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**Quarterly Report** **Q2 2010** **June 30th, 2010**

In Q2 2010, Vietnam Equity Holding (VEH)'s NAV per share increased 11.1% compared to a 1.6% increase in terms of VND and a 12.4% increase in terms of EUR of the VN Index. Since inception, VEH's NAV has increased 18%.

Vietnam Property Holding (VPH)'s NAV per share increased 10% in Q2 2010. Since inception, VPH's NAV has increased 29.6%.

| | NAV per Share ( € ) | % Change of NAVPS | | | Share Price (€ ) | % Change of Share Price | | | Discount (%) | NAV ( € ) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Quarterly | YTD | Since Inception | | Quarterly | YTD | Since Inception | | |
| **VEH** | 2.76 | 11.1 | 12.0 | 18.0 | 1.21 | 5.2 | -19.3 | -54.3 | 56.2 | 60,084,722 |
| **VPH** | 3.04 | 10.0 | 18.1 | 29.6 | 1.33 | 31.7 | 12.7 | -49.8 | 56.2 | 38,423,877 |

## Summary

Several developments in Q1 2010 made us optimistic about Vietnam's economy for the rest of the year, which in turn increased our confidence about the stock market and certain segments of the property market. Progress in the economy continued during Q2, affirming our outlook for good GDP growth and moderate inflation in 2010.

The property market continued its steady growth during Q2, especially in the Ho Chi Minh City and Hanoi affordable housing segments, but the correction in world stock markets kept a lid on the VN Index. In Q2, the VN Index increased +2% versus -12% for the S&P500, –23% for the Shanghai Composite Index, and -6% for MSCI Asia ex-Japan.

We remain optimistic about the stock market for the rest of 2010, but we have reduced our expectations to moderate price increases for the rest of the year. This is primarily because the government's current priorities seem to be moderate inflation, stable growth, and a recapitalization of the banking system, which is tempering credit growth, channeling liquidity towards the bond market and generating substantial new equity issuance.

**At the end of Q2, 79% of VEH's NAV and 54% of VPH's NAV were comprised of listed shares**

## Economic Review

Towards the end of 2009, Vietnam's economy experienced slight overheating with troubling consequences for inflation, the trade deficit, and the USD/VND exchange rate. The State Bank of Vietnam (SBV) slammed on the monetary brakes by raising the base rate from 7% to 8%, removing the ceiling interest rate banks can lend at, depreciating the Dong by 8%, and withdrawing VND 10 trillion ($525mn) from the money market via Open Market Operations (OMO) in Q1.

These measures, together with stable commodity prices and moderate credit growth of 10.5% for H1, helped alleviate inflation. Month-on-month inflation peaked in February at 1.96% (monthly inflation around the Tet holiday averages 2.5%) and the inflation rate dropped to less than 0.50% for each month in Q2. This was below the 1% month-on-month "danger level" inflation rate. The H1 inflation rate of 8.7% y-o-y means the government's 8% target for 2010 looks realistic.

At the same time, GDP growth remained firm. Growth in Q4 2009 was 6.9%, then dipped to 5.8% in Q1 2010, but bounced back to 6.4% in Q2. Growth is likely to stay robust for the rest of the year, as evidenced by strong industrial production (13.6% H1 y/y), retail sales (+26.7%), tax revenues (+22%), and electricity demand (+16%). The government's 2010 growth target of 6.5% looks attainable.

**Macroeconomic Indicators**

| | 2009 | Q1 2010 | H1 2010 |
|---|---|---|---|
| **GDP** | **$91.4bn** | **$19bn** | **$45bn** |
| **CPI (y-o-y)** | **6.9%** | **9.5%** | **8.7%** |
| **Export turnover** | **$56.6bn** | **$14bn** | **$32.1bn** |
| **Import turnover** | **$68.8bn** | **$17.5bn** | **$38.9bn** |
| **Trade deficit** | **$12.2bn** | **$3.5bn** | **$6.8bn** |
| **FDI Committed** | **$21.5bn** | **$2.1bn** | **$8.4bn** |
| **Industrial production** | **$38.7bn** | **$9.1bn** | **$19.2bn** |
| **VND/USD *** | **18,479** | **19,100** | **19,065** |
| **VN index** | **494.77** | **499.24** | **507.14** |

Source: General Statistics Office of Vietnam
* Commercial Bank

However, robust growth has widened the trade deficit. The "danger level" for the monthly trade deficit is $1.5bn. In H1, the estimated trade deficit was $6.3bn, which is within the comfort zone, but the trend for the monthly trade deficit is not as benign as for inflation. The deficit reached $870mn for May and $740mn for June. But if gold re-exports of around $750mn and $350mn for May and June respectively are excluded then the figures are close to the danger level.

