in which the Company has an investment, justify valuing investments of the Company at levels higher than the Company's original cost. For Unlisted Companies, valuation will be kept at cost until a significant third-party transaction takes place. This might assist in providing an opportunity for Shareholders in the Company to realize capital appreciation if such Shareholders decide to and are able to sell Shares. However, there can be no assurance that an increase in the Company's reported NAV will actually provide an opportunity for Shareholders to realize capital appreciation.

Realization would occur when the Company deems appropriate to exit an investment. Such realization could occur via a sale of an investment through the Vietnam Stock Exchange, OTC market, or any other exchange on which the securities of a portfolio company might be listed. Additional strategies for realization include trade sales of investments to third parties (institutional, corporate, or individual), sales to joint-venture partners or co-investors in a particular company, and public offerings either within or outside Vietnam.

The ability of the Company to dispose of an investment and the timing and terms of any such disposal may in certain instances be limited or affected by rights of first refusal. For example, under the new Enterprise Law, members of a limited liability company have a right of first refusal in the event of a sale by another member of its interest in the limited liability company. Such rights of first refusal are also common in certain types of investment contracts, such as security purchase contracts or the like.

In addition, where the Company co-invests with other foreign investors, it would be typical for rights of first refusal or other forms of pre-emption to be included in any shareholders' agreement.

## **2.8. Capital Distribution**

The Shareholders may declare dividends, but no dividend shall exceed the amount recommend by the Board. The Board may recommend that the Shareholders declare such amount of dividends as appears to the Board to be justified by the profits and the financial status of the Company. No dividend shall be paid otherwise than out of the Company's profits.

The Company's general intention is to reinvest the capital received on the sale of portfolio investments. However, the Board may from time to time, in its sole and absolute discretion, either use the proceeds of sales of such investments to meet the Company's expenses or to repurchase Shares with such sale proceeds in the manner a summarized in the "Share Repurchases" section immediately below.

Shareholders have no right to require their Shares to be redeemed by the Company.

## **2.9. Share Repurchases**

If and when the Shares are trading at a discount of more than 10% of NAV, the Board may decide to repurchase Shares and cancel them.

After five years, the realized profits from the sale of investments will be used to make a tender offer to repurchase Shares at NAV.

The Company may make payment for any Shares it repurchases in any manner authorized by applicable laws.

## **2.10. Determination of Net Asset Value**

The Company's net asset value ("Net Asset Value" or "NAV") and NAV per Share will be calculated by the Administrator on a monthly basis in accordance with the information supplied to it by the Company or on its behalf as of a Valuation Day. In calculating Net Asset Value and NAV per Share, the Administrator may rely, without further inquiry, investigation or verification, upon information and communications received by the Administrator from any source, including the Investment Manager, or any other person, firm or corporation whatsoever, and the Administrator shall not (in the absence of fraud or willful default on the part of the Administrator) be liable for any loss suffered by the Company or any Shareholder by reason of any error in such calculations by the Administrator resulting from any inaccuracy in any such information.

The Company's NAV per Share shall be determined by dividing its NAV by the number of Shares issued and outstanding at the time of calculation and rounding up to two decimal points.

The Company's NAV shall be expressed in Euros. For the purposes of establishing a EUR NAV, any assets and liabilities denominated in a currency other than EUR will be translated in accordance with the principles expressed in International Financial Reporting Standards ("IFRS") on the basis that the EUR is the Company's functional currency. We anticipate that the Company's NAV per Share will be published within approximately seven days of each Valuation Day.

The Company's NAV will be established in accordance with IFRS and in connection with its investments in accordance with the specific provisions of IAS 39. The Company will, where permitted by IAS 39, state its investments at fair value, with any resulting gain or loss recognized in the profit and loss statement, specifically:

- (i) Listed securities will be valued at their closing bid prices as of the last official close of the applicable exchange on the relevant Valuation Day. Securities traded on a securities exchange for which there has been no sale that day will be valued at the closing bid price on the relevant Valuation Day.

- (ii) Investments in unlisted securities for which an active OTC market exists will be stated at fair value based upon price quotations received from at least three independent brokers.
- (iii) Other unlisted securities, for which no active OTC market exists will be valued at fair value using a valuation technique determined by the Directors and in accordance with IAS 39.

The Company's liabilities will be deemed to include, among other things, such provisions and allowances for contingencies as the Directors may from time to time consider appropriate and in accordance with IFRS.

The Company will publish an announcement to the extent there is any suspension in the calculation of the Company's NAV. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

## **2.11. Foreign Exchange Policy**

It is the Company's policy to determine the valuations of all portfolio investments in Euros. Consequently, the value of its investments may fluctuate with changes in the rate of exchange of the Euro against the Dong or against other currencies. The Company may, however, enter into arrangements to hedge currency risks if such arrangements become desirable and practicable in the future in the interest of efficient portfolio management.

## **2.12. Co-Investment Policy**

The Investment Manager may, from time to time, manage other companies which have similar or different investment objectives and policies to those of the Company. As such, circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more of the other companies managed by the Investment Manager. Where a conflict arises in respect of an investment opportunity, the Investment Manager will allocate the opportunity on a fair basis. In such event, the allocations will normally be made on a pro-rata basis between the Company and the other companies based on the amounts available for investment in each company at the time the investment opportunity arises. However, the Investment Manager will be entitled to recommend to the Board the allocation of investment opportunities on a basis otherwise than as set out above if it deems appropriate. In those circumstances, the Board will determine what level of investment the Investment Manager may make on behalf of the Company.

The Company may also co-invest in projects with third-party investors which have investment objectives and policies that differ from those of the Company. Although the Company may not have control over these investments and therefore, may have a limited ability to protect its position therein, the Investment Manager expects that appropriate rights will be negotiated to protect the Company's interests.

The Investment Manager may from time to time manage one or more companies incorporated, licensed or registered in Vietnam (collectively, "Other Companies"). If appropriate, where the Company has invested in a local company up to the then current foreign ownership restriction, the Company, through one or more Other Companies, may make additional investments in such local company in order to gain control of that company. This would allow the Company to benefit from majority participation in local companies, thereby reducing the risks which may be associated with the use of locally established co-investors/partners and allowing such company to be subject to the sole overall control of the Investment Manager.

## **2.13. Life of the Company**

The Company does not have a fixed life but the Board considers it is desirable that Shareholders have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends to convene an extraordinary general meeting of the Company on a date occurring five years after the Initial Closing (currently expected to

be a date in 2012) where an Ordinary Resolution will be proposed that the Company continue as presently constituted. If such a resolution is passed, the Company will continue its operations and a similar resolution will be put to Shareholders every three years thereafter. If that resolution is not passed, the Directors are required to formulate proposals to be put to the Shareholders for the winding-up of the Company.

### **3. DIRECTORS, MANAGEMENT AND ADMINISTRATION**

#### **3.1. Directors of the Company**

The business of the Company will be managed under the direction of the Company's Board of Directors. The Directors are responsible for establishing the Company's investment objectives, policies and restrictions. Board meetings will generally be held at least once each quarter. The Board will monitor the Company's performance and provide such instructions to the Investment Manager as it considers appropriate.

The Board makes decisions based on a simple majority vote taken at any meeting for which there is a quorum. In case of an equality of votes, the Chairman has a second or casting vote.

Details of the current Directors are set out below:

*Mr. Lee G. Lam*  
*Chairman and Independent Non-executive Director*

Dr. Lee G. Lam is an experienced CEO, company director and investment banker and has over 25 years of international corporate management, governance and finance experience in the telecommunications, media and technology, consumer/retail, property and financial services sectors in the Asia Pacific region. He has held management positions at Hongkong Telecom, A.T. Kearney, Millicom International Cellular (a major joint venture partner with VMS Mobifone, the largest mobile phone operator in Vietnam), Singapore Technologies Telemedia and BOC International Holdings ("BOCI") (the international investment banking arm of the Bank of China group). While at BOCI, he served as Vice Chairman of Investment Banking Division, BOCI's core business. Dr. Lam was President & CEO, and Vice Chairman of Chia Tai Enterprises, one of the key publicly-listed companies of CP Group, a leading overseas Chinese multinational corporation and one of the oldest and largest foreign investors in China. While at CP Group, he was also Vice Chairman of Shanghai Kinghill Limited, the founding Chairman of Chia Tai Department Store, the founding Chairman of Unotel, and a board member of various operating companies of Lotus, a pan-China supermarket business. He is also currently Senior Advisor to Bank of Industrial and Development of Vietnam (BIDV), one of the largest State-owned banks in Vietnam, and Senior Advisor – Asia of Macquarie (Hong Kong) Limited, a member of Macquarie Group. Dr. Lam holds a BSc in sciences and mathematics, an MSc in systems science, and an MBA from the University of Ottawa in Canada, a post-graduate diploma in public administration from Carleton University in Canada, a post-graduate diploma in English and Hong Kong law and an LLB (Hons) in law from the Manchester Metropolitan University in the UK, and a PhD from the University of Hong Kong. He is fluent in English, Cantonese, Mandarin, and Vietnamese.

*Mr. Louis Nguyen*

Louis Nguyen has over 20 years of experience in investment management, financial analysis, and corporate development. Prior to joining the Investment Manager, Mr. Nguyen was Managing Director at VinaCapital, a Vietnam broad opportunity investment firm which manages some of the largest investment funds in Vietnam. He was one of the original management members of VinaCapital and was instrumental in growing the firm from €27.22 million in 2004 to €1.40 billion in 2007. Prior to VinaCapital, he served as Founding General Partner for IDG Ventures Vietnam, a €73.58 million venture capital fund. Prior to IDG, Mr. Nguyen was Vice President at Intelligent Capital, a mergers and acquisitions firm based in San Francisco, California. Prior to that, he was Partner at Osprey Ventures, a €73.58 million venture capital fund based in Menlo Park, California. Mr. Nguyen has extensive operating experience and held management positions at NEC and Apple Computer manufacturing operations. At these corporations, he was responsible for financial controls, corporate governance, total quality management, and continuous process improvements. Prior to that, Mr. Nguyen was with KPMG in Silicon Valley, California, where he specialized in auditing government and technology clients. He is the founder and former Chairman of Asia-Silicon Valley Connection, a networking organization with over 3,000 members consisting of technology entrepreneurs, senior executives, and

private equity investors. Mr. Nguyen is currently Chairman of the WTO Committee, American Chamber of Commerce in Ho Chi Minh City. Mr. Nguyen received a Bachelor of Science in Accounting from San Jose State University, California. He is fluent in English and Vietnamese.

*Mr. Howard Golden*

Howard Golden has been investing in international markets since 1978 and was President of The Brookdale Group Limited, a New York based money management firm from 1991. He specialized in Central and East European markets and was appointed chairman of several investment funds. Mr. Golden has lectured on closed-end funds in London and Prague and at various business schools (Harvard, Univ. Chicago). He has been quoted as an expert in capital markets and corporate governance in The Economist, The Financial Times, The New York Times, The International Herald Tribune, Newsweek, Prague Business Journal and Business Central Europe, among others. He is Chairman of the Board of Directors of The Romanian Investment Fund and Reconstruction Capital II (listed on the London AIMS). He was previously Chairman of The Kazakhstan Investment Fund, a Cayman Island domiciled investment fund and the Romanian Growth Fund, a Dublin Stock Exchange listed fund, and served on the Board of Directors of Framlington Bulgarian Fund until the fund's voluntary dissolution. He also served as Chairman of the Supervisory for the largest Slovak closed end fund, the Slovak Restitution Investment Fund, was on the Supervisory Board of the Czech Restitution Investment Fund, the largest closed-end fund in Central Europe, and also served on the Boards of Beta Vietnam Fund. His tenure on these boards was a result of his activist policy, which involves close and direct supervision of large investments. Since 2003 Mr. Golden has served as President of Terra Partners, where he manages the Worldwide Opportunities Fund which has assets of approximately US\$140 million. Before founding Terra, Mr. Golden practiced law in Chicago, New York and Israel. He is a graduate of the University of Wisconsin with a B.A., J.D. and M.B.A. and is a member of the bar associations in New York State, Illinois, Wisconsin, and Israel. He is fluent in English and Hebrew, and is knowledgeable in Czech.

### **3.2. Investment Manager**

The Company has engaged Saigon Asset Management Corporation, a Cayman Islands exempted company, as the Investment Manager. The Investment Manager has been registered with the Cayman Islands Monetary Authority as an excluded person under the Securities Investment Business Law, as amended. Hanoi Fund Management Company, a joint stock company incorporated in Vietnam, serves as the Investment Advisor to the Investment Manager.

The Investment Manager will provide the full complement of investment management services necessary for the sourcing, evaluating, monitoring and trading of the Company's investment portfolio. Under the Investment Management Agreement, the Investment Manager has been given responsibility for the day-to-day management of the Company's investment portfolio in accordance with the Company's investment policies, objectives and restrictions.

*Mr. Louis Nguyen*  
*CEO and Chairman*

Please refer to Louis Nguyen's biography as detailed under "Directors of the Company" above.

*Mr. Desmond Lin*  
*Director*

Desmond Lin has over 14 years of on-the-ground experience in investment management and value creation in Vietnam. Mr. Lin is a renowned shareholder in Vietnam and a key investment liaison with Taiwan. Prior to joining the Investment Manager, Mr. Lin was Managing Director at GrandFord Venture Capital; an investment fund specialized in listed, OTC, private equity, and infrastructure development. GrandFord was responsible for investments and building of over 500 bridges in Asia. In addition, Mr. Lin was the lead

shareholder in various key targets including the Phu My Bridge, a €117.72 million project in Ho Chi Minh City; International Creative Kids, a franchise of international schools in Vietnam; Horwath Technologies and Momentum Corporation, two leading banking and payment system companies, and How Yu, a major construction company with key joint venture contracts with Manila Water and Vietnam Ministry of Defense' Company 59. Mr. Lin was Deputy General Director at various landmark projects and major joint ventures in Vietnam including the Legend Hotel, Saigon & Riverside Office Building, Hai Thanh Kotobuki, Fei-Yei/Futsu, and Dat Viet. In addition, he held senior management positions at Hallyard Resort, Peito & WuLai in Taiwan. Mr. Lin received his MBA from the University of Southern California and a BS from the University of Oregon. He is fluent in English, Cantonese, Mandarin, and Vietnamese.

### **3.3. Investment Committee**

The Investment Committee, established by the Board, will be responsible for reviewing proposed investments presented to it by the Investment Manager. Specifically, the Investment Committee is directly in charge of expanding upon the due diligence process with respect to target companies and/or projects that have been identified by the Investment Manager. The Investment Committee, subject to the approval of the Board under certain circumstances, makes the final decision as to whether the Company will invest in a particular company or project, the structure of such investment, and amount of capital to be invested in such company or project. The Investment Committee will monitor and periodically review each portfolio investment after an investment has been made by the Company for purposes of determining the optimal point to exit such investment in order to maximize returns for Shareholders. Each decision made by the Investment Committee will be made by the approval of a simple majority of the members of the Investment Committee, with each member having one vote. In case of an equality of votes, Mr. Lee G. Lam has a second or casting vote. The Investment Committee currently has four members as follows:

*Mr. Lee G. Lam*

Please refer to Lee G. Lam's biography as detailed under "Directors of the Company" above.

*Mr. Markus Winkler*

Markus Winkler was educated at the University of Zurich and the Business School of St. Gall, where he graduated. After training with Bank Leu AG and UBS AG, he founded VGZ Vermoögensverwaltungs-Gesellschaft Zurich, a wealth management company of which he is the President of the Board of Directors. He is a founder-member and a former Vice-President of the Swiss Association of Asset Managers as well as a founder and board member of the Swiss Shareholders' Association. Mr. Winkler is widely experienced in the investment world and, in addition to his professional commitments, is a regular lecturer and writer on investment matters. Mr. Winkler is a member of a number of advisory and supervisory boards of emerging market funds.

*Mr. Louis Nguyen*

Please refer to Louis Nguyen's biography as detailed under "Directors of the Company" above.

*Mr. Chris Chung*

Chris Chung is the founder and CEO of Titanium Group of companies, an infrastructure development company which includes Titanium Management, Titanium Construction, and Titanium Engineering. Titanium specializes in building roads, ports, power stations, manufacturing plants, shopping centers, and participated in building over 400 bridges in Asia over a period of 8 years. Prior to founding Titanium, Mr. Chung was Senior Business Development executive of Sarwaja Timur, a construction company responsible for major infrastructure projects in Malaysia. Prior to that, he was a Corporate Investment Executive of Sarawak Securities responsible for corporate finance, asset management, project



financing, underwriting, and road-shows. Mr. Chung holds a Master degree in Finance from Birkbeck College, University of London, and a post graduate degree in Management from the University of East London. He also earned a BA in Business Administration from the London International College.

### **3.4. Advisory Committee**

The Investment Manager has established an Advisory Committee consisting of senior executives, investment domain experts, and professional board members to assist the Investment Manager in fund formation, deal flow sourcing, due diligence, ongoing investment management, corporate governance, and value creation for Shareholders. The Advisory Committee will only have an advisory role with respect to the Company in that all investment decisions will be made by the Investment Committee. The biographies of the Company's Advisory Committee members are set out below:

*Mr. Markus Winkler*

Please refer to Markus Winkler's biography as detailed under "Investment Committee" above.

*Mr. Steven V. Le, Ph. D.*

Dr. Steven Le has over 30 years of experience in the areas of securities analysis and portfolio management. Dr. Le was chief Investment Officer at SVL Investment Management, an investment advisory company in California (USA) that is registered with the U.S. Securities and Exchange Commission, and Pegasus Global Capital, LLC, a private equity management company.

Since 1999, on behalf of the United Nations, Dr. Le led a team of experts to provide assistance to the Vietnamese government in developing policies and guidelines in Valuation and Financial Settlements for Equitization of State-Owned Enterprises. Some of these equitized companies are currently listed on the Vietnam Stock Exchange. In addition, he also provided training and consulting to the Ministry of Finance – Vietnam in the area of Financial Settlements. As Founder of Pegasus Fund-1 (Vietnam), LLC and Pegasus Fund-2 (Vietnam), LLC, he led a real estate investment team in the development of two ocean-front luxury resorts-hotels & villas in Danang (Vietnam). In 2001, Dr. Le and PricewaterhouseCoopers raised substantial amount of capital for the feasibility study and construction of the Danang airport terminal in Vietnam.

Dr. Le was Managing Director of a national economic consulting firm in Washington, DC (1983), Director of Economics at the State of Maryland, USA (1979), and a key member of the corporate strategic planning team of a billion-dollar asset company located in Kansas City (1977). Dr. Le was a Professor and Chairman of the Finance, Real Estate and Law Department at the College of Business Administration, California State University, Long Beach. He completed his post-graduate studies at Harvard University majoring in Finance & Investment Decisions. Dr. Le is a Vietnamese-American and is fluent in both English and Vietnamese.

