

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	17
Average Investment Size	€ 1.97 mil

VEH Top Holdings

Company	Type	% NAV
PMBC	OTC	16.4%
VNM	Listed	8.6%
PVD	Listed	8.6%
DPM	Listed	8.1%
DHG	Listed	5.2%
HPG	Listed	5.1%
SABECO	OTC	5.1%
VSH	Listed	4.4%
DIG	OTC	4.0%
Cash		15%
Others		19.5%
Total		100%

Contact

Mr. Toan Nguyen
 Investor Relations Department
 Saigon Asset Management Corporation
 75-77 Calmette Street
 District 1, Ho Chi Minh City
 Tel: +84-8-5404-3488
 Email: ir@saigonam.com
 Website: www.saigonam.com

QUARTERLY UPDATE PERIOD ENDED DECEMBER 31, 2008
Net Asset Value (NAV)

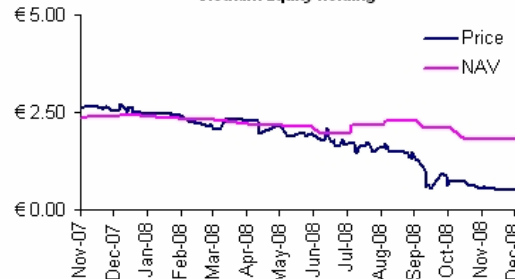
In Q4 2008, Vietnam Equity Holding's (VEH) net asset value decreased 15.8% compared to the prior quarter. Year to date, VEH's NAV decreased 24.3% compared to a 66% decline in the Vietnam Index. Since inception, VEH's NAV has decreased 22.7%. This result is relatively good compared to global markets in the last 12 months. VEH was ranked as the #1 performing Vietnam equity focused fund in 2008 by LCF Rothschild, a financial institution that tracks emerging investment funds around the world.

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
Oct-08	2.09	21,745,510	45,345,167
Nov-08	1.97	21,745,510	42,775,744
Dec-08	1.81	21,745,510	39,377,007

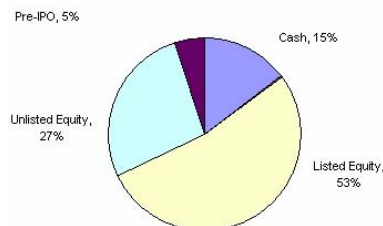
Period NAV	2008 (monthly change %)	2007 (monthly change %)
Jan	0.75%	
Feb	-2.79%	
Mar	-0.70%	
Apr	-1.22%	
May	-5.33%	
Jun	-1.16%	
Jul	-8.42%	
Aug	10.21%	
Sep	5.14%	
Oct	-8.61%	
Nov	-5.67%	0.7%
Dec	-7.95%	1.35%
YTD	-24.30%	2.05%

*Unaudited

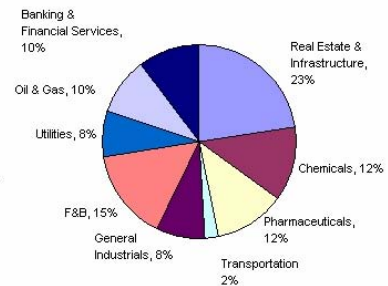
NAV and Share Price
 Vietnam Equity Holding

Strategy

Our strategy remains consistent from the previous quarter. The ongoing global financial crisis has left a negative psychological impact on Vietnam stock market. Generally, valuation has been attractive for medium and long term holdings. VEH has taken advantage of a weakening market to acquire additional shares in leading companies listed on the exchanges and available on the OTC market at attractive valuations. We are focusing on companies which have clear leadership in their respective markets, strong financials, and high growth potential supported by strong corporate governance and an outstanding management team. In addition, we generally seek to invest in companies that provide liquidity for the investors.

Asset Allocation



Portfolio By Sector


Cash

At the end of Q4, VEH had 15% cash as a percentage of NAV, compared to 22% at the end of Q3. Steady deployment of cash was consistent to our strategy stated above.

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QUARTERLY UPDATE PERIOD ENDED DECEMBER 31, 2008

Portfolio Review

During Q4, VEH continued to buy into the listed and OTC market to take advantage of attractive valuations. We accumulated more shares of leading companies at attractive valuations and low liquidity risk. Below is an overview of our investments:

1. Phu My Bridge Corporation (PMB)

The construction of the largest suspended bridge in Southern Vietnam is now expected to be completed by September 2009, three months ahead of the original plan. SAM signed a MOU in December 2008 to assist Phu My Bridge BOT Corporation in selecting strategic investors to participate into PMB new infrastructure projects including the Saigon Bridge II in HCMC and Ca Pass Tunnel on National Highway 1A. We expect infrastructure to be a strong growth sector and believe PMB is well positioned in this sector given the company's track record.