International economists often become concerned when a country's current account deficit exceeds 10% of GDP. In Vietnam, the trade balance is roughly equal to the current account balance, and GDP is around $100bn. Therefore, the current account balance in 2010 will probably exceed this benchmark safety level, as it has for the last few years.

Many overseas investors recall the high current account deficits that preceded 1997's Asian financial crisis and consider Vietnam's large and persistent current account deficits alarming. But, two things make Vietnam's situation safer. First, the trade deficit in Vietnam largely results from the import of capital goods and raw materials used to produce exports. Second, those aforementioned capital goods imports bring in some of their own financing in the form of accompanying FDI. For H1 2010, estimated disbursed FDI was $5.4bn versus a trade deficit of $6.3bn, which helps explain why the Dong has been relatively stable this year.

In addition, worries about the Dong depreciation generally do not build up unless money supply and credit growth are running over 30%. With money supply growth running well below 30%, the FX market shrugged off potentially damaging comments by the IMF in June that Vietnam only held 7 weeks worth of imports in foreign currency reserves. That news panicked Vietnam's credit default swap market more than the FX market. The government calmed the markets by countering that foreign currency reserves were 9 weeks of imports when USD held by various parts of the government for operating purposes are counted. The government also informed the markets that reserves increased by $1bn in Q2 and the government targets foreign currency reserves of 12 weeks worth of imports by the end of 2010.

At the moment, the only major imbalance we see is the substantial increase in foreign currency loans which grew 25% in H1. Our understanding is that most of these loans are in USD for 3-6 months. It seems that companies do not expect the Dong to depreciate substantially for the rest of the year (we agree), and they want to take advantage of the large interest rate differential between VND and USD, but this may cause a scramble for USD later in the year.

Our understanding is that the SBV will clamp down on USD loans for the rest of the year as it appears that stability may be a preference of the government as one of the main steps to prepare for the National Congress of Vietnam Communist party in January 2011. The government is probably also concerned about the effect an overheating economy would have on the level of foreign currency reserves. We believe these considerations will guide the government's actions for the rest of the year.

This rebuilding and strengthening of Vietnam's economy in 2010 reinforces our favorable medium term view of the stock and property markets, as does the announcement of new regulations coming into effect in January 2011 that will make the SBV more independent. But, short term expectations for the stock market have been dampened (see below).

## Equity Market Overview

Global markets experienced a correction since mid-April on concerns about Greece, overheating in China, and fears of a double-dip recession in the US. US job growth remains tepid, and the US housing market remains weak as fiscal stimulus winds down, despite record low mortgage rates.

Vietnam's stock market is affected by events in the rest of the world, but the market here is particularly responsive to local liquidity conditions. We believe other factors besides the global correction are holding back the stock market. The government seems committed to moderate inflation and recapitalizing the banking system, which is putting pressure on interest rates and creating significant equity supply and dilution.

It appears the government recognizes that the 3.5% Non-Performing Loans (NPL) figure reported by banks is too low, and thus have enacted new regulations. By the end of 2010 banks will be required to have minimum VND 3 trillion ($160mn) in Tier I equity capital, a 9% Capital Adequacy Ratio (versus the current 8% CAR requirement), and an 80% Loan-to-Deposit Ratio (versus 100% system wide LDR today). There was speculation that the SBV would not strictly enforce these requirements this year, yet they appear to be determined.