### **3.5. Administrator**

Deutsche Bank (Cayman) Limited, established in 1983, has been appointed the Company's Administrator pursuant to an Administration Agreement (the "Administration Agreement"). Deutsche Bank (Cayman) Limited is an ordinary company with limited liability incorporated in the Cayman Islands on 14 February 1983. Its office is located at Boundary Hall, Cricket Square, P.O. Box 1984, Grand Cayman KY1-1104, Cayman Islands. The Administrator holds a category "A" banking licence and an unrestricted trust licence issued pursuant to the Banks and Trust Companies Law of the Cayman Islands. The Administrator is also a licensed mutual fund administrator pursuant to the Mutual Funds Law of the Cayman Islands. Its ultimate parent company is Deutsche Bank AG.

Deutsche Bank AG, Ho Chi Minh City Branch, established in 1992, has been appointed the Company's Custodian pursuant to the Custody Agreement dated on the 25 day of July,

2007 (the "Custody Agreement"). The Ho Chi Minh City branch of Deutsche Bank AG is located at Saigon Centre, 65 Le Loi Boulevard, District 1, Ho Chi Minh City, Vietnam. In 1995, Deutsche Bank AG became the first foreign bank to be granted a safe-keeping license in Vietnam and in 2000 became the first foreign bank to be granted a Custody Services License. In 2006, it was the only service provider to receive a top-rated rating by Global Custodian Bank Magazine and the only custodian offering fund administration services in Vietnam.

Deutsche Bank AG, incorporated in 1870 under the laws of Germany, is a global financial service provider delivering commercial, investment, private and retail banking. As of December 2006, Deutsche Bank had 64,103 employees from 130 nations offering unparalleled financial services in 73 countries throughout the world.

Under the Administration Agreement, the Administrator will be responsible for, among other things, providing registered office services to the Company; calculating the NAV of the Company; performing various administrative, registrar and transfer agency and other services for the Company in respect of the Company, including, without limitation, maintaining the register of Shareholders; processing subscriptions and redemptions of Shares; dealing with and replying to all correspondence and other communications addressed to the Company in relation to the replacement or transfer of Shares; performing all anti-money laundering/shareholder identification checks; and performing all other incidental services necessary to its duties under the Administration Agreement.

Under the Administration Agreement, the Company agrees to indemnify the Administrator from all charges, costs, damages, losses, claims, liabilities, expenses, fees and disbursements (together with any value added tax or similar tax imposed from time to time), which the Administrator may suffer or incur howsoever in connection with or arising from the Administration Agreement other than those resulting from fraud or willful default on the part of the Administrator.

The Administration Agreement may be terminated by either party giving not less than ninety (90) days' written notice to the other party. In addition, either the Company or the Administrator can terminate the Administration Agreement by providing written notice to the other if the other party commits any material breach of its obligations under the Administration Agreement and fails to remedy such breach (if capable of remedy) within five (5) Business Days of the mailing of notice from the non-defaulting party requiring it to do so.

The Administrator shall also have the right to terminate the Administration Agreement immediately without notice or cure period, if (i) the Company goes into liquidation, bankruptcy, is dissolved or a receiver is appointed over any of its assets, or any similar events occur, (ii) the Investment Manager (or control person thereof) is no longer serving as the investment manager (or control person) of the Company's assets and the Administrator determines, in its sole discretion, that the successor investment manager (or control person) is not acceptable; (iii) if either the Company, any one of the Directors of the Company, or the Investment Manager violates applicable law or is named as a respondent, defendant or is otherwise the focus of a regulatory, civil or criminal proceeding; or (iv) if the Administrator has reasonable grounds to believe, and has consulted competent outside counsel who advises, that the Company or the Investment Manager is engaging in actions that could expose the Company, the Investment Manager, the Administrator or the Administrator's affiliates to material liability or significant reputational risk.

The Administrator will receive an annual fee for accounting and valuation services provided to the Company subject to a minimum monthly fee of US\$7,000 chargeable pro rata in the year of inception, a monthly fee of US\$1,000 in the year of inception for shareholder services provided to the Company in addition to a US\$200 fee per shareholder for setting up the register of shareholders, and an annual fee of US\$3,500 for providing registered office services to the Company. The Administrator will also receive reimbursement of out-of-pocket expenses incurred on behalf of the Company in connection with the services performed by the Administrator.

The Administration Agreement is governed by Cayman Islands laws.

Neither the Administrator nor the officers, directors, members, employees or agents of the Administrator are directly involved in the business affairs, organization, sponsorship or management of the Company nor will they be responsible for the preparation or issue of this Placing Memorandum other than in respect of the description of the Administrator and the services it will provide.

The Administrator shall not be responsible for the monitoring of the investments made by the Investment Manager or the compliance with the investment policies and investment restrictions contained in this Placing Memorandum or the Articles. The Administrator will not review or control the valuation of the assets as may be held in the Company's account from time to time. The Administrator has no decision-making discretion relating to the Company's investments. The Administrator is a service provider to the Company and is not responsible for the preparation of this Placing Memorandum and therefore accepts no responsibility for the accuracy of any information contained in this Placing Memorandum (except in respect of information set out in this section 3.5 relating to the Administrator).

## **4. THE INVESTMENT MANAGEMENT AGREEMENT**

### **4.1. Services**

The Investment Manager shall be responsible for, among other things, identifying investment opportunities for the Company, analysis of such opportunities and execution of any investment transactions in the name and on behalf of the Company. The Investment Manager will also furnish the Company with such statistical and analytical information with respect to the Company's portfolio securities as it may believe appropriate or as the Company reasonably may request.

### **4.2. Management Fee**

The Company will pay to the Investment Manager a monthly Management Fee equal to one-twelfth of two percent (2.00%) of the Net Asset Value of the Company, which will be payable monthly in arrears on the first Business Day of each month and be calculated by reference to the Valuation Day at the end of the preceding month or, if none, the first Valuation Day during such period (such fee will be pro-rated in respect of a partial month). The Investment Manager can also receive a Performance Fee under certain circumstances, which is more fully described immediately following this section.

### **4.3. Performance Fee**

The Investment Manager, under certain circumstances, will be entitled to a Performance Fee. This Performance Fee is payable to the Investment Manager in arrears within fourteen (14) days of the Directors approving the annual audited financial statements of the Company in respect of any Accounting Period in which a Performance Fee becomes due. The Performance Fee will be twenty percent (20%) of the amount of N in the following equation, provided that N is a positive figure:

$$N = O - P$$

Where:

N is the relevant amount against which the Performance Fee will be calculated;

O is the Net Asset Value of all Shares on the last Valuation Day in that Accounting Period plus the net asset value of all distributions made in respect of all Shares in all prior years by way of dividend, or return of capital, or otherwise;

P is (i) in respect of the first payment of a Performance Fee an amount equal to:

$$Q + R + T$$

Where:

Q is an amount equal to the aggregate amount subscribed as at the Initial Closing Date pursuant to the Placing Memorandum excluding set-up costs, compounded at the rate of eight percent per annum with effect from the Initial Closing Date until the last Valuation Day in that Accounting Period;

R is an amount equal to the aggregate amount subscribed as at the General Closing Date pursuant to the Placing Memorandum excluding set-up costs, compounded at the rate of eight percent per annum with effect from the General Closing Date until the last Valuation Day in that Accounting Period;

T is an amount equal to any amounts of capital raised by the issue of Shares, other than the amount referred to in respect of Q and R above, exclusive of set-up costs, compounded at the rate of eight percent per annum with effect from the date of issue of those Shares until the last Valuation Day in that Accounting Period; and

(ii) in respect of any subsequent payment of an Performance Fee, an amount equal to the sum of:

(a) the amount of O previously determined in calculating the most recent Performance Fee actually paid, compounded at the rate of eight percent per annum with effect from the Valuation Day by reference to which that Performance Fee was calculated; and

(b) any amounts of capital raised by the issue of Shares during the period since the Valuation Day referred to at (a) above, exclusive of placing fees, compounded at the rate of eight percent per annum with effect from the date of issue of those Shares until the last Valuation Day in that Accounting Period.

#### **4.4. Other Fees and Reimbursements**

With the consent of the Company, the Investment Manager may delegate certain of its duties and obligations to an investment advisor (including HFM) and may pay fees to any investment advisor to whom it delegates any of its functions, provided that, unless requested to do so by the Board, such fees shall be paid directly by the Investment Manager and are not reimbursable by the Company.

Subject to such limitation, if the Investment Manager reasonably determines that the advice or opinion of third-party professional advisors in connection with the Company's assets or in relation to the general administration of the Company is required, the Company will reimburse the Investment Manager for its costs incurred in connection with such request.

The Investment Manager is entitled to be reimbursed by the Company for any costs it incurs for the purposes of communication with Shareholders in connection with the performance of its obligations, including the sending of reports to Shareholders, and for reasonable travel and accommodation costs incurred in travelling outside Vietnam.

All fees and expenses of the Placement and Listing, which will include the costs for incorporation of the Company and the fees of the professional advisors in respect of the preparation of this Placing Memorandum and all other ancillary documentation, will be paid out of the gross Placement proceeds. The Directors do not anticipate that the formation and initial expenses relating to the Placement and Listing will exceed three point five percent (3.5%) of the gross Placement proceeds.

The Investment Manager and/or its members, shareholders, principals, officers or affiliates may receive fees (collectively "Fees") from portfolio companies or other entities in connection with providing consulting, financial advisory, and/or investment banking services to the portfolio companies or other entities or in connection with such parties' or the Company's investing in portfolio companies. Any such Fees received in connection with the Company's investments in portfolio companies are intended to defray the costs incurred in originating, entering into and servicing the Company's investments. Neither the Company nor any Shareholder shall have the right to share in the Fees.

#### **4.5. Liability**

The Investment Management Agreement provides that the Investment Manager may rely on information it reasonably believes to be accurate and reliable. In the absence of fraud, malfeasance, bad faith or negligence on the part of the Investment Manager, or of reckless disregard of its obligations thereunder, neither the Investment Manager nor its officers, directors or employees shall be subject to liability for any act or omission in the course of, or connected with, rendering services to the Company.

The Company has agreed to indemnify the Investment Manager, its affiliates, directors, members, officers, employees or agents (including the Investment Advisor), and/or the legal representatives of any of them, and any controlling person of any of them (collectively, the "Indemnified Persons") and hold such Indemnified Persons harmless from and against all losses, claims, damages, liabilities, costs, expenses (including, without limitation, reasonable legal and accounting fees and disbursements), judgments and

amounts paid in settlement (collectively, "Losses") incurred or sustained by such Indemnified Persons in the performance of any duties hereunder, so long as such Indemnified Person or Persons shall have provided reasonable documentary evidence of such Losses and except to the extent that such Losses arise by reason of such Indemnified Person's or Persons' own negligence, wilful misconduct, fraud, dishonesty, or reckless disregard by it of its obligations or duties thereunder. Such indemnity will not apply however, where the liability arises out of any dispute between the Investment Manager and any agent, delegate or sub-manager appointed by the Investment Manager or its affiliates when such agent, delegate or sub-manager have acted with fraud, malfeasance, bad faith, wilful misconduct or negligence on the discharge of the delegated duties. To the extent permitted by law, the Company may advance the expenses of defending any such claim. The indemnification is limited to the Company's net assets.

#### **4.6. Arbitration**

Any dispute or controversy between the parties to the Investment Management Agreement involving the interpretation, construction or application of any terms, covenants or conditions of the Investment Management Agreement or subscription documents, or any transactions under or claim arising out of or relating thereto, shall be submitted to arbitration in the Cayman Islands conducted pursuant to the Arbitration Law (2001 Revision) of the Cayman Islands, before a panel of three arbitrators. The arbitrators shall apply the substantive law of the Cayman Islands to the claims asserted. Such arbitration shall be the exclusive remedy thereunder, and each party expressly waives any right it may have to seek redress in any other forum. Any decision and award of the arbitrators shall be binding upon the parties, and judgment thereon may be entered in any court having jurisdiction.

#### **4.7. Assignment**

The Investment Management Agreement provides that the Investment Manager cannot assign its rights and obligations under such agreement (without prejudice to delegation provisions) except to an affiliate.

#### **4.8. Term**

The Investment Management Agreement remains in effect for the life of the Company. It may be terminated in certain specified circumstances including by either party forthwith by giving notice in writing to the other if (i) the other party becomes unable to pay its debts, or commits an act of bankruptcy (under the laws of the other's jurisdiction of incorporation); or (ii) a receiver is appointed over any of the assets of the other party. It may also be terminated by the Company forthwith by giving notice in writing to the Investment Manager in the event that (i) the Investment Manager commits any material breach of its obligations under the Investment Management Agreement and (if such breach shall be capable of remedy) fails, within thirty (30) days of receipt of notice in writing served on it by the Company requiring it to do so, to make good such breach; (ii) the Investment Manager is or was negligent in the performance of its duties under the Investment Management Agreement in a manner which resulted in a substantial loss in the reasonable opinion of a majority of the Board being incurred by the Company; or (iii) the Investment Manager goes into liquidation (except a bona fide voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously agreed by the parties); subject, in each case, to the Company having obtained the approval of seventy-five (75%) of the issued and outstanding Shares (other than the Shares held by the Investment Manager and its affiliates) at a general meeting to the giving of such notice to the Investment Manager.

## 5. FEES AND EXPENSES

As further described below, all organizational and operating expenses of the Company are borne by the Company. These expenses include, but are not limited to, the Management and Performance Fees and the fees of the Administrator; brokerage commissions on portfolio securities transactions for the Company; withholding taxes, transfer taxes and other governmental charges and duties; fees of the Company's Directors, legal advisors, and independent auditors; the costs of maintaining the Company's registered agent; the costs of printing and distributing offering materials; all costs relating to insurance, brokerage, clearing, and settlement; the fees of attorneys and accountants with respect to the offering of Shares; and any reports and notices to Shareholders or prospective Shareholders together with any extraordinary expenses.

The Company will bear out-of-pocket expenses as follows:

1. Organizational expenses of the Company, third-party legal expenses involved in drafting relevant agreements, establishing the Company and meeting any regulatory requirements.
2. Other operational expenses:
  - (i) The costs of holding the annual Shareholders' meeting which shall include the cost of any travel and accommodation or out-of-pocket expenses of the Investment Manager, the Investment Advisor and their affiliates, but shall not include the cost of any travel or accommodation or out-of-pocket expenses for the Shareholders or representatives of the Target Companies.
  - (ii) Any third-party transaction costs incurred in assessing, auditing, acquiring, documenting, litigating and divesting a portfolio investment. Such costs will be capitalized as part of the cost of the investment.
  - (iii) Other corporate and administrative fees and expenses.
  - (iv) The costs and expenses of seeking and maintaining a Listing of the Company.
  - (v) General on-going taxes or legal expenses (i.e. not related to specific transactions).

The Company will also bear indirect operational and administrative costs and expenses with respect to its investment structure. If it appears expedient for tax or regulatory reasons, the Company may make its investments through wholly-owned subsidiaries, incorporated in any jurisdiction that may be chosen for the referred reasons, or through any other investment fund or vehicle formed in any jurisdiction. Most likely, the Company will make its investments in Vietnam through a Vietnamese private equity fund formed for this specific purpose (i.e., the local investment fund managed by HFM). Such operational and administrative costs and expenses will be paid out of the assets of the Company and therefore impact on the Company's results.

## **6. SUMMARY OF PRINCIPAL TERMS**

The following is a summary of the principal terms of the Articles and the Subscription Agreement. The form of the Subscription Agreement and the Articles will be furnished to qualified Shareholders and their advisors upon request, and should be reviewed carefully before subscribing to purchase Shares. This summary is qualified in its entirety by reference to the Articles and Subscription Agreement.

### **Company:**

Vietnam Equity Holding (the "Company") is an exempted company incorporated in the Cayman Islands with limited liability on August 9, 2007.

### **Board of Directors:**

The Company is governed by a Board of Directors (the "Board" or the "Directors") whose members consist of the following:

- Lee G. Lam, Chairman
- Louis Nguyen
- Howard Golden

### **Investment Manager:**

The Company and its portfolio will be managed by Saigon Asset Management Corporation (the "Investment Manager"), an exempted company incorporated in the Cayman Islands in August 2007, subject to the overall policies, control, direction, review, instructions and supervision of the Board.

### **Investment Advisor:**

Hanoi Fund Management Company (the "Investment Advisor"), a joint stock company incorporated in Vietnam, serves as an investment advisor to the Investment Manager. The Investment Advisor operates a domestic licensed asset management company from its headquarters in Hanoi and representative office in Ho Chi Minh City.

### **Offering:**

The Company will issue up to 50 million shares in its initial and general public offering of ordinary shares in the Company ("Shares") at an issue price of €2.50 per Share. During the period leading up to the Initial Closing Date, the Board, in its sole discretion, may agree to issue Shares at a discount of up to a maximum of 3%.

### **Term:**

5 years. See "Life of the Company" at section 2.13 for further details.

### **Shareholders:**

Eligible shareholders whose subscription agreements to purchase Shares are accepted by the Board, in its sole discretion, will be admitted as shareholders in the Company ("Shareholders"). Eligible Shareholders are foreign and certain US institutions and corporations that qualify as "accredited investors" within the meaning of the Securities Act.



**Minimum Subscription:**

The minimum investment by any Shareholder is €50,000 (net of any bank charges).

**Closing:**

The Board anticipates holding an initial closing (a "Closing") on October 19, 2007, or the date upon the Company reaching aggregate subscriptions of at least €3.5 million or such other date determined by the Board upon the Company reaching a satisfactory level of subscriptions ("Initial Closing"). The Board may hold one or more subsequent Closings to admit additional Shareholders to the Company or to accept increased subscriptions from existing Shareholders and anticipates holding a general Closing on such other date as the Company and the Board may decide ("General Closing Date"). However, there is no assurance that there will be any Closings after the Initial Closing.

Application for Shares should be made by completing and signing the Subscription Agreement enclosed with this Placing Memorandum and mailing the original document to the Administrator whose address is set out below:

Deutsche Bank (Cayman) Limited

Boundary Hall,

Cricket Square,

P.O. Box 1984,

Grand Cayman KY1-1104,

Cayman Islands

Email: fund.services@db.com

Fax: +1 345 949 5223

Alternatively, application may be made by facsimile or email by completing and signing the Subscription Agreement and returning the original to the Administrator. In the event that application is made by facsimile or email, the applicant must send the signed original application to the Administrator for delivery within five (5) working days of the date such facsimile or email was made. Payment for Shares should be made by wire transfer. The Company has the right to accept or reject (in whole or part) any subscription application for Shares. Applicants should be aware of the risks associated with sending faxed or emailed applications and that the Administrator accepts no responsibility for any loss caused due to the non-receipt of any fax or email. Unless otherwise agreed to, applications for the issuance of Shares on a particular Closing must be received by 12:00 p.m. (Cayman time) at least five (5) Business Days immediately preceding the relevant Closing with cleared funds to be received by the relevant Closing. Shares will be held in book entry form and in such cases, a contract note only will be sent to the applicant upon receipt of cleared funds and the properly completed subscription form and acceptance of such funds by the Company. Applications received after this time may be returned to the applicant without interest.

Applications are subject to the terms of this Placing Memorandum, the Memorandum and Articles of Association and the Subscription Agreement. The Company reserves the right to refuse to accept the subscription of any person for any reason whatsoever.