2. Vietnam Dairy Products Joint Stock Company (VNM)

VNM delivered solid performance in 2008 with year end unaudited net profit reaching 28% growth compared with the previous year and in line with our projections. The company now owns a number of household brand names in the milk and dairy products in the domestic market. VNM recently entered the fast-growing coffee market through its new brand Coffee Moment and is further penetrating the beer market with SAB Miller. We plan to continue to accumulate VNM shares as part of our long term core holdings.

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

PVD shareholders approved the merger of Petro Vietnam Drilling Investment (PVDI) into PVD through a share swap whereby 5.5 PVDI shares will be converted to 1 PVD share. PVDI is a subsidiary company of which PVD owns 51%. PVDI specializes in acquiring oil rigs for PVD. Although approved, the share swap received criticism from local investors due to dilution. We expect a more difficult operating environment in 2009 for PVD as rig rental price has dropped by as much as 30% from its high in Q2 2008. We are also expecting EPS to decrease 23% next year due to dilution, making the current valuation expensive. We will continue to monitor PVD closely and consider exiting when appropriate.

4. PetroVietnam Fertilizer and Chemicals Corporation (DPM)

The company is taking steps to increase its capacity in the next few years. Recently DPM signed a MoU to jointly develop a US\$600mn Diammonium Phosphate (DAP) plant with Morocco's Office Cherifien de Phosphate (OCP), which will start operations in 2011 and will sell its entire output of 1mn tones to Vietnam where imports currently exceed 700,000 tones annually. Its 2008 revenue and net profit increased 48.3% and 9.1% respectively, compared to 2007.

5. Hau Giang Pharmaceutical Joint Stock Company (DHG)

Despite difficult business environment, DHG business performance in 2008 was impressive. Revenues grew 19% compared with 2007, while unaudited net profit increased 18%. DHG is a leader in the domestic pharmaceutical space. The company has restructured its product lines by focusing more on high gross margin products and increasing its distribution system. Therefore, its gross margin 2008 stayed the same at 50% as of 2007 despite high rising imported raw material prices in the first half of 2008.

6. Hoa Phat Group (HPG)

The steel industry faced a difficult year with inventory build -up and decreasing prices. Even though HPG incurred losses in Q4, the full year result exceeded our expectations with unaudited net profit achieving Y-o-Y 32% growth. The company will start its new steel and cement factories later this year, which will further strengthen the company's market leadership. Today, HPG is among the top 5 steel producers in Vietnam with around 12% market share.

7. Saigon Beer-Alcohol-Beverage Corporation (Sabeco)

Sabeco's total beer volume in 2008 grew 21% compared to last year and on par with the company's plan. Sabeco however has not yet announced its financial performance at the time of this report. The company's shares have declined by over 55% since its IPO in early 2008 and the company has yet to announce any concrete listing plan. We are following up on Sabeco listing plan and exit at the most suitable time.

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QUARTERLY UPDATE PERIOD ENDED DECEMBER 31, 2008

8. Vinh Son - Song Chinh Hydropower Joint Stock Company (VSH)

VSH delivered solid performance in 2008 with unaudited net profit reaching 44% Y-o-Y growth and beating our projections. The government will stop subsidizing electricity and we expect to see electricity price increase by about 10% next year, benefiting VSH. We will take advantage of the weakening market to accumulate more VSH shares.

9. Development Investment Construction Corporation (DIC Group or DIG)

Despite a difficult year for the property market, DIG's unaudited net profit before tax grew 387% Y-o-Y, beating our expectations by a wide margin. The company's shareholders have recently approved to increase its chartered capital by 63% to fund new real estate projects and DIG is now planning to list in Hanoi Stock Exchange in the first half of 2009.

New Investment:

10. Sacombank (STB)

VEH acquired a minority interest in Saigon Thuong Tin Commercial Joint Stock Bank ("STB"), one of the country's largest commercial banks. Founded in 1991, STB has aggressively grown at an average total asset growth of 78% over the last 4 years into one of the top commercial joint stock banks in Vietnam. The bank is currently the #2 non-government bank by assets. The bank has significant market share in the retail network with over 250 offices nationwide. It owns a series of subsidiaries and joint ventures in related businesses such as securities, investment management, foreign exchange remittances, and debt services. STB is one of the blue chip companies on Ho Chi Minh stock exchange with 30% equity owned by foreigners. Despite the risks in banks globally, we believe STB's valuation is attractive given the decline in the stock price in the last 12 months combined with its market leadership, relatively strong balance sheet and strong liquidity position.

11. Hoa Sen Group (HSG)

VEH acquired a minority interest in Hoa Sen Group ("HSG"), the country's leading steel and PVC product manufacturer. The company's products include cold and hot rolled steel sheets, corrugated steels, PVC ceiling boards, plastics pipes, purlins and plafonds, and other construction materials. Hoa Sen Group has about a 20% share of the country's steel sheet market and a nationwide distribution network with over 75 branches accompanied by a strong brand name. The company audited net profit for financial year 2008 (ending Sep 08) grew 31% Y-o-Y.

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