

## VIETNAM EQUITY HOLDING

### Fundamentals

Domicile	Cayman Islands
Denomination	EUR
NAV DEC 2007	EUR 2.39
IPO Date	November 28, 2007
Exchange	Frankfurt and XETRA
Fiscal Year End	December 31

### Investment Manager

Saigon Asset Management (SAM)

### Security References

Reuters	3MS:DE
Bloomberg	3MS.GR
ISIN	KYG936251043
German Security Code	A0M12V

### Service Providers

Custodian	Deutsche Bank
Administrator	Deutsche Bank
Legal Advisor	Reed Smith
Auditor	Grant Thornton

### Fees

Management Fee	2% per annum
Performance Fee	20% of the total increase of NAV over hurdle rate of 8% with high water mark

### Investment Statistics

Number of Investments	15
Average Investment Size	€ 2.51 mil

### VEH Top Holdings

Company	Type	% NAV
PMB	OTC	13%
PVD	Listed	8%
DPM	Listed	8%
HPG	Listed	7%
VNM	Listed	6%
Sabeco	OTC	5%
DHG	Listed	5%
DIG	OTC	4%
PVI	Listed	4%
VCB	OTC	4%

### Contact

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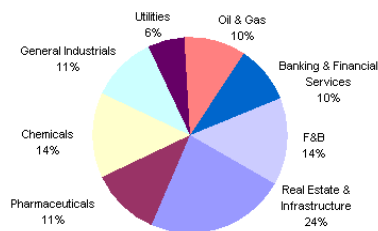
## QUARTERLY UPDATE

## PERIOD ENDED SEPTEMBER 30, 2008

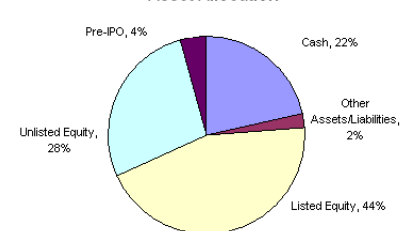
### Portfolio Review

In Q3, 2008, VEH has taken advantage of our strong cash position to buy into the weak market. We have focused on leading companies in both listed and OTC market and focused where the valuation is reasonable and liquidity risk is low. Despite the difficult economic situation, most of companies within our portfolio have delivered positive results. Below is a review of our major investments

Portfolio By Sector



Asset Allocation



#### 1. Phu My Bridge Corporation (PMB)

The Phu My Bridge is a key infrastructure development project in southern Vietnam and is the longest bridge crossing the Saigon River, connecting District 2 and District 7. The construction of the bridge is projected for completion by October 2009, about 2 months earlier than originally scheduled. PMB's next two main projects are the Saigon Bridge 2 and the "Ca Pass" tunnel in No.1 Highway in central Vietnam. PMB has started the feasibility study for these two projects which have a total investment of up to US\$700 million. Through a private placement, VEH has acquired an additional 100,000 shares of PMB at a very attractive price. We have written down the previous investment in PMB to reflect this new price.

#### 2. PetroVietnam Drilling and Well Services Joint Stock Company (PVD)

PVD is a leading company offering drilling and well maintenance services for the petroleum industry. With over 50% equity interest held by PetroVietnam, PVD receives strong support from the Government and is the only local company operating in this industry. PVD's performance has been solid with YTD Aug 08 net profit already reaching 96% of the full year budget.

#### 3. PetroVietnam Fertilizer and Chemicals Corporation (DPM)

DPM manufactures and wholesales nitrogen fertilizers, liquified ammonia and industrial gases, as well as other agricultural chemical products. The company is the most dominant player with over 40% market shares. Its YTD Sep 08 net profit is expected to reach US\$89 billion and 08/07 growth is now forecasted to be over 60% in profit after tax.

#### 4. Hoa Phat Group (HPG)

VEH acquired a minority interest in HPG in Q3, the leading steel manufacturer in Vietnam with 11.7% market share in Sep 2008. HPG is one of the few steel companies which have control of 80% of the steel billet raw material needed for its steel production. In 16 years in operation, HPG established a wide and national distribution network and maintained good relationship with both customers and suppliers. By Sep 2008, the company reported US\$65 million in net profit, an outstanding 260% YoY growth.

#### 5. Vietnam Dairy Products Joint Stock Company (VNM)

VEH acquired a minority interest in VNM in Q3, the largest dairy company in Vietnam with 37% market share in dairy and beverage segment and currently the second largest market cap companies listed on the HOSE. Vinamilk products have been declared Melamine free and the company is well positioned to further strengthen its market leadership. The company announced a net profit of US\$62 million in Sep 2008, already reaching 90% of the full year target.

#### 6. Saigon Beer-Alcohol-Beverage Corporation (Sabeco)

VEH acquired a minority interest of Sabeco at its IPO. Sabeco is a dominant beer and beverage producer in Vietnam with 30% beer market share. The company is looking to sell 20% equity to foreign strategic investors and it is reported to have been in discussion with Heineken, Budweiser, A-B, InBev, Thai Beer, and Asahi. Sabeco is projected to achieve US\$47 post-tax income and EPS of VND 1,200, about 15% growth from those in 2007.