**Distributions:**

The Shareholders may declare dividends, but no dividend shall exceed the amount recommend by the Board. The Board may recommend that the Shareholders declare such amount of dividends as appears to the Board to be justified by the profits and the financial status of the Company. No dividend shall be paid otherwise than out of the Company's profits. The Board may, but is not required to, make cash distributions to all Shareholders to pay certain taxes arising from taxable income allocated to Shareholders by the Company. See "Capital Distribution" at section 2.8 for further details.

**Management Fee:**

An annual fee of two-percent (2.0%) of the NAV of the Company, payable monthly in arrears. See "Management Fee" at section 4.2 for further details. Neither the Company nor any Shareholder shall be entitled to share in any compensation, directors' transaction or advisory fees payable to the Investment Manager, the Investment Advisor, their members, principals or any of their executive employee, or affiliated entity, nor shall the Company be entitled to offset Management Fees or other obligations owed to the Investment Manager by the amount of such compensation or fees.

**Performance Fee:**

The Investment Manager will be entitled to receive a Performance Fee equal to twenty percent (20%) of the increase in the NAV of the Company above a certain hurdle rate. See "Performance Fee" at Section 4.3 for further details.

**Investment Manager Expenses:**

From the Management Fee and Performance Fee, if any, the Investment Manager will pay its ordinary expenses associated with administering the Company, including salaries, benefits, and other routine expenses, the fees of the Investment Advisor, out-of-pocket relating to local travels in connection with initial sourcing of portfolio investments and "back-office expenses."

**Company Expenses:**

The Company will pay all operating expenses not borne by the Investment Manager and all liquidation expenses of the Company. In addition, the Company will pay the actual organization expenses of the Company, including legal and accounting fees and other formation expenses. See "Fees and Expenses" at section 5 for further details.

**Investment Manager Powers and Duties:**

The Investment Manager will manage and have sole control over the business and affairs of the Company, will make all investment and investment-related decisions on behalf of the Company, and will have sole authority to enter into agreements on behalf of the Company. The Shareholders acknowledge that the Investment Manager and its principals and employees may undertake or have obligations to existing and future investment companies and business activities other than the Company. Notwithstanding the foregoing, the Investment Manager and its senior management team, so long as they remain affiliated with the Investment Manager, shall devote such time to the Company as is reasonably necessary to manage the Company's business affairs.

**Parallel Companies:**

The Investment Manager or its affiliates may form one or more investment companies for the purpose of co-investing with the Company on the same terms offered the Company, to accommodate regulatory requirements of certain Shareholders, strategic Shareholders, and affiliated Shareholders. Investment opportunities will be allocated among the Company and such parallel Companies based on their relative available capital for such investment on the terms of the Articles.

**Other Companies; Co-investments:**

There are no restrictions on the Investment Manager's, its principals' or affiliates' right to form other investment companies or ventures, including those with similar investment strategies and asset classes as the Company. The Investment Manager may offer the right to participate in investment opportunities of the Company to such other investment companies, its affiliates, principals and employees, or to other private Shareholders, on terms not materially more advantageous to them than the terms offered to the Company, as described in the Articles.

**Company Indemnification Obligation:**

Because the Board and the Investment Manager may be of influence in portfolio companies or undertake business activities on behalf of the Company, the Board and the Investment Manager, their principals, employees and agents, may become subject to claims and liabilities, including those normally associated with being an officer or director of a corporation. Generally, the Company shall indemnify and hold harmless the Board and the Investment Manager, members of the Investment Committee and the Advisory Committee, and their partners, employees and other agents to the fullest extent allowed by law, against claims, liabilities, costs, and expenses, including attorney fees, legal costs, and reasonable insurance premiums of the Company, the Board and the Investment Manager, incurred by them in connection with their activities on behalf of the Company, *provided* that such claims do not result from actions not taken in good faith or from fraud, recklessness, willful misconduct or negligence. Some of these costs and expenses of defense may be paid by the Company in advance, subject to repayment by the indemnified person in the event they are not ultimately entitled to indemnification.

**Reports:**

The Company will distribute unaudited quarterly reports and summary of new investments and dispositions within sixty (60) days after the end of each of the first three fiscal quarters, and audited annual reports, tax information and reporting materials within one-hundred-twenty (120) days after the end of each fiscal year. The Company's general accounting and books will be maintained and reported in Euro. Reports may be delivered to Shareholders by controlled website access. The audited accounts of the Company will be prepared under International Financial Reporting Standards.

**Irrevocable Power of Attorney:**

The Board will be granted an irrevocable power of attorney, coupled with an interest, by each Shareholder to make, execute, sign and file certain matters on behalf of the Shareholder and to vote its Shares on matters that may be voted on by the Shareholders at regular or special meetings of the Company on terms specified in the Subscription Agreement.

**Functional Currency:**

The Company's functional currency is the Euro. As of the date of this Placing Memorandum, the conversion rate of Euros in to Dollars was 1 Euro = 1.3893 U.S. dollars.

**Auditor:**

Grant Thornton (Vietnam) Ltd., an independent member firm of Grant Thornton International, will serve as the auditors for the Company.

**Legal Counsel:**

Reed Smith LLP will represent the Investment Manager and the Company as legal counsel. DC Lawyers will represent the Investment Manager, the Investment Advisor and the Company as legal counsel as to matters of Vietnamese law. Appleby will represent the Investment Manager and the Company as legal counsel as to matters of Cayman Islands law. Reed Smith LLP, DC Lawyers, and Appleby will not represent any Shareholder in connection with the representation of the Company or the preparation of the Articles.



## DIRECTORY

<b>Directors</b>	Lee G. Lam, Chairman Louis Nguyen Howard Golden
<b>Registered Office</b>	c/o Deutsche Bank (Cayman) Limited Boundary Hall, Cricket Square, P.O. Box 1984, Grand Cayman KY1-1104 Cayman Islands
<b>Investment Manager</b>	Saigon Asset Management Corporation Clifton House, 75 Fort Street George Town, Grand Cayman Cayman Islands  Representative Office: TMS Building, 12th Floor, 172 Hai Ba Trung Street, District 1, Ho Chi Minh City, Vietnam
<b>Investment Advisor</b>	Hanoi Fund Management Company Head office: 6th Floor, Toserco Building, 273 Kim Ma Street, Ba Dinh District, Hanoi, Vietnam  Representative Office: TMS Building, 5th Floor, 172 Hai Ba Trung Street, Ho Chi Minh City, Vietnam
<b>Legal adviser to the Company as to US and German laws</b>	Reed Smith LLP 599 Lexington Avenue, 29th Floor New York, New York 10022 USA
<b>Legal adviser to the Company as to Cayman laws</b>	Appleby Clifton House, Fort Street PO Box 190 George Town Grand Cayman KY1 1104, Cayman Islands
<b>Legal adviser to the Company as to Vietnamese laws</b>	DC Law Sun Wah Tower, Suite 2003 115 Nguyen Hue Boulevard District 1, Ho Chi Minh City Vietnam
<b>Auditors</b>	Grant Thornton (Vietnam) Company Ltd. 28 <sup>th</sup> Floor Saigon Trade Center 37 Ton Duc Thang Street, District 1 Ho Chi Minh City Vietnam
<b>Administrator</b>	Deutsche Bank (Cayman) Limited Boundary Hall, Cricket Square, P.O. Box 1984, Grand Cayman KY1-1104, Cayman Islands
<b>Custodian</b>	Deutsche Bank AG, Ho Chi Minch City Branch Floor 14, Saigon Centre 65 Le Loi Boulevard, District 1 Ho Chi Minh City Vietnam

## **7. ABOUT VIETNAM**

### **7.1. Country Overview**

Vietnam is situated in the eastern part of the Indochina peninsula and is bordered by China to the north, Laos and Cambodia to the west and the East Sea to the east and south. In term of land mass, Vietnam occupies a territory of approximately 332,000 sq km with cultivated land representing 40.2% of Vietnam's total land area in 2006. Major agricultural products include rice, coffee, fruits and vegetables. Vietnam's major industries include manufacturing, construction, mining, and quarrying.

Vietnam ranks as the thirteenth most populous country in the world with an estimated population of 85 million in 2006. The estimated population density was 260 people per sq km in 2006. The principal cities are Hanoi, the capital (estimated population 3.5 million in 2006), and Ho Chi Minh City (estimated population 6.2 million in 2006). In 2006, 31.0% of Vietnam's population resided in urban areas. In recent years, Vietnam has been undergoing rapid urbanization with the urban population increasing at a compound annual growth rate of 3.8% between 2000 and 2006 compared to an increase in the rural population of 0.7% over the same period.

#### **7.1.1. Government Structure**

On July 2, 1976, the National Assembly of reunified Vietnam changed the country's name to the Socialist Republic of Vietnam. The Communist Party of Vietnam, founded in 1930, is the ruling party. In April 2006, the Communist Party held its tenth national congress to, among other things, elect a new central committee headed by the General Secretary of the party. Mr. Nong Duc Manh was re-elected to this post for a second term.

The four levels of government are the central, provincial, district, and communal levels. Under the constitution enacted by the National Assembly in 1992 and amended in 2001, the National Assembly is the highest organ of the state, while the government is the executive organ of the National Assembly and the highest organ of State administration. Other central level institutions established under the constitution include the Presidency, the Supreme People's Court and the Supreme People's Procuracy. There are currently 59 provinces and 5 centrally-run municipalities.

#### **7.1.2. International Relations and Integration Into the World Economy**

Vietnam maintains diplomatic relations with over 150 countries and with various international institutions. Vietnam has been a member of the United Nations since 1977 and is a member of many other international organizations, including the International Bank for Reconstruction and Development, the International Monetary Fund, and the Asian Development Bank. It is a member of the Association of Southeast Asian nations and the Asia-Pacific Economic Cooperation Forum, and is also a party to the ASEAN Free Trade Area. In 1995, Vietnam entered into the General Agreement on Economic Cooperation with the European Union.

In 2000, Vietnam and the United States entered into a Bilateral Trade Agreement ("USBTA"). The USBTA is valid for a three-year period, with automatic renewal unless one of the parties notifies the other of its intent to terminate the agreement at least 30 days before the end of a term. Vietnam's obligations under the USBTA require it to liberalize trade and investment, accede to international trade agreements and to implement general principles consistent with WTO practices. Vietnam and the US signed a bilateral market access agreement on May 31, 2006. As a result, legislation was introduced in the US Congress to grant Vietnam permanent normal trade relation status.

On October 26, 2006, the Working Party on the Accession of Vietnam to the WTO met in Geneva for its 14th and final session. The meeting concluded eleven years of preparation, including eight years of negotiations, with the approval by all Working Party members of Vietnam's WTO accession package. On November 7, 2006, a meeting of the General Council of the WTO approved Vietnam's membership agreement and Vietnam became the 150th member of the WTO on January 11, 2007.

The package of Vietnam's accession documents consists of the Schedule of Concessions and Commitments on Goods, the Schedule of Specific Commitments on Trade in Services and the Working Party Report. The Schedule of Concessions and Commitments on Goods sets forth a list of tariffs, quotas and ceilings on duties for agricultural and non-agricultural goods. Some of these involve reductions phased over periods up to 2014, the precise end date varying from product to product. The Schedule of Specific Commitments on Trade in Services describes the services sectors that foreign service providers will be granted access to, either immediately upon accession or subject to a phase-in period, and stipulates any additional conditions including limits on foreign ownership. Finally, the Working Party Report describes Vietnam's legal and institutional framework for trade, along with commitments Vietnam has made in many areas, including on foreign exchange, reform of State enterprises, pricing and price controls, trading rights, excise duties, quantitative or other restrictions, and intellectual property rights.

## **7.2. Economic Overview**

Vietnam has one of the fastest growing economies in Asia. Since embarking on a path of economic reform, GDP has increased from €5 billion in 1986 to approximately €44.85 billion in 2006. Vietnam's GDP growth in 2006 was 8.2%. Vietnam has been undergoing a transition from a centrally-planned agrarian economy to a diversified market economy with growing industrial and services sectors. Vietnam produces and exports a wide range of primary commodities and manufactured goods including oil and gas, rice, coffee, aquatic products, garments, footwear, electronics and handicrafts. Tourism, telecommunications, construction, infrastructure, trade, transportation, finance and other services are increasingly contributing to the growth of the Vietnamese economy.

The participants in Vietnam's economy can be categorized into the State, non-State, and foreign investment sectors. The overall growth in Vietnam's GDP based on constant 1994 prices has been largely attributable to non-State sector, which contributed 48.2% to the total change in GDP at constant 1994 prices from 2000 to 2006. In the same period, the State and foreign investment sectors contributed 42% and 16% to GDP growth, respectively. While increasing in absolute value terms, both State and non-State contribution to GDP at current prices decreased from 38.5% and 48.2% in 2000 to 34% and 44% in 2006, respectively. In contrast, the foreign investment sector's contribution to GDP at current prices rose from 13.3% in 2000 to 18% in 2005.

Vietnam has been one of the fastest growing economies in Asia with an average real GDP growth rate of about 7.5% per annum from 2000 to 2006. The main drivers of GDP growth over the last five years have been private consumption and investment. The Asian Development Bank expects this growth to continue with forecasted GDP growth rates of 8.6% in 2007. Furthermore, exports at current prices in 2006 increased by 1420% over exports at current prices in 2000. This economic growth has begun to attract attention from the global media and investment community. Standard & Poor's recently upgraded the long-term foreign and local currency sovereign credit ratings of Vietnam to BB from BB- and to BB+ from BB, respectively. The Directors believe Vietnam's full economic potential and considerable number of investment opportunities remain largely undiscovered.

### **7.2.1. Trade Liberalization**

As a key component of its reform policy, the Government has been gradually opening Vietnam to foreign investment and promoting the development of foreign trade over the past two decades. Foreign trade has increased significantly over the past few years in both absolute value and the range of products traded. Exports and imports have increased from 55.0% and 57.5%, respectively, of GDP at current prices in 2000 to 69.0% and 75%, respectively, of GDP at current prices in 2006.

In order to promote international trade, Vietnam has recently implemented a number of trade liberalization measures including a series of tariff reductions and other measures designed to relax import restrictions. The import and export of the majority of goods, including imports of fertilizers and exports of rice, no longer required import/export licenses from the Ministry of Trade or other ministries, while restrictions and conditions

applying to the import and export of specified goods are set forth more clearly than previously. The effect has been to reduce non-tariff barriers to trade (including the reform of customs laws and procedures, the abolition of import-export licenses and the reduction of a number of goods subject to quotas), thereby making Vietnam's import and export restrictions more transparent. In addition, tariffs are not computed based on actual costs rather than imputed costs.

To encourage investment in certain sector and designated regions, Vietnam grants investors in such sector and/or region, an exception from import duties for goods imported to form fixed assets or a five year exemption from import duty for raw materials, components, and spare parts.

### **7.2.2. Major Global Exporter**

Vietnam has proven competitiveness as a global exporter across a range of products. Through a combination of market access events in the international trading community and various domestic legal and market infrastructure reforms, we believe Vietnam has substantial potential to gain further market share in export industries where it is already a leader and to break into new industries through sector and product expansion.

### **7.2.3. Private Sector Reform**

Vietnam is undergoing significant legal and regulatory reforms intended to further open its domestic capital markets, including passage in 2005 of the new Enterprise Law and Common Investment Law, and the passage of the Securities Law in 2006. The Directors believe that these new laws will both improve access to domestic capital markets by foreign investors, and clarify investor and investors' rights. Furthermore Vietnam has also been undertaking a campaign over the past several years to reform and equitize SOEs. From 1998 to 2006, more than 2,700 SOEs were equitized.

In addition, Vietnam is taking steps to further integrate into the global economy, which we believe will enhance the economic prospects for companies in which the Company intends to invest. WTO membership will bring several benefits to Vietnam, including greater access to foreign markets, removal of existing quotas on key sectors such as garments and textiles, increased attractiveness of Vietnam for foreign investors and access to an international forum to resolve trade disputes. Finally, the Directors believe that WTO membership will also provide additional motivation for the government to accelerate domestic reforms and require Vietnamese enterprises to become more competitive as tariff and non-tariff trade barriers are further reduced.

A key aspect of Vietnam's plans for continued liberalization of the economy is to encourage the development of a robust private sector. In 2006, the private sector contributed 44% of GDP at current prices. Development of the private sector is intended to facilitate broad-based economic growth, primarily through increasing export capacity, and to reduce dependence of the economy on the State sector.

The Government's reform efforts have been designed to accelerate private sector development by providing incentives for domestic private investment. The Enterprise Law, which became effective on January 1, 2000, created a modern legal regime for the establishment and operation of private enterprises. A principal change introduced under the Enterprise Law was to allow the establishment of companies under registration, rather than by discretionary Government licensing. This change has reduced the cost of, and the bureaucratic impediment to, establishing private companies and has resulted in the creation of a significant number of new businesses. Minimum capital requirement for private enterprises other than financial institutions have been eliminated. According to the Asian Development Bank, some 40,000 private enterprises were newly registered in 2006, up from 14,400 in 2000. There are now about 220,000 private enterprises, with a total registered capital of about €16.92 billion.

On November 29, 2005, the National Assembly of Vietnam passed the Common Investment Law and the New Law on Enterprises. These laws aim to simplify



administrative procedures and provide more equal treatment for local and foreign businesses.

The intent of the Common Investment Law is to create a unified legal regime for investment activities and promote investments by allowing all participants in the Vietnam economy to invest and conduct business on the basis of equality, fair competition, transparency and order. Despite this stated goal, the Common Investment Law still provides a somewhat bifurcated foreign/domestic investment registration and evaluation process based upon sector regulation and investment value.

The degree of sector regulation depends on the Government's desire to attract investments into a certain sector. Incentives are, for instance, offered for investments into the biotechnology and technology sector. Investments into other sectors including banking and finance, public health and medicine, are subject to condition.

The New Law on Enterprises allows foreign organizations and individuals to establish and manage enterprises in Vietnam on the same legal basis as domestic organizations and individuals. Investors can freely choose the appropriate business form. The New Law on Enterprises also recognizes the ownership rights of companies and their owners with respect to assets, invested capital, revenues and other legitimate interests, as the case may be. Accordingly, companies whose assets are expropriated for defense or for reasons of national security or national interest are entitled to receive compensation based upon market prices prevailing at the time of expropriation.

#### **7.2.4. Favorable Demographic Characteristics**

Vietnam's population and workforce is large, growing, young, highly literate, and experiencing rising income. Vietnam's population is the thirteenth largest in the world, with close to 85 million people in 2006, up from 77.6 million in 2000, an increase of 8.7%. Its workforce was estimated to be 46 million in 2006, up from 37.6 million in 2000, an increase of 18%. More than half its population is under the age of 30. Vietnam enjoys high literacy rates in excess of 95%. In addition, university and college attendance rates in 2005 increased 56.2% over attendance rates in 2000. In term of wealth, per capita GDP as measured at constant 1994 prices has risen 34.1% from 2000 to 2005.

The Directors believe that these favorable demographic characteristics have contributed to the growth of private consumption in Vietnam. Private consumption based on constant 1994 prices has increased by 42% from 2000 to 2006. The Directors also believe that Vietnam's favorable demographic characteristics will continue to fuel domestic consumption-related economic growth and produce investment opportunities for investors.