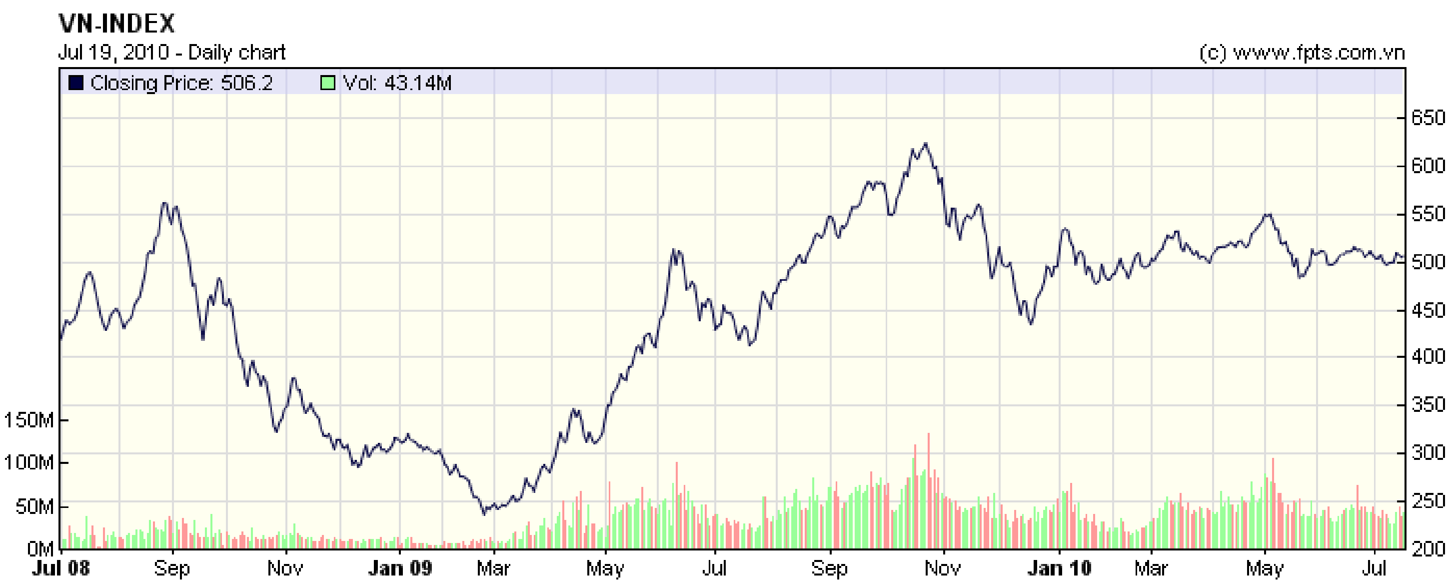
These new regulations are putting upward pressure on interest rates as banks compete to attract deposits. For most of Q2, deposit rates were around 11.5% and lending rates around 14% - 15%. The government has been trying to jawbone rates down to 10% for deposits and 12% for loans. This did not have much effect until the very last few days of Q2 when some banks announced tentative and unclear measures to lower interest rates.

High interest rates have pushed companies to borrow in USD (discussed above), and to issue new equity instead of borrowing VND (40 of the top 50 companies plan to raise new equity in 2010).

High yields also made government bonds attractive. And bonds were especially attractive to banks because bonds lower their LDR's. The result has been a tremendous amount of activity in the bond market in Q2. Trading volumes were high and bond yields fell as money flowed into the bond market instead of the stock market. Two year government yields fell from 11.9% to 10.2% in Q2.

The net effect of all of this is that this year liquidity is likely to be absorbed by the government bond market with around $5bn of new net issuances, and by new equity supply of around $5bn, including additional shares issued by banks to meet the new minimum equity capital requirement.

Equity dilution means that profit growth, which will probably be around 15% for 2010, will not raise EPS significantly. Dilution, the bull market in gold, and the uncertainty surrounding margin lending regulations in Vietnam explain why the market is not going higher, despite a reasonable 2010 forward PE around 12 and continued foreign buying, especially below the 500 VN index level (foreigners bought about net $800mn of stocks in H1).



## Real Estate Market Overview

Real estate prices in Vietnam remain firm relative to per capita GDP. But, prices are supported by attractive yields, reasonable banking system liquidity, continued development of the retail mortgage lending product, and by the strong demographic requirement for new housing, especially in HCMC and Hanoi.

Another important factor is Foreign Direct Investment (FDI), which continues to be robust. New projects announced in Q2 include a US$900mn commercial complex in Ba Ria-Vung Tau, backed by US-based Skybridge Dragon Sea; a US$120mn investment into the Binh Khanh township project in HCMC District 2, backed by Daewoo; and a significant township development in Binh Duong, 30km north of HCMC.

That 1,000 ha Binh Duong development entails investment of over US$7.9bn (VND 150 Trillion) in 20 separate sub-projects. The investors and developers are local and international, primarily from Singapore and Malaysia. Promenada, a suburban shopping mall chain from Eastern Europe, received the investment license to build a US$95mn retail complex in this new township.

Below is a review of each major segment of the property market in Q2.