#### 7. Hau Giang Pharmaceutical Joint Stock Company (DHG)

VEH acquired a minority interest in DHG in Q3. DHG is the leader in Vietnam pharmaceutical industry listed on HoSE. DHG's strongest advantage is its nationwide distribution network, including 17 branches and five distribution centers. Due to the increase in imported raw material prices and government's price control to fight inflation, the company full year net profit is expected to be 15% lower than last year.

#### 8. Development Investment Construction Corporation (DIC Group or DIG)

DIG is one of the leading real estate companies in Vietnam, formerly a Ministry of Construction company, which became a public company in March 2008. DIG's shareholders are very concentrated as the top 20 shareholders own more than 93% of equity. The three biggest shareholders are the government (65%), Vinacapital (10%) and VEH (4%). DIG's projected 2008 profit before tax will be US\$24 mn, which will provide 2008 ROE of 108%. The company's cash position is very strong at US\$ 48 mn deposited. DIG is expected to be listed on HOSE in December 2008.

#### 9. PetroVietnam Insurance Company (PVI)

VEH acquired a minority interest in PVI in Q3. PVI is the second biggest Vietnamese insurance company with over 20% market share in non-life insurance sector. The Company offers insurance

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and reinsurance services of energy, marine, engineering, liability, motor vehicle, property, medical and life. With PetroVietnam being the major shareholder (76%), PVI receives strong support from PetroVietnam, especially in all oil and gas related insurance activities. The company growth trend is significant as 2008 post tax income and EPS are projected to increase to 24% and 17% over 2007.

**10. Vietcombank (VCB)**

VCB is the second largest and the most profitable banking group in Vietnam, holding 23% market share in deposit market and 27% in trade financing and international payments. It has traditionally focused on providing long-term loans to the largest SOE in Vietnam and has consequently developed deep and well established relationships with blue-chip companies such as PetroVietnam, Electricity of Vietnam, Vinashin, Vinafood and Vietnam Steel Corporation.

**Strategy**

The ongoing global financial crisis has left a negative psychological impact on Vietnam stock market, ironically during a time when the country's fundamentals are improving significantly from their lowest point back in June 2008. Generally, valuation has been attractive for medium and long term holdings. VEH has taken advantage of a weakening market to acquire shares in leading companies listed on the exchanges and available on the OTC market at attractive valuation. We are focusing on companies which have clear leadership in their respective markets, healthy financial positions, and high growth potential supported by strong corporate governance and an outstanding management team.

**Cash**

At the end of Q3, VEH has 22% cash as a percentage of NAV, compared to 68% at the end of Q2. Heavy deployment of cash was consistent to our strategy as stated above.

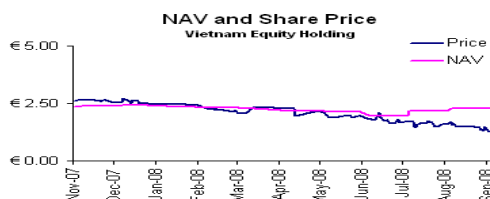
**Net Asset Value (NAV)**

In Q3, VEH's net asset value increased 6.11% compared to the prior quarter. Year to date, VEH dropped 4.61% compared to 51% decline in the VNI. Since inception, VEH has fallen 2.54%.

**NAV and Share price Performance \***

Period	NAVPS (€)	# shares	NAV (€)
Oct-07	2.34	15,456,276	36,185,996
Nov-07	2.36	21,745,510	51,320,117
Dec-07	2.39	21,745,510	52,014,010
Jan-08	2.41	21,745,510	52,405,975
Feb-08	2.34	21,745,510	50,944,822
Mar-08	2.33	21,745,510	50,587,190
Apr-08	2.30	21,745,510	49,969,333
May-08	2.18	21,745,510	47,305,753
Jun-08	2.15	21,745,510	46,758,034
Jul-08	1.97	21,745,510	42,818,803
Aug-08	2.17	21,745,510	47,189,883
Sep-08	2.28	21,745,510	49,616,947

Period NAV	2008 (monthly change %)	2007 (monthly change %)
Jan	0.75%	
Feb	-2.79%	
Mar	-0.70%	
Apr	-1.22%	
May	-5.33%	
Jun	-1.16%	
Jul	-8.42%	
Aug	10.21%	
Sep	5.14%	
Oct		
Nov		0.7%
Dec		1.35%
YTD	-3.52%	2.06%



\* Unaudited

**VEH News:**

- Effective November 5<sup>th</sup>, 2008 our phone number is updated with number 5 as the new prefix dial. Our new number and fax number are +84-8-54043488 and +84-8-54043487. Our website and email addresses remain unchanged
- On September 23, 2008, SAM has signed a strategic agreement with Hanoi Fund Management Company and a Memorandum of Understanding with Thang Long Securities Company. Please visit our website at [www.saigonam.com](http://www.saigonam.com) for further detail

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