### **7.3. Vietnam Stock Exchanges**

#### **7.3.1. Regulatory Body**

Securities activities in Vietnam are regulated by the State Securities Commission ("SSC"), a body formally established in 1996. On February 19, 2004, the Government made the SSC a part of the Ministry of Finance. The SSC is responsible for the development of the securities market, licensing of market participants, and the issuance and enforcement of regulations in relation to securities market activities in Vietnam.

#### **7.3.2. Vietnam Stock Exchanges**

The Vietnam Stock Exchanges are currently comprised of the Ho Chi Minh City Stock Exchange ("HOSE"), which has its name changed from Ho Chi Minh City Securities Trading Center ("HOSTC") in July 2007 and the Hanoi Securities Trading Centre ("HASTC"). As of August 10, 2007, 199 companies and two investment funds were traded on the Vietnam Stock Exchanges, with a total market capitalization of VND 330 trillion (€15.16 billion). This is a sharp increase from 36 Listed Companies and one investment fund with a market capitalization of VND 6.9 trillion (€317.12 million) as of August 31, 2005.

HOSE has followed continuous order matching system since July 2007. HOSTC commenced trading in July 2000. As of August 31, 2006, there were 48 companies and one investment fund listed on the HOSTC with a total market capitalization of VND46.3 trillion (€2.13 billion). Trading on the HOSTC was accomplished via an automated call order-matching system, which involved matching orders on a periodic basis rather than a continuous basis, through three regular daily trading sessions from 9 am to 11 am (Vietnam time), and a special negotiated trading session for large blocks of 10,000 shares or more. Shares trade in lots of 10 shares. Trading limits apply and equities are permitted to trade within a 5.0% range, higher or lower, from the previous session's closing price.

HASTC commenced trading on March 8, 2005. As of August 10, 2007, 88 companies were traded on the with a total market capitalization of VND 91 trillion (€4.18 billion). As of August 31, 2006 there were 12 companies registered for trading on the HASTC with a total equity market capitalization of VND12.3 trillion (€567.29 million). Trading on the HASTC is accomplished via an automated continuous order-matching system with a special negotiated trading session for blocks of 1000 shares or more. Shares trade in lots of 100 shares. Trading limits apply and equities are permitted to trade within a 10% range, higher or lower, from the previous session's closing price. There are 501 bonds listed on both HOSE and HASTC with a total debt market capitalization of some €4.41 billion. The condition for registration with the HASTC is easier than those for listing on the HOSE.

All securities traded on the HOTSC and HASTC are denominated in Dong. All listed shares are deposited with the Central Depository Centre, a sub-agency of the SSC. Clearance and settlement is centralized using the Bank of Investment and Development of Vietnam, a State-owned commercial bank, and the Central Depository Centre.

### **7.3.3. The OTC Market**

Many Unlisted Companies in Vietnam trade on an informal, non-centralized network of broker-dealers, intermediaries, sellers and buyers. The OTC market acts as an intermediary for the trading of common shares of joint stock companies with acceptable transferability rights that are not listed on the HASTC or HOSTC. Transactions on the OTC market are negotiated and agreed upon directly between buyers and sellers, often with the involvement of facilitating broker-dealers or other intermediaries. These transactions are documented by negotiated share transfer agreements. The clearance and settlement process with respect to securities that trade in the OTC market may be time-consuming, often requiring endorsement by officials of the subject company. There is no centralized public reporting of OTC market transactions.

### **7.3.4. Foreign Ownership Limit**

Foreign ownership of Vietnamese companies is limited to specified percentages. In November 2005, the limit on foreign ownership in a Listed Company was increased to 49%. Banks that are listed are subject to a lower limit of 30% of total foreign equity ownership. The limit on foreign ownership of Unlisted Companies is 30%, except in certain limited circumstances, such as for securities or asset management companies which are currently limited to 49%.

### **7.3.5. Securities Trading Code**

Foreign investors, including offshore funds, must obtain a securities trading code to be eligible to trade securities listed on the Vietnamese Stock Exchanges. Obtaining the code can be a time-consuming process. The Investment Manager has taken steps to obtain the requisite securities trading code.

### **7.3.6. New Securities Law**

On June 23, 2006, a new Securities Law was enacted that took effect on January 1, 2007. The new securities law clarifies the legal framework for securities activities and the securities markets based upon the following principles: respect for the freedom to buy, sell and deal in securities and to provide securities services; fairness; openness; and transparency.

## 7.4. Equitization Process in Vietnam

SOEs play a leading role in Vietnam's economy. As of December 31, 2004, Vietnam had 4,596 SOEs employing 2.2 million people in various industries. The 100 largest SOEs employed approximately 275,000 people and contributed approximately 46% of all Government revenue derived from SOEs in 2004. As of August 31, 2006, 52 equitized SOEs were listed on the Vietnam Stock Exchanges, representing the majority of the listed market capitalization and Listed Companies.

The Government has been undertaking a campaign over the past several years to reform and equitize its SOEs. Vietnam's National Steering Committee for SOE Reform is charged with directing all aspects of SOE reform and reports directly to the prime minister. The principal components of SOE reform include:

- Restructuring SOEs, primarily through equitization;
- Reducing the dependence of the overall economy on SOEs and the dependence of SOEs on government support; and
- Restructuring the non-performing loans of SOEs.

SOEs are primarily restructured through equitization, which involves the issuance of new shares by an SOE or the sale by the Government of an equity stake in an SOE to employees and other investors. Equitized SOEs become joint stock companies subject to the law on enterprises. Foreigners may participate in equitization, subject to the 30% cap on foreign ownership of Vietnamese companies. Domestic investors are not subject to ownership limitations. If a former SOE becomes a Listed Company, foreigners may acquire up to 49% of the equity in the former SOE.

The Government has encountered difficulties in meeting numerical targets for SOE reform due to its efforts to maintain social and economic stability while it pursues SOE reform, but also in part due to difficulties in asset valuation, the levels of outstanding SOE debts, and resistance by SOE management.

A substantial number of the SOEs that equitized since 1997 have been mostly smaller enterprises. In addition, the State still retains a controlling interest in many equitized SOEs. Historically, the majority of the shares of the equitized SOEs were purchased by employees and strategic investors (such as key customers and suppliers) both of whom generally enjoy discounts from the auction price, leaving few shares to be sold to outside investors. Under regulations which became effective in early 2005, an equitizing SOE must offer shares equivalent to at least 20% of its charter capital to outside investors through public auction (citation). Greater participation by both foreign and domestic investors is expected as the larger SOEs begin to be equitized.

The Government is developing plans to begin equitization of large-scale general corporations and to expand equitization process into additional sectors, including finance, banking, insurance, construction, telecommunications, and airlines. The Government has announced through a Prime Minister's decision dated August 24, 2004, that it currently contemplates the maintenance of full or partial ownership of SOEs in certain strategic sectors and targeted industries. The Prime Minister's decision states that the Government will maintain full ownership of SOEs: (i) in strategic sectors including national defense, toxic materials, and international and national information backbone networks; (ii) in the business of meeting critical development needs of populations in mountainous and remote areas; and (iii) (a) that meet certain financial criteria, (b) that area leaders in high and cutting edge technology, or (c) that make important contributions to macro-economic stability and are in certain industries including the pharmaceutical, food and fuel industries, among others. The Government will also maintain more than 50% ownership of SOEs that meet certain financial criteria (more modest than those applicable to SOEs that must be fully owned by the Government) and are in certain industries including the pharmaceutical, food, fuel, power generation, telecommunication infrastructure, and chemical industries, among others. Under the Government's policy, Government

authorities have more flexibility in dealing with SOEs not involved with strategic sectors or targeted industries.

## 8. RISK FACTORS

### 8.1. Risks Relating to the Company's Investments

***Shareholders will not have an opportunity to influence the Investment Manager's investment decisions.***

. The Investment Manager will have significant discretion, subject to certain objectives and guidelines, in selecting, evaluating, structuring, negotiating, executing, monitoring and eventually exiting investments on the Company's behalf. Shareholders will not be able to evaluate for themselves the merits of any particular investments before they decide whether or not subscribe for Shares or before the Investment Manager makes any particular investments. This will increase the uncertainty, and thus the risk, of an investment in the Company.

***The Company operates in a competitive market for investment opportunities and the Investment Manager may be unable to find suitable Vietnamese securities at attractive prices.***

Other companies, investment funds, institutions and investors, both Vietnamese and foreign, are actively seeking investments in Vietnam. A number of these competitors may be substantially larger and may have considerably greater financial, technical, and marketing resources than are available to the Company. Several of these competitors, including those licensed in Vietnam, have recently raised, or are expected to raise, significant amounts of capital, and may have similar investment objectives, which may create additional competition for investment opportunities. In addition, some of these competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments. The Investment Manager therefore expects to face significant competition for investment opportunities. Competition for investments is increased by the fact that there are a limited number of Listed Companies in Vietnam. Competition for a limited number of attractive investments may lead to lost investment opportunities (if the Company does not match the investment price of terms offered by competitors) or may increase the price at which investments are made. The Investment Manager cannot assure Shareholders that it will be able to make investments on behalf of the Company that are consistent with our investment objectives or that generate attractive returns for Shareholders.

***The Investment Manager expects returns from cash invested in temporary investments to be substantially lower than returns from our other investments.***

The Investment Manager cannot predict how long it will take to fully deploy the Company's capital and it may take a significant amount of time to fully invest Shareholders' capital contributions. Pending investment of such capital contributions, pursuant to the Investment Manager's cash management policy, the Investment Manager will invest in temporary investments, which are expected to generate returns that are substantially lower than the returns the Investment Manager anticipates receiving from investments in the Company's portfolio companies. If the return on temporary investments does not exceed the Investment Manager's expectations, the Company may incur operating losses. Lower returns on temporary investments may prevent the Company from achieving its investment objectives and may adversely affect its Net Asset Value and the price of the Shares.

***Many of the Company's investments in Unlisted Companies are likely to be, and its other investments may be, illiquid.***

Many of the Company's investments will be illiquid due to the undeveloped nature of the Vietnamese capital markets. In addition, securities that the Company may purchase in privately negotiated transactions may not be freely tradable due to restrictions on their transfers, sale, pledge or other disposition. The Company may therefore be unable to exit its investments on terms or at a time favorable to it. This may adversely affect the Company's NAV and the price of its Shares.

***The market value of publicly traded securities in Vietnam may be volatile.***

A substantial portion of the Company's investments may involve investments in portfolio companies whose securities are publicly traded, primarily on the stock exchanges. Trading on the Vietnam Stock Exchanges has traditionally been characterized by a high degree of short-term speculative trading, which is at least partially attributable to the underdeveloped institutional investor base in Vietnam and the small domestic retail investor base. The market prices and values of publicly traded securities of portfolio companies may be volatile and are likely to fluctuate due to a number of factors beyond the Company's and the Investment Manager's control, including actual or anticipated fluctuations in the quarterly and annual results of portfolio companies and other companies in the industries in which they operate, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, changes in industry conditions, changes in government regulation, shortfalls in operating results from levels forecast by securities analysts, the general state of the securities markets and other material events, such as significant management changes, refinancing, acquisitions and dispositions. Volatility in the market prices of the publicly traded securities in which the Company invests may cause the Company's NAV and the price of its shares to fluctuate significantly.

***The Company may have difficulty accurately valuing its investments and the values it reports may not be realized.***

The Company will be investing in listed securities, securities traded on the OTC market, unlisted securities that are not frequently traded, private equity investments and non-performing loans. The Company will be required to make good faith determinations as to the fair value of these investments on a monthly basis. For listed securities, the market price may not reflect the true value of the Company's holdings due to various factors such as the illiquidity of a large position. For unlisted securities, price quotations may not be readily available, may be uncertain, or may be based on estimates, and therefore determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. As a result, the value of such investments reflected in the NAV that the Company reports may be materially higher than the value that is ultimately realized upon disposal of such investments.

***The Company expects to make investments in companies that it does not control.***

The Company intends to generally take a minority equity position in each of the companies in which it invests and generally will not seek to manage, operate, or ultimately control these companies. These investments will be subject to the risk that the portfolio company may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or the management of the portfolio company may take risks or otherwise act in a manner that does not serve the Company's interests. The actions taken by management of portfolio companies that the Company does not control may adversely affect its NAV and the price of the Shares.

***The due diligence process that the Investment Manager undertakes in connection with the Company's investments may not reveal all facts that are relevant in connection with an investment.***

Disclosure, accounting, and other regulatory standards in Vietnam are, in many respects, less stringent than standards in certain countries with more developed securities markets. This may result in a lack of adequate or accurate information regarding prospective portfolio companies. Accordingly, the Company cannot assure Shareholders that the due diligence investigation carried out by the Investment Manager in respect of any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating an investment opportunity.

***The Company expects to make investments in equitized SOEs which may expose it to risks not typically associated with investments in other companies.***

The Company may have very limited financial information available to it in evaluating potential investments in equitized SOEs, either because the Investment Manager, on behalf of the Company, may buy shares during an auction process that allows only limited due diligence or because the SOE's records are incomplete or unavailable. Furthermore, equitized SOEs may have difficulties such as excessive workforces, problems adjusting to the private sectors, poor corporate governance practices, lack of transparency and difficulties attracting and retaining qualified management and staff. Equitized SOEs may continue to be majority-owned and controlled by the Government, and therefore, the Government's interests may take precedence over the interests of other shareholders. Furthermore, due to Vietnam's weak legal system, the Company may have limited or no recourse if a dispute arises with an equitized SOE. Thus the Company's strategy of investing in equitized SOEs may expose it to additional risks.

***The Company may make investments in a limited number of companies.***

The Company may have a high percentage of its assets invested in a limited number of securities. Such lack of diversification could result in either large gains or losses depending on the performance of a few portfolio companies. Accordingly, the Company's investment portfolio may be subject to more volatility than would be the case of we maintained wider diversification among companies, securities or types of securities.

***The Company may make investments in small companies.***

There is no limitation on the size of the companies in which the Company invests. Many small companies lack management depth or may need substantial capital to support expansion or to achieve or maintain a competitive position, and there is no assurance that we will have the necessary capital to provide for a portfolio company's future capital needs or that other sources of financing will be available. Such companies may face intense competition from larger companies and entail a greater risk than investment in larger companies. As a result, these companies may not perform as well as expected.

***Vietnamese transfer and settlement procedures for unlisted securities can be unreliable and time consuming.***

Procedures for registration of ownership of unlisted securities may be unreliable in Vietnam and may be subject to fraud or delay. There is also a risk that the counterparty will not complete the transaction. Substantial delay or failure to complete a transaction may result in the partial or complete loss of an investment or the inability to exit our investments on terms or at a time acceptable to the Company.

***Certain of the Company's investments may rank junior to investments made by others.***

The Company may invest in companies that have indebtedness or equity securities, or may be permitted to incur indebtedness or to issue equity securities, that rank senior to its investment. By their terms, such senior instruments may provide that their holders are entitled to receive payments of dividends, interests or principal on or before the dates on which payments are to be made in respect of the Company's investments. This may adversely affect the realization of the Company's investments.

***The insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which the Company's makes an investment may affect the realization of that investment.***

In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to the Company's investment in the company would typically be entitled to receive payment in full before distributions could be made in respect to its investment. After repaying senior security holders, the company may not have sufficient remaining assets to distribute to shareholders or to repay amounts owed in respect of the Company's investment, if any. In addition, Vietnamese bankruptcy laws are not easily implemented and bankruptcy proceedings can be far more time consuming than other jurisdictions and often yield a very low recovery rate. At a result,

the Company may have limited recourse in realizing our investment in the event of a portfolio company becomes bankrupt.

***The value of the Company's investments will be exposed to foreign exchange risks.***

The Company's accounts will be denominated in Euros while substantially all of its investments are to be made and realized in Dong. Fluctuations in exchange rates may have an adverse effect on the Company's NAV.

## **8.2. Risks Relating to the Company and the Investment Structure**

***No Operating History.***

At the date of this Placing Memorandum, the Company is recently formed and has a limited operating history. Therefore, it is difficult to evaluate the Company's future prospects and an investment in the Shares. There can be no guarantee that the Company's investment objective will be achieved or that the market will value the Shares at the Placement price. The results of the Company's operations will depend on many factors, including, but not limited to, the availability of opportunities for investment, conditions in the financial markets, general economic conditions and the performance of the Investment Manager.

***Illiquidity of the Shares.***

Although there is the possibility for the Company's Shares to be listed in any regulated stock exchange at some point in the future at the Director's discretion, Shares of the Company are significantly less liquid than marketable securities investments as an active secondary market for the Shares should not be expected.

***Restrictions on Transfer.***

Shareholders should be fully aware of the restrictions on transfer of their Shares in the Company.

***The Company's Right to Redeem and Require Transfer of the Shares.***

Under its constitutional documents and as further described in this Placing Memorandum, the Company has the right to instigate and effect a compulsory redemption or require the transfer of all or any Shares in certain circumstances.

***The Company May Be Treated as a Passive Foreign Investment Company for US federal income tax purposes.***

The Company expects to be treated as a passive foreign investment company (a "PFIC") for US federal income tax purposes. The Company does not intend to provide information to Shareholders that will allow them to avoid some of the adverse tax consequences resulting from the PFIC classification by electing to treat the Company as a qualified electing fund. For these reasons, investment in the Company is not suitable for U.S. persons other than U.S. tax exempt persons.

***Tax Status.***

Any change in the tax status of the Company or in taxation legislation of the Cayman Islands or any other tax jurisdiction affecting the Company could affect the value of investments held by it or affect its ability to achieve the investment objectives or alter its after-tax returns to Shareholders. Any such change could adversely affect the net amount of any dividends payable to Shareholders.

In addition, if the Company is treated as having a permanent establishment, or as otherwise being engaged in a trade or business, in Vietnam or any other country in which



it invests, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax on a net basis.

***Investment Company Act.***

The Company has not been and does not intend to become registered as an investment company under the Investment Company Act. The Investment Company Act and related rules provide certain protections to investors and impose certain restrictions on companies that are registered as investment companies. None of these protections or restrictions is or will be applicable to the Company or Shareholders.

### **8.3. Risks Relating to the Investment Manager**

***Investment Advisers Act.***

The Investment Manager is not, and is not expected to become, regulated as an investment adviser under the United States Investment Advisers Act of 1940, as amended. The restrictions provided by that act and related regulations will not apply to the Investment Manager.

***The Company is highly dependent on the Investment Manager and its investment professionals and the Company may not have continued access to them.***

The Company is reliant on the Investment Manager who has significant discretion as to the implementation of the Company's investment policies and strategies. In addition, the Company believes that its success depends to a significant degree upon the experience of the Investment Manager's executive officers. The Company is subject to the risk that the Investment Manager may terminate the Investment Management Agreement subject to its terms or due to regulatory reasons, be unable to continue as the Company's investment manager and that no suitable replacement will be found. Furthermore, officers and/or key employees of the Investment Manager may depart. The risk of such departures is heightened by the fact that the compensation structure of the Investment Manager's personnel includes substantial performance-related elements, and poor performance by the Investment Manager may result in key personnel seeking alternative employment. The departure of key personnel of the Investment Manager or the termination of the Investment Management Agreement could have an adverse effect on the Company's performance and accordingly, on its NAV.

***The Investment Manager has broad discretion in making investment decisions.***

While the Board will periodically review the Company's investment guidelines and its investments, it will not review each investment. Thus many of the investments the Company enters into will be made in the Investment Manager's sole discretion, without any oversight by the Board. This broad discretion may result in the Company's investment in portfolio companies that do not perform as well as expected, and accordingly, could result in an adverse affect on the Company's NAV.

***The historic results of the Investment Manager are not indicative of the Company's future performance.***

The past performance of the Investment Manager or its key personnel should not be construed as an indication of the Company's future performance. There can be no guarantee that the Company will have the same opportunities to invest in securities that generate similar returns to the securities held by the previous accounts managed by the Investment Manager or its investment team.

***The Investment Management Agreement may create an incentive for the Investment Manager to invest in high risk investments.***

In addition to the Management Fee, the Investment Manager is entitled under the Investment Management Agreement to receive a Performance Fee based upon annual increases in the Company's NAV. In evaluating investments and other management

strategies, the opportunity to earn a Performance Fee based on increases in the Company's NAV may lead the Investment Manager to invest in riskier and more speculative assets in order to maximize the Company's NAV. Therefore there may be a greater chance for the Company to lose its money on such investments.

***The liability of the Investment Manager and its affiliates is limited under the Company's arrangement with the Investment Manager, and the Company has agreed to indemnify the Investment Manager and its affiliates against claims that they may face in connection with such arrangements.***

Under the Investment Management Agreement, the Investment Manager has not assumed any responsibility other than to render the services described in such Agreement in good faith and will not be responsible for any action that the Board takes in following or declining follow its advice or recommendations. In addition, the liability of the Investment Manager and its affiliates under our Investment Management Agreement is limited to conduct involving negligence, bad faith, fraud, dishonesty, or willful misconduct. Accordingly, the Company's rights to recover against the Investment Manager as a result of its defaults may be limited, and that limitation may result in recovery by the Company against the Investment Manager being significantly lower than the loss the Company suffered. This may also lead the Investment Manager to assume greater risks when making investment-related decisions than it otherwise would if investments were being made solely for its own accounts.

***It may be difficult for the Company to terminate its Investment Management Agreement with the Investment Manager.***

The Company will not be able to terminate the Investment Management Agreement during the life of the Company unless the Investment Manager has committed certain "cause" events. Therefore even if the Company is dissatisfied with the Investment Manager's performance, the Company may not be able to remove Investment Manager during its term.

#### **8.4. Risks Related to Investing in Vietnam**

***The Vietnamese legal system is at an early stage of development and may not provide adequate protection of our rights as shareholders of Vietnamese companies.***

The laws and regulations in Vietnam are at an early stage of development and are not well established. Although the legal system in Vietnam is changing, and the Government appears to be planning substantial further legal reforms, there can be no assurance that improvements in the legal system will continue. Furthermore, the administration of laws and regulations by Government agencies is subject to considerable discretion and in many areas, the legal framework is vague, contradictory, not comprehensive and subject to varying interpretation. Therefore, there can be no assurance that we will be able to obtain effective enforcement of our rights by legal proceedings including any proceedings in bankruptcy in Vietnam.

***Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect our business, investments, and results of operations.***

The Company, the Investment Manager and the Investment Advisor are subject to laws and regulations enacted by national, regional, and local government. In particular, the Company the Investment Manager and the Investment Advisor may be required to comply with certain licensing and regulatory requirements that are applicable to investment companies or funds investing in Vietnam, including laws and regulations administered by the State Securities Commission. Additional laws may apply to the Company's portfolio companies. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time-consuming, and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes, or a failure to comply with such laws or regulations as interpreted and applied, could have an adverse

effect on the Company's business, investments, and results of operations and accordingly, its NAV.

***The tax consequences of foreign investment in Vietnam are unclear.***

Vietnam's corporate income tax laws and regulations have undergone major changes in past years and continue to be supplemented and clarified as issues arise related to interpretation and/or implementation. There are many areas where detailed regulations do not currently exist and/or where there is ambiguity as to proper interpretation. The implementation of tax regulations can vary depending on the tax authority involved. Any change in the Company's tax status, the Investment Managers tax status or Vietnam's taxation legislation could adversely affect the Company's performance, the value of its investments, its ability to declare dividends and remit profits, and the tax obligation imposed on the Company.

***Protectionist trade regimes and Vietnam's WTO ascension may materially impact the Company's investments.***

The financial viability of some of the Company's investments may be affected by changes in foreign trade regimes. The Company's investments in export-oriented industries, for example, may be affected by change in trade regimes or by protectionist measures in foreign countries. Similarly, the Company's investments competitions from international firms as trade barriers are reduced. Further competition and further change could occur as Vietnam moves along with its WTO standard implementation. As a result of such changes and other market forces, the value of the Company's investments may decrease which may in turn adversely affect its NAV.

***The Company may not be able to convert Dong into Euros.***

While most of the Company's investments are expected to be in securities that are denominated and pay dividends in Dong, the Company intends to make distributions, if any, to Shareholders in Euros. The Dong is currently not a freely convertible currency. Due to currently applicable Vietnamese currency, tax and export restrictions, there is no assurance that the Company will be able to convert Dong proceeds from the disposal of investments or income arising from investments into Euros. While a decision of Vietnam's Prime Minister recognizes that foreign investors have the right to convert proceeds from the sale of shares on the transfer of equity interests in Vietnamese companies, the State Bank has not issued clear regulations on the procedures for conversion of Dong into foreign currency by an offshore investment company. Accordingly, it is possible that the Company may experience difficulties in its efforts or be unable to accomplish such conversion. Any delay in conversion may increase the Company's exposure to depreciation of Dong against the Euro. In the event that the Company is unable to convert Dong into Euros, the Company will be unable to make distributions to Shareholders.

***Vietnamese courts may not recognize or enforce foreign court judgments or arbitration awards.***

There is a lack of legal support and procedure for the recognition and enforcement of foreign court judgments in Vietnam. As Vietnam is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and given the lack of legal support for recognizing foreign court judgments in Vietnam, contracting parties often select foreign arbitration as the method of dispute resolution. However, while there is a legal basis for the recognition and enforcement of foreign arbitration awards in Vietnam in respect of certain types of contracts, there have only been a small number of cases where a Vietnamese court has recognized and enforced such an award. The Company cannot rely on arbitration provisions to guarantee adequate and timely compensation in case of contract disputes.

***The Company may be affected by an outbreak of contagious diseases.***

Vietnam was one of the countries in Asia affected by the severe acute respiratory syndrome outbreak in 2003 and human avian flu outbreaks that began in 2003. Any future

widespread outbreak of contagious diseases in Vietnam may have an adverse affect on its economy and companies in which the Company invests. In addition, if Vietnam attempts to insulate itself from new cases of contagious diseases in neighboring countries by closing its borders, such restrictions could adversely affect Vietnam's economy and companies in which the Company invests.

## 9. POTENTIAL CONFLICTS OF INTEREST

The Investment Manager, the Administrator and their respective affiliates, which shall be deemed to include, in each case, their respective officers, directors, employees and entities owned by any of the aforementioned parties ("Related Parties") may face certain conflicts of interests in relation to the Company. These conflicts include, but are not limited to, the following:

- (i) Some of the Directors of the Company are also directors of the Investment Manager. The fiduciary duty of the Directors to the Company may compete with or be different from the interests of the Investment Manager. Furthermore, only the Directors of the Company may terminate the services of the Investment Manager.
- (ii) The Investment Manager and each of its directors presently and will in the future, directly or indirectly, direct, sponsor or manage other investment funds or managed accounts in addition to the Company. The Investment Manager and each of its directors may have financial or other incentives to favour some such investment funds or managed accounts over the Company. The Investment Manager will make its own decisions for the Company, which decisions may differ from time to time from those recommended by analysts of the Investment Manager for its other advisory clients.
- (iii) The Investment Manager believes that it will continue to have sufficient staff, personnel and resources to perform all of its duties with respect to the Company. However, because some of the officers of the Investment Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Company and other entities similar to the Company.
- (iv) The Company may invest the Company's capital in investment funds and/or with other accounts managed by the Investment Manager and/or its affiliates. As a result, the Investment Manager may receive fees based on these investments directly from the Company and, directly or indirectly, from the other investment funds or accounts. Notwithstanding such circumstances, the Investment Manager will act in accordance with its fiduciary duties to the Shareholders.
- (v) Some or all of the Related Parties may be involved with other entities utilizing investment strategies similar to those of the Company and with other business in general. The Investment Manager may cause the Company to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships.
- (vi) The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Company has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Related Parties shall not be obliged to account to the Company for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Company any of the investment or service opportunities obtained through such activities. Related Parties may own Shares in the Company, deal as principals with the Company in the sale or purchase of investments of the Company or act as brokers, whether to the Company or to third parties, in the purchase or sale of the Company's investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.
- (vii) The Investment Manager and/or its affiliates and/or its employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Company is recommended, or which in fact is purchased or sold by or otherwise traded for the Company. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another investment fund or account managed by the Investment Manager. Accordingly, the Investment Manager may sell or recommend the sale of a particular security

for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Investment Manager's investment recommendations. For example, the Investment Manager may recommend that the Company sell a security, while not recommending such sale for other accounts in order to enable the Company to have sufficient liquidity to honour Shareholders' redemption requests. When there is a limited supply of investments, the Investment Manager will use its reasonable efforts to allocate or rotate investment opportunities, but the Investment Manager cannot assure absolute equality among all of its accounts and clients.

The Investment Manager, each of its affiliates and the Directors may engage in other business activities and manage the accounts of clients other than the Company including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Company. The Investment Manager, each of its affiliates and the Directors are not required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as general partner, investment manager or managing agent for investment vehicles with objectives similar to those of the Company.

## **10. DESCRIPTION OF THE SHARES**

### **10.1. Authorized Share Capital**

The authorised share capital of the Company is €100,000,000 divided into 50,000,000 Shares of a nominal par value of €2.00 each, having attached thereto the rights set out in the Articles.

### **10.2. Shares**

Holders of the Shares are entitled to receive both dividends and other distributions as declared and to a pro-rata share of the assets of the Company on a winding up. Shares carry rights to vote at meetings of the Shareholders where Shareholder approval is required. The holders of Shares are entitled to one vote in respect of each Share at all such meetings of Shareholders.

By signing the Subscription Agreement, each Shareholder makes a legally binding commitment to subscribe the specified amount for the purchase of Shares of the Company at the price of €2.50 per Share. During the period leading up to the Initial Closing Date, the Board, in its sole discretion, may agree to issue Shares at a discount of up to a maximum of 3%. The Company will issue Shares to Shareholders pursuant to Subscription Agreements accepted by the Company.

### **10.3. Voting**

The Directors shall convene an annual general meeting of the Shareholders for the purpose of considering the annual report of the Directors. In addition, the Directors may, whenever they determine, convene an extraordinary general meeting. The Directors shall, upon the receipt of the requisition expressing the object of the meeting in writing of any one or more Shareholders holding five percent (5%) or more of the Shares entitled to vote, convene an extraordinary general meeting, to be convened by the Directors within twenty-one (21) days from the date of delivery of the requisition being left at the registered office or failing that, convened by any of the requisitionists subject to the Articles as to notice.

At least fifteen (15) days' notice of the meeting is required to be given to such persons as are entitled to vote or may otherwise be entitled under the Articles to receive such notices, but with the consent of all the Shareholders entitled to receive notice, that meeting may be convened by shorter notice and in such manner as those Shareholders think fit.

No business shall be transacted at any general meetings unless a quorum of Shareholders entitled to vote is present at the time when the meeting proceeds to business. One or more Shareholders holding in aggregate not less than one-fifth of the issued Shares entitled to vote in person or by proxy and entitled to vote shall be a quorum.

An Ordinary Resolution may be passed by a majority of the Shareholders entitled to vote present at the meeting. A Special Resolution requires a seventy-five percent majority of Shareholders entitled to vote present at the meeting. An Ordinary Resolution or Special Resolution may be passed by unanimous written resolution.

Every Shareholder entitled to vote shall have one vote for each Share of which it is the holder at meetings of Shareholders. In the case of joint individual holders, the vote of the most senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Shareholders.

Votes may be given either personally or by proxy. The instrument appointing a proxy shall be in the form set out in the Articles or such other form as the Directors may determine and shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than forty-eight (48) hours prior to the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy

shall not be treated as valid provided that the chairman of the meeting may in his discretion accept an instrument of proxy sent by telefax upon receipt of telefax confirmation that the signed original thereof has been sent.

#### **10.4. Repurchase and Redemption of Shares**

The Company may purchase, redeem or otherwise acquire and hold its own Shares. Any of its powers to purchase, redeem or otherwise acquire its own Shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit. The Company may not purchase, redeem or otherwise acquire its own Shares without the consent of its Shareholders whose Shares are to be purchased, redeemed or otherwise acquired. No purchase, redemption or acquisition of Shares shall be made unless the Directors are satisfied, on reasonable grounds, that immediately after the purchase, redemption or acquisition, the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due.

#### **10.5. Further Issues of Ordinary Shares**

The Directors will have authority to allot the authorised but unissued Share capital of the Company following admission on a non-pre-emptive basis as Cayman Island law and the Articles do not confer pre-emptive rights. However, it is the intention of the Directors to grant pre-emptive rights to existing Shareholders whenever possible. If not, the issue price shall not be less than the prevailing Net Asset Value per Share.

#### **10.6. Listing of the Shares**

No application has been made for the Shares to be listed and admitted to trading on any stock exchange.

It should also be recognised that, in connection with any proposed application for listing of the Shares on any stock exchange, the Board may, subject as mentioned herein and to all applicable laws and the requirements of all relevant authorities, seek to make changes to the structure of the Company, its policies and any other matters described in this Placing Memorandum. Any such change necessitating an amendment to this Placing Memorandum or the Articles will require a Special Resolution passed at a general meeting of Shareholders.

#### **10.7. Transfer of Shares**

The instrument of transfer of any Shares shall be in the usual common form or in any other form which the Board may approve, which instrument of transfer shall be signed by the transferor and the transferee, and the transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register in respect thereof.

All transfers and other documents of title relating to any Shares must be lodged for registration with the Administrator. The Board may decline to register any transfer of Shares to a person whose holding of Shares would, in the conclusive determination of the Board, cause or be likely to cause a pecuniary, tax, legal, regulatory or material administrative disadvantage to the Company or its Shareholders as a whole in any jurisdiction.

The Company may, if required to do so by law, make available to such authority such evidence or information which may have been furnished to or which may come into the possession of the Company as regards the identity of a holder of Shares and/or the qualification of such holder to hold or to continue to hold such Shares and the Company shall not be liable to such holder for any loss occasioned by reason of such disclosure.

The registration of transfers may be restricted in the circumstances as set out in the section entitled "Compulsory Transfer of Shares" below.

#### **10.8. Compulsory Transfer or Redemption of Shares**



The Company may require the transfer of any Shares and compulsorily redeem or require the transfer of any Shares in issue if, in the conclusive determination of the Board, they are being held by any person whose holding of those Shares would, or is likely to, cause a pecuniary, tax, legal or regulatory disadvantage to the Company or to any other holder of Shares.

Notwithstanding the authority of the Company to compulsorily redeem Shares, the Company has undertaken that Shares will only be subject to compulsory redemption where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or the Shareholders as a whole.

Shares will only be subject to transfer restrictions where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or to Shareholders as a whole.

## **11. CERTAIN GENERAL TAX CONSIDERATIONS**

PROSPECTIVE SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE SPECIFIC TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF SHARES IN THE COMPANY INCLUDING THE APPLICATION AND EFFECT OF THE TAX LAWS OF THEIR JURISDICTION OF RESIDENCE AND CITIZENSHIP, THEIR ABILITY TO CLAIM FOREIGN TAX CREDITS AND THEIR ABILITY TO CLAIM THE BENEFITS OF ANY INCOME TAX TREATIES.

An investment in the Company may involve complex tax considerations. The following is a general summary with respect to tax matters in certain jurisdictions only, and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to take part in the Company, nor is it a guarantee to any Shareholder of the taxation results of investing in the Company. The liability of Shareholders in the Company to taxation on gains and income and to relief for expenses will in any case depend on the individual Shareholder's own tax position. We strongly urge any person considering an investment in the Company to consult with its own professional advisors prior to subscribing to purchase of Shares.

### **11.1. Taxation - Cayman Islands**

As an exempted company, the Company has applied for and has received from the Governor in Cabinet of the Cayman Islands an undertaking in accordance with the Tax Concessions Law (1999 Revision) that for a period of 20 years from the date of the undertaking, no laws of the Cayman Islands imposing any tax on profits or income gains shall apply to the Company and that no taxes in the nature of estate duty or inheritance tax shall be payable on any Shares, debentures or obligations of the Company. Under current Cayman Islands law, there are no such taxes or duties. An annual registration fee will be payable by the Company to the Cayman Islands Government calculated by reference to its nominal authorized share capital. At current rates this fee will be €423.07 per annum.

The Cayman Islands currently impose initial and annual registration fees on all exempted companies.

Under current legislation of the Cayman Islands, no taxes are imposed upon shareholders by the Cayman Islands.

### **11.2. Taxation – Vietnam**

The Vietnam tax rules are characterized by uncertainties and by a lack of interpretative guidance. Both the substantive provisions of Vietnam tax law and the interpretation and application of such provisions by the Vietnam tax authorities may be subject to more rapid and unpredictable change than in a jurisdiction with a more developed capital market. In particular, the interpretation and application of such provisions can in practice rest with the local tax inspectors.

#### *Permanent Establishment*

Under Vietnam's corporate tax regulations foreign companies conducting business activities through a permanent establishment in Vietnam are subject to Vietnam tax. A permanent establishment is defined as a business establishment through which a foreign company carries out part or the whole of its business activities in Vietnam and earns income.

A permanent establishment is specifically defined as including an agent for a foreign company and a representative in Vietnam with authority to sign contracts under the name of the foreign company or not having such authority but regularly providing services in Vietnam.

The Company intends to conduct its affairs so that the Company is not deemed to have a permanent establishment in Vietnam.

With respect to the Company's investments in Vietnam, the Company anticipates that the tax consequences for the Company will be as follows:

#### *Non-Vietnamese Investments*

As a foreign legal entity, the Company will not be liable for Vietnamese taxes on its income derived outside Vietnam or capital gains derived from the sale or other disposal of its non - Vietnamese investments unless the Company is deemed to be conducting business activities through a permanent establishment in Vietnam.

#### *Dividends*

There is currently no withholding tax imposed on dividends paid to foreign shareholders.

#### *Investment Fund Distributions*

The Company may make investments through a local investment fund.

Distributions of income (including capital gains) from local investment funds to both local and foreign investors are subject to a withholding of 20% Corporate income tax ("CIT"), other than income that has already been subject to tax.

#### *Interest*

Where a foreign company does not have a presence in Vietnam, interest income from bonds and fixed income securities is subject to 0.1% deemed CIT at the time of each interest payment except in the case of tax exempt bonds. For this deemed tax, interest is defined as the amount of interest income plus the value of the principal amount of the bond.

Interest the Company receives on any loans made to a Vietnamese borrower is subject to a 10% withholding tax.

#### *Dispositions*

The disposal of shares in a listed or unlisted joint stock company ("JSC") by a foreign company that does not have a presence in Vietnam is subject to a deemed 0.1% CIT on the sales proceeds. There is some uncertainty regarding whether this treatment applies if the investor participates in the management of the Vietnamese company.

The Company intends to conduct its affairs so the Company is not deemed to have a presence or permanent establishment in Vietnam and that the deemed 0.1% CIT will apply to disposals by it of shares in JSCs.

Gains made by foreign investors on the transfer of an interest (as opposed to shares) in a foreign invested or Vietnamese limited liability company are subject to Capital Assignment Profit Tax (CAPT) at the rate of 28% on the net gain (determined as the sale price less the initial cost of the acquired shares and the legitimate transaction expenses). The acquirer is required to withhold the CAPT from the payment to the vendor, and account for this to the tax authorities.

Under the current regulations, income from the assignment of capital will be entitled to a 50% reduction of the CAPT if the capital is assigned to buyers being corporate entities incorporated under the laws of Vietnam.

### **11.3. United States Federal Income Taxes**

The following is a summary of certain US federal income tax consequences to US Shareholder (as defined below), US Tax-Exempt Shareholder (as defined below) and Non-US Shareholders (as defined below), excluding entities characterized as partnerships for US federal income tax purposes, who purchase Shares in the offering. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This summary does not discuss all of the tax consequences that may be relevant to a particular Shareholder or to certain Shareholders subject to special treatment under US federal income tax laws. The discussion is limited to Shareholders who hold their Shares as capital assets. No rulings have been or will be sought from the IRS regarding any matter discussed in this Placing Memorandum. Counsel to the Company have not rendered any legal opinion regarding any tax consequences relating to the Company or an investment therein. No assurance can be given that the IRS would assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

For purposes of this section a "US Shareholder" is (i) a citizen or individual resident of the US, (ii) a corporation or an entity characterized as a corporation for US federal income tax purposes and which is created or organized in the US or any political subdivision thereof, (iii) an estate, the income of which is subject to US federal income tax without regard to its source, or (iv) a trust if (a) a court within the US is able to exercise primary supervision over the administration of the trust, and one or more US person have the authority to control all substantial decision of the trust or (b) the trust was in existence on August 20, 1996 and properly elected to be treated as a US person.

#### *THE COMPANY*

The Company will be treated as a corporation for US federal income tax purposes. Thus, subject to the PFIC rules discussed below, the income, gains, losses, deductions and expenses of the Company will not be passed through to the Shareholders, and all distributions by the Company to the Shareholders will be treated as dividends, return of capital and/or gains.

Given the nature of the Company's investment activities, the Company expects that it will not be engaged in a US trade or business as determined for US federal income tax purposes, although no assurances can be given in this regard. So long as the Company is not engaged in a US trade or business, income and gain earned by the Company will not be subject to regular US federal income taxation. If, however, contrary to the Company's expectation, the Company were treated as being engaged in a US trade or business, then the Company generally would be subject to regular US federal income taxation on its income and gain (and may also be subject to a 30% US branch profits tax), thereby materially adversely affecting the Company's ability to make distributions to the Shareholders.

If, when making investments in companies that have a Vietnam market focus or relationship, the Company makes investments in US companies, dividend income and certain types of interest income earned by the Company from these US investments will generally be subject to a withholding tax of 30%; however, US sourced interest income that qualifies as "portfolio interest" (as defined in the Code) should be exempt from US withholding. Also, capital gains on US investments should generally be exempt from US withholding or income taxes.

#### *US SHAREHOLDERS*

##### *Dividends*

Dividends with respect to the Shares generally will be included in the gross income of a US Shareholder as ordinary income from foreign sources. The dividends will not be eligible for the dividends-received deduction generally available to US corporations, and they will not qualify for the special reduced rate of tax available to non-corporate US taxpayers on qualified dividend income. Dividends of property other than cash generally will be included in income in an amount equal to the fair market value of the distributed property on the

date the dividends are received. All distributions will be subject to the special tax rules described in the "Passive Foreign Investment Company" discussion below to the extent that they are, or are part of, an excess distribution.

#### *Dispositions*

A US Shareholder will recognize gain or loss on the sale or other disposition (including a non-pro rata redemption) of the Shares in an amount equal to the difference between the US Shareholder's basis in the Shares and the amount realized from the sale or other disposition. Any gain will be treated as ordinary income as described in the "Passive Foreign Investment Company" discussion below, but any loss will be capital loss.

#### *Passive Foreign Investment Company*

The Company expects to be treated as a passive foreign investment company (a "PFIC") for US federal income tax purposes. If the Company is a PFIC, a US Shareholder will be subject to additional tax on excess distributions received with respect to the Shares or gain realized on the disposition of the Shares. A US Shareholder will have an excess distribution to the extent that distributions on the Shares during a taxable year exceed 125 per cent of the average amount received during the three preceding taxable years (or, if shorter, the US Shareholder's holding period). A US Shareholder may realize gain on the Shares not only through a sale or other disposition, but also by pledging the shares as security for a loan or entering into certain constructive disposition transactions. To compute the tax on excess distributions or any gain, (i) the excess distribution or the gain is allocated ratably over the US Shareholder's holding period, (ii) the amount allocated to the current taxable year is taxed as ordinary income and (iii) the amount allocated to each previous taxable year is taxed at the highest applicable marginal rate in effect for that year and an interest charge is imposed to recover the deemed benefit of the deferred payment of the tax.

A US Shareholder will not be able to avoid some of the tax consequences described above by electing to treat the Company as a qualified electing fund (a "QEF") because the Company does not intend to provide information necessary to make such election.

It is unlikely that a US Shareholder will be able to avoid certain consequences of PFIC treatment by electing to mark the Shares to market annually. A US Shareholder can elect to mark the Shares to market only if the Shares are marketable. In general, the Shares would be deemed marketable if they are regularly traded on a qualified exchange or other market, and would be deemed regularly traded if they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Currently, Shares of the Company are not listed on any qualified exchanges or other market. Although the Company may pursue a Listing of its Shares in the future, there can be no guarantee that there will be sufficient trading in the Shares.

A US Shareholder will be treated as an indirect holder of his or her proportionate share of the Company's equity investments in other companies that are a PFIC, and he or she will be taxed on his or her proportionate share of any distribution or gain attributable to the investment.

For these reasons, investment in the Company is not suitable for U.S. persons other than U.S. tax exempt persons.

#### *Information Reporting and Backup Withholding*

Dividends from the Shares and proceeds from the sale of the Shares may be reported to the IRS unless the Shareholders r is a corporation, or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the Shareholders fails to provide an accurate taxpayer identification number or otherwise establish an exemption. The Shareholder can claim a credit against its US federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount.

*US TAX-EXEMPT SHAREHOLDERS  
UNRELATED BUSINESS TAXABLE INCOME*

An investment in Shares should not generate unrelated business taxable income or income from debt-financed property for US federal income tax purposes (collectively, "UBTI") for US Shareholders that are pensions plans, individual retirement accounts, tax-exempt institutions and other tax-exempt Shareholders (collectively, "US Tax-Exempt Shareholders"), provided that such a US Tax-Exempt Shareholder does not incur "acquisition indebtedness" as defined for US federal income tax purposes with respect to its investment in Shares.

As discussed above, the Company expects to be treated as a PFIC. United States Treasury Regulations provide, however, that tax-exempt US persons generally are not subject to the potentially adverse effects of the PFIC rules. Moreover, in general, a US Tax-Exempt Shareholder may not make a QEF election with respect to the Company unless the Shareholder is taxable under the UBTI rules with respect to distributions received from the Company (which should occur only if a US Tax-Exempt Shareholder itself incurred "acquisition indebtedness" to make its investment in Shares). A US Tax-Exempt Shareholder will not be able to avoid some of the tax consequences described above by electing to treat the Company as a qualified electing fund because the Company does not intend to provide information necessary to make such election.

*REPORTING REQUIREMENTS*

US Shareholders will be subject to mandatory reporting requirements pursuant to section 6038B of the Code by filing Form 926 with the IRS on the purchase and disposition of the Shares. In the event a US Shareholder fails to file any such required form, such Shareholder could be required to pay a penalty. US Shareholders, including US Tax-Exempt Shareholders, should consult their tax advisors with respect to this or any other reporting requirement which may apply with respect to their ownership of the Shares.

*NO TAX ADVICE*

Neither the Company, the Company Counsel, the Company's accountant nor any other Company advisor, whether by this Placing Memorandum or in any oral discussion or written materials relating to this offering, is providing tax advice to any prospective Shareholder with respect to an investment in the Company.

WE ARE OBLIGATED TO ADVISE YOU OF THE FOLLOWING: (1) THIS WRITING IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER; (2) THE ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION(S) OR MATTER(S) ADDRESSED BY THE WRITTEN ADVICE; AND (3) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

**11.4. Other Tax Jurisdictions**

A general tax discussion is by its nature incomplete and cannot address the tax considerations of Shareholders on an individual basis. We strongly recommend that each prospective Shareholder discuss possible tax consequences of an investment with its individual tax advisor prior to deciding to invest.

Subject to the foregoing qualification that taxes will vary by jurisdiction and circumstances of the individual Shareholder, depending upon the particular investments made by the Company, it is possible that withholding tax, capital gains tax and other taxes may be imposed by taxing authorities located in Asia or Europe on income or gains derived by the Company. Benefits under double taxation treaties between countries in which investments are made and the countries of residence of Shareholders generally should be available, provided that the Shareholder is a person to whom the double taxation treaty applies. A Shareholder's share of such taxes may not be fully creditable against the tax liability imposed on such a Shareholder by the country of which it is a citizen or resident.

## **12. SELECTED OTHER REGULATIONS**

### **12.1. Certain Laws of Cayman Islands**

#### *ANTI-MONEY LAUNDERING*

In order to comply with regulations aimed at the prevention of money laundering in any applicable jurisdictions, the Company may require prospective Shareholders to provide evidence to verify their identity. Accordingly, the Board (or the Administrator on the Board's behalf) reserves the right to request such information as it considers necessary to verify the identity of a prospective Shareholder and the source of its subscription funds. The Board (or the Administrator on the Board's behalf) may refuse to accept any subscription application if a prospective Shareholder delays in producing or fails to produce any information required by the Board, or the Administrator, as the case may be, for the purpose of verification and, in that event, any funds received by the Board or the Administrator, as the case may be, will be returned without interest to the account from which the moneys were originally debited.

If any person resident in the Cayman Islands (including the Board) knows or suspects that another person is engaged in money laundering or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of their business the person will be required to report such belief or suspicion to the relevant authorities, pursuant to the Proceeds of Criminal Conduct Law (2005 Revision) and the Terrorism Law of the Cayman Islands. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

#### *NO REGISTRATION IN CAYMAN ISLANDS*

The Shareholders acknowledge that the Company is not registered, and it is not intended that the Company will be registered, with the Cayman Islands Monetary Authority, and that there is no Shareholder compensation or protection scheme available to the Shareholders in the Cayman Islands.

### **12.2. Certain Laws of the United States**

#### *UNITED STATES ERISA CONSIDERATIONS*

The United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), among other things, imposes certain duties on persons who are fiduciaries of employee benefit plans subject to ERISA (collectively referred to as "ERISA Plans" and individually referred to as an "ERISA Plan") and prohibits certain transactions between an ERISA Plan and the "fiduciaries" and "parties in interest" (as those terms are defined in ERISA) of the ERISA Plan. If the assets of the Company are deemed to be "plan assets" under ERISA (i) the Board could be deemed a fiduciary with respect to plan investments in the Company, (ii) the fiduciary standards and other provisions of Part 4 of Title I of ERISA applicable to investments by ERISA Plans and their fiduciaries would extend to investments made by the Company; (iii) fiduciaries of ERISA Plans could be liable under ERISA for investments made by the Company that do not conform to the standards imposed by ERISA; (iv) certain transactions that the Company might seek to enter into may constitute "prohibited transactions" under ERISA and the Internal Revenue Code of 1986, as amended (the "Code"); and (v) the Company and the Board would be subject to certain reporting and disclosure requirements under ERISA.

A regulation adopted by the United States Department of Labor defining the term "plan assets" for purposes of ERISA (the "Plan Assets Regulation") generally provides that the underlying assets of an entity in which ERISA Plans make equity investments will be considered "plan assets" unless (i) participation by "benefit plan Shareholders" is not significant or (ii) the entity qualifies as an "operating company," including a "venture capital operating company."

Under the Plan Assets Regulation, there is no “significant” equity participation by benefit plan Shareholders if investments by benefit plan Shareholders represent, at all times, less than 25% of the value of each class of securities issued by an entity. Although there have been recent changes to ERISA law limiting the definition of “benefit plan Shareholders” for purposes of the Plan Asset Regulations, “benefit plan Shareholders” for this purpose still include not only ERISA Plans, but also plans not subject to ERISA, as well as entities whose underlying assets include “plan assets” by reason of plan investments in such entities.

Because there may be, during the life of the Company, significant equity participation by benefit plan Shareholders in the Company, the Company’s organizational documents will provide that, in the event that 25% or more of the Net Asset Value of the Company’s Shareholders are held by benefit plan Shareholders, the Board will use its best efforts to conduct the affairs of the Company so as to cause the Company to qualify as a venture capital operating company (“VCOC”). In general, under the Plan Asset Regulation, the Company will be a VCOC for the period beginning on the date of its first portfolio company investment and ending on the last day of the first “annual valuation period,” if on the date of such first investment at least 50% of the Company’s assets (other than short-term investments pending long-term commitment or distribution to Shareholders), valued at cost, are invested in “venture capital investments,” and “management rights” are exercised in the ordinary course of the Company’s business during such period. The “annual valuation period” is a pre-established annual period, not exceeding 90 days, which begins no later than the anniversary of the initial investment. Thereafter, the Company will continue to be a VCOC if the 50% test is met any time within each annual valuation period and “management rights” continue to be exercised in the ordinary course of the Company’s business. A “venture capital investment” is an investment in a company primarily engaged in the production or sale of a product or service other than the investment of capital as to which the Shareholder has or obtains management rights. The term “management rights” means contractual rights directly between the Shareholder and an operating company to substantially participate in, or substantially influence the conduct of, the management of the operating company.

The above is only a brief and general summary of certain considerations and consequences of an investment in the Company by ERISA plans and does not address the suitability or consequences of such an investment for any ERISA plan. Any investment by an ERISA plan in the Company will be subject to ERISA. Shareholders that are ERISA plans are urged to consult their own advisors as to the suitability and consequences of an investment in the Company.

#### *UNITED STATES SECURITIES ACT OF 1933*

Shares of the Company will not be registered under the Securities Act and must be acquired for investment and not with a view to distribution within the meaning of the Securities Act. Offers and sales of the Shares in the United States will be made by the Company only to prospective Shareholders that satisfy, in the sole judgment of the Board, certain suitability standards. Each United States Shareholder must, at a minimum, meet the definition of “accredited investor” in Regulation D under the Securities Act.

Each Shareholder will be required to make certain other representations in its Subscription Agreement. The Board will determine, in its sole discretion, which of the subscriptions received it will accept and whether, in the case of any particular Shareholder, a limit will be placed on his, her or its maximum investment in the Company.

Offers to non-United States Shareholders must satisfy the requirements of Regulation S under the Securities Act. Accordingly, Shares of the Company offered to or purchased by non-United States Shareholders must not be offered or sold in the United States or to United States persons unless such offers or sales comply with Regulation S under the Securities Act.



*UNITED STATES INVESTMENT COMPANY ACT OF 1940*

The Company has not registered and is not expected to register under the Investment Company Act, in reliance on Section 3(c)(7) of the Investment Company Act, which excludes from the definition of "investment company" an issuer whose outstanding securities are beneficially owned exclusively by persons who, at the time of acquisition of such securities, are Qualified Purchasers (as such term is defined in Section 2(a)(51) of the Investment Company Act) and the issuer is not making and does not presently propose to make a public offering of its securities. The Company will not make a public offering of its Shares and will limit beneficial ownership (as determined under the Investment Company Act) exclusively to Qualified Purchasers.

**12.3. Confidentiality and Privacy**

The Company and the Board will treat information received from Shareholders as confidential and generally will not disclose such information other than in accordance with the and Articles, and the Subscription Agreement but may disclose information where such disclosure is required by any law or order of any court or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or governmental or other regulatory or taxation authority (including, without limitation, the Cayman Islands Monetary Authority). By subscribing for Shares in the Company, a Shareholder is deemed to consent to any such disclosure.

### **13. OFFERING RESTRICTIONS**

#### **NOTICE TO RESIDENTS OF AUSTRALIA**

THE OFFER OF THE SHARES MADE BY WAY OF THIS PLACING MEMORANDUM IS MADE ONLY TO "WHOLESALE CLIENTS" AS DEFINED IN CHAPTER 7 OF THE CORPORATIONS ACT. NOTHING IN THIS PLACING MEMORANDUM PURPORTS TO BE AN OFFER TO A PERSON OTHER THAN A "WHOLESALE CLIENT". IN ADDITION, THE COMPANY IS NOT A REGISTERED SCHEME, AS DEFINED IN THE CORPORATIONS ACT.

#### **NOTICE TO RESIDENTS OF AUSTRIA**

THE SHARES ARE OFFERED OR SOLD ON A PRIVATE PLACEMENT BASIS. THE FORM AND THE CONTENT OF THIS PLACING MEMORANDUM DO NOT COMPLY WITH THE AUSTRIAN LAW FOR PUBLIC OFFERING OF SHARES IN FOREIGN COMPANIES. ANY PUBLIC OFFERING OF THE SHARES TO INDIVIDUALS AND/OR LEGAL ENTITIES IN AUSTRIA IS NOT PERMITTED.

#### **NOTICE TO RESIDENTS OF BELGIUM**

THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE BELGIAN BANKING AND FINANCE COMMISSION (COMMISSIE VOOR HET BANK - EN FINANCIËWEZEN / COMMISSION BANCAIRE ET FINANCIÈRE) AS A FOREIGN COLLECTIVE INVESTMENT INSTITUTION UNDER ARTICLE 137 OF THE BELGIAN LAW OF DECEMBER 4, 1990, ON FINANCIAL TRANSACTIONS AND FINANCIAL MARKETS. THE OFFERING IN BELGIUM HAS NOT BEEN AND WILL NOT BE NOTIFIED TO THE BELGIAN BANKING AND FINANCE COMMISSION. THIS PLACING MEMORANDUM HAS NOT BEEN AND WILL NOT BE APPROVED BY THE BELGIAN BANKING AND FINANCE COMMISSION. THE SHARES ISSUED BY THE COMPANY SHALL, WHETHER DIRECTLY OR INDIRECTLY, BE OFFERED, SOLD, TRANSFERRED OR DELIVERED IN BELGIUM (I) ONLY TO THOSE SHAREHOLDERS REFERRED TO IN ARTICLE 3, 2° OF THE BELGIAN ROYAL DECREE OF JULY 7, 1999, ON THE PUBLIC CHARACTER OF FINANCIAL TRANSACTIONS, ACTING FOR THEIR OWN ACCOUNT, OR (II) SUBJECT TO THE RESTRICTION OF A MINIMUM INVESTMENT OF €183,945 PER SHAREHOLDER. THIS PLACING MEMORANDUM HAS BEEN ISSUED TO THE INTENDED RECIPIENT FOR PERSONAL USE ONLY AND EXCLUSIVELY FOR THE PURPOSES OF THE OFFERING. THEREFORE, IT MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER PERSON IN BELGIUM.

#### **NOTICE TO RESIDENTS OF THE CANADA PROVINCES OF BRITISH COLUMBIA, NEW BRUNSWICK, ONTARIO AND QUEBEC**

##### *PURCHASERS' REPRESENTATIONS, COVENANTS AND RESALE RESTRICTIONS*

CONFIRMATIONS OF THE ACCEPTANCE OF OFFERS TO PURCHASE SHARES WILL BE SENT TO PURCHASERS IN CANADA WHO HAVE NOT WITHDRAWN THEIR OFFERS TO PURCHASE PRIOR TO THE ISSUANCE OF SUCH CONFIRMATIONS. EACH PURCHASER OF SHARES IN CANADA WHO RECEIVES A PURCHASE CONFIRMATION, BY THE PURCHASER'S RECEIPT THEREOF, REPRESENTS TO THE COMPANY AND ANY DEALER FROM WHOM SUCH PURCHASE CONFIRMATION IS RECEIVED THAT SUCH PURCHASER IS A PERSON OR COMPANY TO WHICH SHARES MAY BE SOLD WITHOUT THE BENEFIT OF A PROSPECTUS QUALIFIED UNDER APPLICABLE PROVINCIAL SECURITIES LAWS. IN PARTICULAR, PURCHASERS RESIDENT IN ONTARIO REPRESENT TO THE COMPANY THAT THE PURCHASER IS AN "ACCREDITED SHAREHOLDER" AS SUCH TERM IS DEFINED IN SECTION 1.1 OF ONTARIO SECURITIES COMMISSION RULE 45-501 AND IS PURCHASING THE SHARES AS PRINCIPAL. THE DISTRIBUTION OF SHARES IN CANADA IS BEING MADE ON A PRIVATE PLACEMENT BASIS. ACCORDINGLY, ANY RESALE OF THE SHARES MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION AND PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS, WHICH VARY DEPENDING ON THE PROVINCE. PURCHASERS OF SHARES ARE ADVISED TO SEEK LEGAL ADVICE PRIOR TO ANY RESALE OF SHARES.

##### *ENFORCEMENT OF LEGAL RIGHTS*

ALL OF THE COMPANY'S AND THE INVESTMENT MANAGER'S DIRECTORS AND OFFICERS MAY BE LOCATED OUTSIDE OF CANADA AND, AS A RESULT, IT MAY NOT BE POSSIBLE FOR CANADIAN PURCHASERS TO EFFECT SERVICE OF PROCESS WITHIN CANADA UPON THE COMPANY, THE INVESTMENT MANAGER OR THEIR DIRECTORS OR OFFICERS. ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF THE COMPANY, THE INVESTMENT MANAGER AND SUCH PERSONS MAY BE LOCATED OUTSIDE OF CANADA AND, AS A RESULT, IT MAY NOT BE POSSIBLE TO SATISFY A JUDGMENT AGAINST THE COMPANY, THE INVESTMENT MANAGER OR SUCH PERSONS IN CANADA OR TO ENFORCE A JUDGMENT OBTAINED IN CANADIAN COURTS AGAINST THE COMPANY, THE INVESTMENT MANAGER OR SUCH PERSONS OUTSIDE OF CANADA. SECURITIES LEGISLATION IN CERTAIN OF THE CANADIAN JURISDICTIONS REQUIRES PURCHASERS TO BE PROVIDED WITH A REMEDY FOR RESCISSION OR DAMAGES, OR BOTH, IN ADDITION TO AND NOT IN DEROGATION FROM ANY OTHER RIGHT THEY MAY HAVE AT LAW, WHERE AN OFFERING PLACING MEMORANDUM AND ANY AMENDMENT TO IT CONTAINS A MISREPRESENTATION. THESE REMEDIES MUST BE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMITS PRESCRIBED BY THE APPLICABLE SECURITIES LEGISLATION. PURCHASERS SHOULD REFER TO THE APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION FOR THE COMPLETE TEXT OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

THE APPLICABLE CONTRACTUAL AND/OR STATUTORY RIGHTS ARE SUMMARIZED BELOW. THE SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS OF THE APPLICABLE PROVINCIAL SECURITIES LAWS AND THE REGULATIONS AND RULES THEREUNDER AND REFERENCE IS MADE THERETO FOR THE COMPLETE TEXT OF SUCH PROVISIONS.

*CONTRACTUAL AND/OR STATUTORY RIGHTS OF ACTION ONTARIO*

PURCHASERS IN ONTARIO TO WHOM THIS PLACING MEMORANDUM IS DELIVERED AND WHO PURCHASE SHARES IN RELIANCE ON THE PROSPECTUS EXEMPTION PROVIDED BY SECTION 2.3 OF ONTARIO SECURITIES COMMISSION RULE 45-501 ARE HEREBY GRANTED THE FOLLOWING RIGHTS:

IN THE EVENT THAT THIS PLACING MEMORANDUM OR ANY AMENDMENT THERETO DELIVERED TO A PURCHASER OF SHARES IN ONTARIO CONTAINS AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMITTS TO STATE A MATERIAL FACT THAT IS REQUIRED TO BE STATED OR THAT IS NECESSARY TO MAKE ANY STATEMENT THEREIN NOT MISLEADING IN THE LIGHT OF THE CIRCUMSTANCES IN WHICH IT WAS MADE (HEREIN CALLED A "MISREPRESENTATION") AND IT WAS A MISREPRESENTATION AT THE TIME OF PURCHASE, THE PURCHASER WILL BE DEEMED TO HAVE RELIED UPON THE MISREPRESENTATION AND WILL, SUBJECT AS HEREINAFTER PROVIDED, HAVE A RIGHT OF ACTION AGAINST THE COMPANY FOR DAMAGES, OR, WHILE STILL THE OWNER OF THE SHARES PURCHASED BY THAT PURCHASER, FOR RESCISSION, IN WHICH CASE, IF THE PURCHASER ELECTS TO EXERCISE THE RIGHT OF RESCISSION, THE PURCHASER WILL HAVE NO RIGHT OF ACTION FOR DAMAGES AGAINST THE COMPANY, PROVIDED THAT:

(A) THE RIGHT OF ACTION FOR RESCISSION WILL BE EXERCISABLE BY A PURCHASER ONLY IF THE PURCHASER GIVES NOTICE TO THE COMPANY NOT LATER THAN 180 DAYS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION;

(B) THE RIGHT OF ACTION FOR DAMAGES OR ANY OTHER ACTION OTHER THAN THE RIGHT OF ACTION FOR RESCISSION WILL BE EXERCISABLE BY A PURCHASER ONLY IF THE PURCHASER GIVES NOTICE TO THE COMPANY NOT LATER THAN 180 DAYS AFTER THE PURCHASER HAD KNOWLEDGE OF THE FACTS GIVING RISE TO THE CAUSE OF ACTION;

(C) THE COMPANY WILL NOT BE LIABLE IF IT PROVES THAT THE PURCHASER PURCHASED THE SHARES WITH KNOWLEDGE OF THE MISREPRESENTATION;

(D) IN THE CASE OF AN ACTION FOR DAMAGES, THE COMPANY WILL NOT BE LIABLE FOR ALL OR ANY PORTION OF THE DAMAGES THAT IT PROVES DOES NOT REPRESENT THE DEPRECIATION IN VALUE OF THE SHARES AS A RESULT OF THE MISREPRESENTATION RELIED UPON; AND

(E) IN NO CASE WILL THE AMOUNT RECOVERABLE IN ANY ACTION EXCEED THE PRICE AT WHICH THE SHARES WERE SOLD TO THE PURCHASER.

THE STATUTORY RIGHTS DISCUSSED ABOVE ARE IN ADDITION TO AND WITHOUT DEROGATION FROM ANY OTHER RIGHT THE PURCHASER MAY HAVE AT LAW.

*QUÉBEC*

IN QUÉBEC, EVERY PERSON WHO HAS SUBSCRIBED FOR SECURITIES PURSUANT TO THIS PLACING MEMORANDUM MAY, IN THE EVENT THAT THIS PLACING MEMORANDUM CONTAINS A MISREPRESENTATION, APPLY TO HAVE THE CONTRACT RESCINDED OR THE PRICE REVISED, WITHOUT PREJUDICE TO HIS OR HER CLAIM FOR DAMAGES, PROVIDED THAT NO ACTION MAY BE COMMENCED TO ENFORCE SUCH RIGHT UNLESS THE RIGHT IS EXERCISED:

(A) IN THE CASE OF RESCISSION OR REVISION OF THE PRICE, WITHIN ONE YEAR FROM THE DATE OF THE TRANSACTION; AND

(B) IN THE CASE OF DAMAGES, WITHIN ONE YEAR OF THE DATE ON WHICH THE PERSON ACQUIRED KNOWLEDGE OF THE FACTS GIVING RISE TO THE ACTION, EXCEPT UPON PROOF THAT THE PLAINTIFF ACQUIRED SUCH KNOWLEDGE MORE THAN ONE YEAR AFTER THE DATE OF THE TRANSACTION AS A RESULT OF THE NEGLIGENCE OF THE PLAINTIFF.

IN AN ACTION FOR RESCISSION OR REVISION OF THE PRICE OR DAMAGES AGAINST THE ISSUER, THE DEFENDANT MAY DEFEAT THE APPLICATION ONLY IF IT IS PROVED THAT THE PLAINTIFF KNEW, AT THE TIME OF THE TRANSACTION, OF THE ALLEGED MISREPRESENTATION.

*BRITISH COLUMBIA*

IN THE EVENT THAT THIS PLACING MEMORANDUM OR ANY AMENDMENT THERETO DELIVERED TO A PURCHASER OF SHARES IN BRITISH COLUMBIA CONTAINS AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMITTS TO STATE A MATERIAL FACT THAT IS REQUIRED TO BE STATED OR IS NECESSARY IN ORDER TO PREVENT ANY STATEMENT THAT IS BEING MADE FROM NOT BEING FALSE OR MISLEADING IN THE CIRCUMSTANCES IN WHICH IT WAS MADE (HEREIN CALLED A "MISREPRESENTATION") AND IT WAS A MISREPRESENTATION AT THE TIME OF PURCHASE, THE PURCHASER WILL BE DEEMED TO HAVE RELIED UPON THE MISREPRESENTATION AND WILL, SUBJECT AS HEREINAFTER PROVIDED, HAVE A RIGHT OF ACTION AGAINST THE COMPANY FOR DAMAGES, OR, WHILE STILL THE OWNER OF THE SHARES PURCHASED BY THAT PURCHASER, FOR RESCISSION, IN WHICH CASE, IF THE PURCHASER ELECTS TO EXERCISE THE RIGHT OF RESCISSION, THE PURCHASER WILL HAVE NO RIGHT OF ACTION FOR DAMAGES AGAINST THE COMPANY, PROVIDED THAT:

(A) THE RIGHT OF ACTION FOR RESCISSION OR DAMAGES IS ENFORCEABLE BY A PURCHASER ON NOTICE BY THE PURCHASER TO THE COMPANY ON OR BEFORE THE 90TH DAY AFTER THE DATE ON WHICH PAYMENT IS MADE FOR THE SHARES OR ON WHICH THE INITIAL PAYMENT WAS MADE FOR THE SHARES, IF PAYMENTS SUBSEQUENT TO THE INITIAL PAYMENT ARE MADE UNDER A CONTRACTUAL COMMITMENT ENTERED INTO BEFORE, OR CONCURRENTLY WITH, THE INITIAL PAYMENT;

(B) A PURCHASER WILL NOT BE ENTITLED TO COMMENCE AN ACTION TO ENFORCE A RIGHT: (I) IN THE CASE OF AN ACTION FOR RESCISSION, MORE THAN 180 DAYS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION; OR (II) IN THE CASE OF AN ACTION FOR DAMAGES, MORE THAN THE EARLIER OF 180 DAYS AFTER THE DATE THE PURCHASER FIRST HAD KNOWLEDGE OF THE FACTS THAT GAVE RISE TO THE CAUSE OF ACTION OR THREE YEARS FROM THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION;

(C) THE COMPANY WILL NOT BE LIABLE IF IT PROVES THAT THE PURCHASER PURCHASED THE SHARES WITH KNOWLEDGE OF THE MISREPRESENTATION;

(D) IN THE CASE OF AN ACTION FOR DAMAGES, THE COMPANY WILL NOT BE LIABLE FOR ALL OR ANY PORTION OF THE DAMAGES THAT IT PROVES DOES NOT REPRESENT THE DEPRECIATION IN VALUE OF THE SHARES AS A RESULT OF THE MISREPRESENTATION RELIED UPON; AND

(E) IN NO CASE WILL THE AMOUNT RECOVERABLE IN ANY ACTION EXCEED THE PRICE AT WHICH THE SHARES WERE SOLD TO THE PURCHASER.

THE CONTRACTUAL RIGHTS DISCUSSED ABOVE ARE IN ADDITION TO AND WITHOUT DEROGATION FROM ANY OTHER RIGHTS OR REMEDIES AVAILABLE AT LAW TO THE PURCHASER.

#### *CERTAIN INCOME TAX CONSIDERATIONS*

PROSPECTIVE PURCHASERS OF SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO ANY TAXES ELIGIBLE IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSITION OF SHARES. IT IS RECOMMENDED THAT TAX ADVISORS BE EMPLOYED IN CANADA, AS THERE ARE A NUMBER OF SUBSTANTIVE CANADIAN TAX COMPLIANCE REQUIREMENTS FOR CANADIAN SHAREHOLDERS.

#### **NOTICE TO RESIDENTS OF CAYMAN ISLANDS**

THE COMPANY IS PROHIBITED FROM MAKING ANY INVITATION TO THE PUBLIC OF THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE SHARES. NON-RESIDENT OR EXEMPTED COMPANIES OR OTHER SUCH NON-RESIDENT OR EXEMPTED ENTITIES ESTABLISHED IN THE CAYMAN ISLANDS, HOWEVER, MAY SUBSCRIBE. THE COMPANY IS CLOSED-ENDED AND THEREFORE IS NOT REGULATED BY THE MUTUAL FUNDS LAW (2006 REVISION) OF THE CAYMAN ISLANDS.

#### **NOTICE TO RESIDENTS OF DENMARK**

THIS OFFER IS EXEMPT FROM DANISH PROSPECTUS REQUIREMENTS.

#### **NOTICE TO RESIDENTS OF FINLAND**

THIS PLACING MEMORANDUM HAS BEEN PREPARED FOR PRIVATE INFORMATION PURPOSES AND HAS NOT BEEN DISTRIBUTED TO MORE THAN 100 FINNISH RESIDENTS. IT MAY NOT BE USED FOR, AND SHALL NOT BE DEEMED, A PUBLIC OFFERING OF THE SHARES. IT MAY NOT BE USED FOR, AND SHALL NOT BE DEEMED TO BE, THE MARKETING, ISSUANCE OR OFFERING OF SECURITIES TO THE PUBLIC IN FINLAND AND, THEREFORE, THE FINNISH SECURITIES MARKET ACT (495/89, AS AMENDED) IS NOT APPLICABLE. THE FINNISH FINANCIAL SUPERVISION AUTHORITY (RAHOITUSTARKASTUS) HAS NOT AUTHORIZED ANY OFFERING FOR THE SUBSCRIPTION OF THE SHARES; ACCORDINGLY, THE SHARES MAY NOT BE OFFERED OR SOLD IN FINLAND OR TO RESIDENTS THEREOF EXCEPT AS PERMITTED BY FINNISH LAW. THIS PLACING MEMORANDUM IS STRICTLY FOR PRIVATE USE BY ITS HOLDER AND MAY NOT BE PASSED ON TO THIRD PARTIES OR OTHERWISE DISTRIBUTED PUBLICLY.

THIS PLACING MEMORANDUM SHALL NOT, IN ADDITION TO EVERYTHING ELSE STATED AND EXCLUDED HEREIN, BE CONSIDERED TO CONSTITUTE AN OFFER UNDER THE FINNISH ACT ON CONTRACTS (13.6.1929/228, AS AMENDED). ADDITIONALLY, NO SUBSCRIPTION OR PURCHASE OF SHARES AS PRESENTED IN THIS PLACING MEMORANDUM SHALL BE GOVERNED BY THE FINNISH ACT ON TRADE OF GOODS (27.3.1987/355, AS AMENDED).

#### **NOTICE TO RESIDENTS OF FRANCE**

THE OFFER OF SHARES IS NOT SUBJECT TO THE REQUIREMENT OF A PROSPECTUS OR OTHER INFORMATION DOCUMENT FILED WITH THE COMMISSION DES OPERATIONS DE BOURSE FOR ITS APPROVAL (VISA). NEITHER THIS PLACING MEMORANDUM NOR ANY OFFERING MATERIAL RELATING TO THE OFFER OF SHARES HAVE BEEN OR WILL BE SUBMITTED TO THE CLEARANCE PROCEDURES OF THE FRENCH AUTHORITIES,

INCLUDING THE COMMISSION DES OPERATIONS DE BOURSE. THE SHARES MAY ONLY BE OFFERED TO AND PURCHASED OR SUBSCRIBED TO BY SHAREHOLDERS REFERRED TO IN ARTICLE L.411-2 OF THE FRENCH MONETARY AND FINANCIAL CODE (CODE MONÉTAIRE ET FINANCIER) AND DÉCRET N° 98-880, DATED OCTOBER 1, 1998, ACTING FOR THEIR OWN ACCOUNT.

IN THE EVENT THAT THE SHARES THUS PURCHASED OR SUBSCRIBED TO BY SUCH SHAREHOLDERS ARE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN FRANCE, THE CONDITIONS SET FORTH IN ARTICLES L.412-1 AND L.621-8 OF THE CODE CITED ABOVE MUST BE COMPLIED WITH.

IF THE SHARES ARE OFFERED TO A CLOSE CIRCLE OF SHAREHOLDERS OF 100 PERSONS OR MORE, SUCH SHAREHOLDERS MUST REPRESENT THAT THEY KNOW ONE OF THE MEMBERS OF THE COMPANY'S MANAGEMENT PERSONALLY AND HAVE EITHER A FAMILY OR PROFESSIONAL

RELATIONSHIP WITH SUCH MEMBER. THIS PLACING MEMORANDUM AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF SHARES ARE STRICTLY CONFIDENTIAL AND MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN THE RECIPIENTS HEREOF.

#### **NOTICE TO RESIDENTS OF GERMANY**

THE SHARES MUST NOT BE DISTRIBUTED WITHIN GERMANY BY WAY OF A PUBLIC OFFER, PUBLIC ADVERTISEMENT OR IN ANY SIMILAR MANNER AND THIS PLACING MEMORANDUM AND ANY OTHER DOCUMENT RELATING TO THE SHARES, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN GERMANY OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OF SHARES TO THE PUBLIC IN GERMANY. THIS PLACING MEMORANDUM AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF SHARES ARE STRICTLY CONFIDENTIAL AND MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN THE RECIPIENTS HEREOF.

#### **NOTICE TO RESIDENTS OF HONG KONG**

THIS PLACING MEMORANDUM HAS NOT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG NOR HAS A COPY OF IT BEEN REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG AND, ACCORDINGLY:

(A) THE COMPANY HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL IN HONG KONG ANY SHARE BY MEANS OF THIS PLACING MEMORANDUM OR ANY OTHER DOCUMENT, OTHERWISE THAN IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS IN HONG KONG; AND

(B) NONE OF THE COMPANY, THE BOARD, THE INVESTMENT MANAGER AND THEIR RESPECTIVE AGENTS HAVE ISSUED OR HAD IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, AND NONE OF THE COMPANY, THE BOARD, THE INVESTMENT MANAGER AND THEIR RESPECTIVE AGENTS WILL ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT (INCLUDING THIS PLACING MEMORANDUM) RELATING TO SHARES, OTHER THAN WITH RESPECT TO SHARES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL SHAREHOLDERS" (AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE, CHAPTER 571 OF THE LAWS OF HONG KONG), OR OTHERWISE TO THE EXTENT PERMITTED UNDER APPLICABLE SECURITIES LAWS IN HONG KONG.

#### **NOTICE TO RESIDENTS OF ITALY**

THE COMPANY IS NOT A UCITS COMPANY. IT HAS NOT BEEN NOR WILL IT BE FILED WITH THE ITALIAN AUTHORITIES FOR REGISTRATION. THE SHARES ARE OFFERED UPON THE EXPRESS REQUEST OF THE SHAREHOLDER, WHO HAS DIRECTLY CONTACTED THE COMPANY OR ITS SPONSOR ON HIS/HER/ITS OWN INITIATIVE. NO ACTIVE MARKETING OF THE COMPANY HAS BEEN MADE IN ITALY AND THIS PLACING MEMORANDUM HAS

BEEN SENT TO THE SHAREHOLDER AT HIS/HER/ITS REQUEST. THE SHAREHOLDER ACKNOWLEDGES THE ABOVE AND HEREBY AGREES NOT TO TRANSFER OR OTHERWISE ONCOMMERCIALIZE ANY SHARES, NOR TO CIRCULATE THIS PLACING MEMORANDUM TO OTHER ITALIAN SHAREHOLDERS UNLESS EXPRESSLY PERMITTED BY APPLICABLE LAW.

#### **NOTICE TO RESIDENTS OF JAPAN**

THE SHARES DO NOT CONSTITUTE SECURITIES TO BE REGISTERED UNDER THE SECURITIES AND EXCHANGE LAW OF JAPAN AND THEREFORE HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE SECURITIES AND EXCHANGE LAW OF JAPAN.

THIS PLACING MEMORANDUM IS CONFIDENTIAL AND IS INTENDED SOLELY FOR THE USE OF ITS RECIPIENT. ANY DUPLICATION OR REDISTRIBUTION OF THIS PLACING MEMORANDUM IS PROHIBITED. THE RECIPIENT OF THIS PLACING MEMORANDUM, BY ACCEPTING DELIVERY THEREOF, AGREES TO RETURN IT AND ALL RELATED DOCUMENTS TO THE COMPANY IF THE RECIPIENT ELECTS NOT TO PURCHASE ANY OF THE SHARES OFFERED HEREBY OR IF REQUESTED EARLIER BY THE COMPANY. NEITHER RETURN OF THE PRINCIPAL AMOUNT NOR DISTRIBUTION OF PROFIT IS GUARANTEED.

THIS INVESTMENT IN THE SHARES INVOLVES CERTAIN RISKS OF DEFICIT CAUSED BY FLUCTUATION OF SHARE RATES, CURRENCY AND OTHER MARKET FACTORS, OR THE CREDIT RISK OF THE COUNTER-PARTIES OR RELEVANT PARTIES THEREOF. PLEASE READ THE TERMS OF THE INVESTMENT CAREFULLY, IN PARTICULAR, THOSE RELATING TO LIMITATIONS ON THE PERIOD IN WHICH RIGHTS RELATING TO SUCH INVESTMENT CAN BE EXERCISED.

#### **NOTICE TO RESIDENTS OF KUWAIT**

THE OFFER OF SHARES IS AIMED AT INSTITUTIONS AND SOPHISTICATED, HIGH NET WORTH INDIVIDUALS ONLY, THIS PLACING MEMORANDUM IS BEING SENT AT THE WRITTEN REQUEST OF THE SHAREHOLDER, NO PUBLIC OFFERING OF THE SHARES IS BEING MADE IN KUWAIT, NO MASS-MEDIA MEANS OF CONTACT ARE BEING USED.

#### **NOTICE TO RESIDENTS OF LUXEMBOURG**

THE SHARES MAY NOT BE PUBLICLY OFFERED OR SOLD IN THE GRAND-DUCHY OF LUXEMBOURG, EXCEPT FOR THE SHARES FOR WHICH THE REQUIREMENTS OF LUXEMBOURG LAW CONCERNING PUBLIC OFFERINGS OF SECURITIES HAVE BEEN MET. THE SHARES ARE OFFERED TO A LIMITED NUMBER OF SOPHISTICATED SHAREHOLDERS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A DISTRIBUTION THAT WOULD BE OTHER THAN A PRIVATE PLACEMENT. THIS PLACING MEMORANDUM MAY NOT BE REPRODUCED OR USED FOR ANY PURPOSE, NOR BE FURNISHED TO ANY OTHER PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT.

#### **NOTICE TO RESIDENTS OF THE NETHERLANDS**

THE SHARES MAY NOT BE SOLICITED, ACQUIRED OR OFFERED IN OR FROM THE NETHERLANDS AND THIS PLACING MEMORANDUM MAY NOT BE CIRCULATED IN THE NETHERLANDS TO ANY INDIVIDUAL OR LEGAL ENTITY AS PART OF THEIR INITIAL DISTRIBUTION OR ANYTIME THEREAFTER, OTHER THAN TO INDIVIDUALS OR LEGAL ENTITIES WHO OR THAT DEAL OR INVEST IN SECURITIES OR OTHER INVESTMENT ASSETS IN THE COURSE OF THEIR OCCUPATION OR BUSINESS, INCLUDING BANKS, BROKERS, DEALERS, AND OTHER INSTITUTIONAL SHAREHOLDERS INVESTING IN SECURITIES OR OTHER INVESTMENT ASSETS (HEREINAFTER REFERRED TO AS "PROFESSIONAL SHAREHOLDERS"). IN THE EVENT OF A SOLICITATION, ACQUISITION OR OFFERING MADE TO OR BY PROFESSIONAL SHAREHOLDERS AND, THEREFORE, EXEMPT FROM THE GENERAL PROHIBITION AS CONTAINED IN THE ACT ON THE SUPERVISION OF INVESTMENT INSTITUTIONS ("WET TOEZICHT BELEGGINGSINSTELLINGEN"), NO SUBSEQUENT OFFERING OF THE SHARES IN A "SECONDARY OFFERING" BY SUCH PROFESSIONAL SHAREHOLDERS TO INDIVIDUALS OR ENTITIES OTHER THAN PROFESSIONAL SHAREHOLDERS MAY BE MADE.

#### **NOTICE TO RESIDENTS OF NEW ZEALAND**

NO OFFEREE OF THE SHARES SHALL DIRECTLY OR INDIRECTLY OFFER, SELL OR DELIVER ANY SHARES, OR DISTRIBUTE THIS PLACING MEMORANDUM OR ADVERTISEMENT IN RELATION TO ANY OFFER OF THE SHARES, IN NEW ZEALAND OTHER THAN TO PERSONS WHOSE PRINCIPAL BUSINESS IS THE INVESTMENT OF MONEY OR WHO, IN THE COURSE OF AND FOR THE PURPOSES OF THEIR BUSINESS, HABITUALLY INVEST MONEY OR WHO IN ALL THE CIRCUMSTANCES CAN PROPERLY BE REGARDED AS HAVING BEEN SELECTED OTHERWISE THAN AS MEMBERS OF THE PUBLIC OR IN OTHER CIRCUMSTANCES WHERE THERE IS NO CONTRAVENTION OF THE SECURITIES ACT 1978 OF NEW ZEALAND.

#### **NOTICE TO RESIDENTS OF NORWAY**

THE COMPANY FALLS OUTSIDE THE SCOPE OF THE INVESTMENT FUND ACT OF 1981 AND, THEREFORE, IS NOT SUBJECT TO SUPERVISION FROM THE BANKING, INSURANCE AND SECURITIES COMMISSION OF NORWAY. THE SHARES ARE NOT SUBJECT TO THE SECURITIES TRADING ACT OF 1997.

THE CONTENTS OF THIS PLACING MEMORANDUM HAVE NOT BEEN APPROVED OR REGISTERED WITH THE OSLO STOCK EXCHANGE OR THE NORWEGIAN COMPANY REGISTRY.

EACH SHAREHOLDER SHOULD CAREFULLY CONSIDER INDIVIDUAL TAX QUESTIONS BEFORE INVESTING IN THE COMPANY.

#### **NOTICE TO RESIDENTS OF SINGAPORE**

THIS PLACING MEMORANDUM HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS PLACING MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE OF SHARES MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY ANY SHARES BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN UNDER CIRCUMSTANCES IN WHICH SUCH OFFER, SALE OR INVITATION DOES NOT CONSTITUTE AN OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE OF THE SHARES TO THE PUBLIC IN SINGAPORE.

#### **NOTICE TO RESIDENTS OF SAUDI ARABIA**

THE OFFER OF SHARES IS AIMED AT PROFESSIONAL AND SOPHISTICATED OFFEREES ONLY, THIS PLACING MEMORANDUM IS BEING SENT AT THE REQUEST OF THE SHAREHOLDER, NO PUBLIC OFFERING OF THE SHARES IS BEING MADE IN SAUDI ARABIA, NO MASS-MEDIA MEANS OF CONTACT IS BEING USED AND THE TRANSACTION WILL BE CONCLUDED OUTSIDE SAUDI ARABIA.



#### **NOTICE TO RESIDENTS OF SPAIN**

THE PLACEMENT OF SHARES HAS NOT BEEN REGISTERED WITH AND AUTHORIZED BY THE SPANISH SECURITIES COMMISSION (COMISIÓN NACIONAL DEL MERCADO DE VALORES) AND NO PUBLIC OFFERING IS BEING MADE IN SPAIN.

#### **NOTICE TO RESIDENTS OF SWEDEN**

THIS PLACING MEMORANDUM HAS NOT BEEN NOR WILL IT BE REGISTERED WITH OR APPROVED BY FINANSINSPEKTIONEN (THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY) OR STOCKHOLMSBÖRSEN AB (THE STOCKHOLM EXCHANGE). ACCORDINGLY, THIS PLACING MEMORANDUM MAY NOT BE MADE AVAILABLE, NOR MAY THE SHARES OFFERED HEREUNDER BE MARKETED AND OFFERED FOR SALE IN SWEDEN, OTHER THAN UNDER CIRCUMSTANCES WHICH ARE DEEMED NOT TO BE AN OFFER TO THE PUBLIC IN SWEDEN UNDER THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT (1991:980).

#### **NOTICE TO RESIDENTS OF SWITZERLAND**

THE COMPANY HAS NOT BEEN AUTHORIZED BY THE SWISS FEDERAL BANKING COMMISSION AS A FOREIGN INVESTMENT COMPANY UNDER ARTICLE 45 OF THE SWISS INVESTMENT FUND ACT OF MARCH 18, 1994. ACCORDINGLY, THE SHARES OFFERED HEREBY MAY NOT BE OFFERED OR DISTRIBUTED ON A PROFESSIONAL BASIS IN OR FROM SWITZERLAND, AND NEITHER THIS PLACING MEMORANDUM NOR ANY OTHER OFFERING MATERIAL RELATING TO THE SHARES MAY BE ISSUED IN CONNECTION WITH ANY SUCH OFFER OR DISTRIBUTION. THE SHARES AND THIS PLACING MEMORANDUM MAY, HOWEVER, BE DISTRIBUTED IN SWITZERLAND ON A PROFESSIONAL BASIS TO A LIMITED NUMBER OF SHAREHOLDERS IN CIRCUMSTANCES SUCH THAT THERE IS NO PUBLIC OFFER. THIS PLACING MEMORANDUM AND ANY OTHER MATERIAL RELATING TO THE SHARES ARE STRICTLY CONFIDENTIAL AND MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN ITS RECIPIENTS.

#### **NOTICE TO RESIDENTS OF TAIWAN**

THE SHARES CANNOT BE OFFERED, DISTRIBUTED OR RESOLD TO THE PUBLIC WITHIN THE REPUBLIC OF CHINA WITHOUT PRIOR APPROVAL FROM THE REGULATORY AUTHORITIES IN THE REPUBLIC OF CHINA.

#### **NOTICE TO RESIDENTS OF UNITED ARAB EMIRATES**

THE SHARES WILL BE SOLD OUTSIDE THE UNITED ARAB EMIRATES.

#### **NOTICE TO RESIDENTS OF UNITED KINGDOM**

THIS PLACING MEMORANDUM IS DIRECTED ONLY AT PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) FALL WITHIN ONE OR MORE EXEMPTIONS CONTAINED IN THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001, (III) FALL WITHIN ONE OR MORE EXEMPTIONS CONTAINED IN RULES MADE BY THE FSA PURSUANT TO SECTION 238 (5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "ACT") OR (IV) ARE PERSONS TO WHOM SUCH DOCUMENTS MAY OTHERWISE LAWFULLY BE ISSUED OR PASSED ON, ("RELEVANT PERSONS"). THIS COMMUNICATION MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS PLACING MEMORANDUM HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE ACT AND RECIPIENTS OF THIS PLACING MEMORANDUM ARE NOT PERMITTED TO TRANSMIT IT TO ANY OTHER PERSON. NEITHER THE RULES MADE UNDER THE ACT FOR THE PROTECTION OF PRIVATE CUSTOMERS NOR THE FINANCIAL SERVICES COMPENSATION SCHEME WILL APPLY TO AN INVESTMENT IN THE COMPANY.

## **14. DEFINITIONS**

The following definitions apply throughout this Placing Memorandum document unless the context requires otherwise.

### **Accounting Period**

a period in respect of which audited accounts of the Company are prepared in accordance with the Articles

### **Administration Agreement**

the agreement entered into between the Company and the Administrator

### **Administrator**

Deutsche Bank (Cayman) Limited

### **Articles**

the Articles of Association of the Company, as amended from time to time

### **Auditors**

Grant Thornton (Vietnam) Company Ltd. in its capacity as auditors of the Company, or such other accounting firm as shall be appointed auditors from time to time by the Company

### **Board or Directors**

the directors of the Company

### **Business Day**

any day (except Saturday, Sunday or a public holiday) on which banks are open for normal banking business in Vietnam

### **Closing**

any day as the Board may determine, in its discretion, on which the Company may issue Shares to Shareholders

### **Closing Date**

the Initial Closing Date and/or the General Closing Date (if any) as the context shall require

### **Code**

the US Internal Revenue Code of 1986, as amended

### **Company**

Vietnam Equity Holding, a closed-ended investment company incorporated in the Cayman Islands as an exempted company with limited liability

### **Custodian**

Deutsche Bank AG, Ho Chi Minh City Branch

### **Custody Agreement**

the agreement entered into between the Company and the Custodian dated July 25, 2007

**Dong or VND**

Vietnamese dong, the lawful currency of Vietnam

**ERISA**

the US Employee Retirement Income Security Act of 1974, as amended

**Euro, EUR or €**

the lawful currency of the European currency union

**GDP**

gross domestic product

**General Closing Date**

November 30, 2007, or such other date as the Company and the Board may decide; provided always that if there is no general Closing then the General Closing Date shall, where used in this Placing Memorandum, be deemed to refer to the Initial Closing Date

**Government or State**

the government of the Socialist Republic of Vietnam

**HCMC**

Ho Chi Minh City

**IFRS**

International Financial Reporting Standards

**Initial Closing**

a Closing held on October 19, 2007, or the date upon the Company reaching aggregate subscriptions of at least €3.5 million or such other date determined by the Board upon the Company reaching a satisfactory level of subscriptions

**Initial Closing Date**

date of the Initial Closing

**IPO**

initial public offering

**Investment Advisor**

Hanoi Fund Management Company, a joint stock company formed under the laws of Vietnam, serves as an investment advisor to the Investment Manager

**Investment Company Act**

the US Investment Company Act of 1940, as amended

**Investment Management Agreement**

the agreement entered into between the Investment Manager and the Company dated October 1, 2007

**Investment Manager**

Saigon Asset Management Corporation, a Cayman Island exempted company

**Listing**

a listing of the Shares on a reputable stock exchange, as determined by the Board

**Listed Company**

(i) a company that has shares listed on the Vietnam Stock Exchange or (ii) a company which has shares listed on any stock exchange outside of Vietnam and significant operations (as determined by the Investment Manager) in Vietnam

**Management Fee**

a fee payable to the Investment Manager for managing the Company as set out in section 4.2

**Memorandum**

the Memorandum of Association of the Company

**Ordinary Resolution**

a resolution passed by a majority of the votes of the Shareholders as being entitled to do so, vote in person, or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a duly called and held general meeting of the Company, or by a Written Resolution

**OTC Market**

the informal non-centralized network of broker-dealers, intermediaries, sellers and buyers in Vietnam through which shares of Unlisted Companies are traded

**Performance Fee**

a fee payable to the Investment Manager and calculated by reference to the performance of the Company as set out in section 4.3

**Placement**

the conditional placement of the Shares at the Subscription Price

**Placing Memorandum**

this Placing Memorandum

**Regulation S**

Regulation S under the Securities Act

**SEC**

the US Securities and Exchange Commission

**Securities Act**

the US Securities Act of 1933, as amended

**Shareholders**

holders of Shares of the Company

**Shares**

Shares with a face value of €2.00 each in the capital of the Company

**SOE**

a State-owned enterprise in Vietnam

**Special Resolution**

a resolution passed by a majority of not less than seventy-five percent of the votes of Shareholders as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a duly called and held general meeting of the Company, or a Written Resolution

**SSC**

the State Securities Commission in Vietnam, the official body in charge of regulating the Vietnam Stock Exchange

**Subscription Agreement**

the subscription agreement to be entered into by each Shareholder, the Company and the Investment Manager which sets out the terms of the offering of the Shares

**Subscription Price:**

€2.50 per Share on the date of the relevant Closing

**Target Company**

a company in which the Company has not yet invested but in which it is considering or would consider making an investment

**Unlisted Company**

a company whose shares are not yet listed in the Vietnam Stock Exchange or any other stock exchange

**US Dollar, USD, US\$ or \$**

US-Dollar, the lawful currency of the United States of America

**US, USA or United States**

the United States of America, its territories and possessions, any state in the United States of America and the District of Columbia and all other areas subject to its jurisdiction

**US Person**

as defined by Rule 902 of Regulation S

**Valuation Day**

unless the Board resolves otherwise, (i) the last Business Day of each month and (ii) such other day as the Board may decide

**Vietnam Stock Exchange**

the officially sanctioned mechanisms for trading in listed equities, bonds and other securities located in HCMC and Hanoi, together with any other officially sanctioned trading centers that may open in other cities of Vietnam

**Written Resolution**

a resolution adopted in writing unanimously by the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders aforesaid

**WTO**

World Trade Organization