In the office market, supply is increasing faster than demand in HCMC and Hanoi and Q2 saw a 9.6% increase in HCMC's gross floor area. This growing imbalance will be exacerbated by the completion of some large scale projects, such as the 68 -storey Bitexco Financial Tower in downtown HCMC. So far, the effect on rents and vacancy rates has been moderate. Colliers International reports that in Q2 the rent of grade-A offices in Hanoi was around $40-45 per square meter per month and occupancy rate was 87%, both of which decreased slightly from Q1. HCMC's Grade A office rents declined about 5% in Q2 and we expect increased competition for tenants in the near future, with lower lease rates and better services to attract the lessees.

On the contrary, the residential property market in Vietnam is on the upswing. The demand for affordable housing is enormous because of demographic factors. Many newly middle-class Vietnamese aspire to purchase their own apartment, preferably in an accessible location with good public infrastructure under-construction. Prices for such apartments are about US$1,000 per square meter in Hanoi and HCMC. In Q2, CapitaLand, Southeast Asia's largest property developer, announced that it would double real estate investments in Vietnam to US$2.5bn over the next three to five years, focusing on affordable housing and suburban shopping malls in major Vietnamese cities. It is estimated that approximately 500,000 people in Vietnam need new housing every year, which translates into demand for around 200,000 new housing units each year.

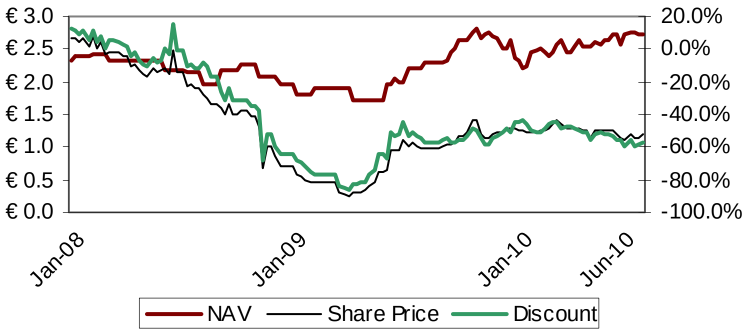
In the retail sector, the 58,000 square meter Vincom Centre Shopping Mall in HCMC opened with 90% pre-leased under long term contracts. This prime retail development is the largest of its kind in Vietnam. Monthly retail rents in the center of HCMC and Hanoi stayed unchanged from Q1 2010 at around US$85 per square meter, in line with the continued recovery of the economy in H1 2010.

The hotel business improved in Q2 with an increase in the number of international visitors (+12% y-o-y in H1 2010) and in occupancy rates from 53% last year to 63% during Q2. But, the average room rate at three to five-star hotels fell 18% in H1 2010 as international hotel management groups offered discounts to attract visitors.

SAIGON ASSET MANAGEMENT

## Vietnam Equity Holding (VEH) Performance

At the end of Q2 2010 Vietnam Equity Holding (VEH)'s NAV increased 11.1% to EUR2.76 per share from EUR2.49 per share at the end of Q1 2010. Since inception, VEH's NAV has increased 18% versus 48% decline of VN Index.




| Performance (%) | Q1 2010 | Q2 2010 | YTD | 12 Months Prior | Inception |
|---|---|---|---|---|---|
| VEH NAV | 0.78 | 11.1 | 12.0 | 26.4 | 18.0 |
| VEH Share Price | -23.3 | 5.2 | -19.3 | 19.8 | -54.3 |
| VN Index | 0.9 | 1.6 | 2.5 | 13.1 | -47.8 |
| MSCI EM Index | 2.1 | -9.1 | -7.2 | 20.6 | -26.1 |

| | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 |
|---|---|---|---|---|---|
| Total NAV(€) | 53,598,140 | 54,063,491 | 57,336,116 | 58,869,897 | 60,084,722 |
| NAV per Share (€) | 2.46 | 2.49 | 2.64 | 2.71 | 2.76 |

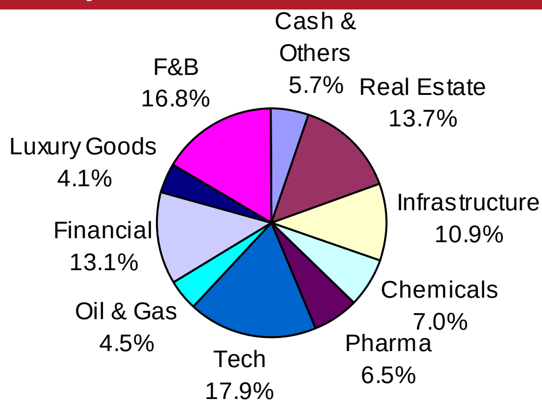
## VEH Cash Position

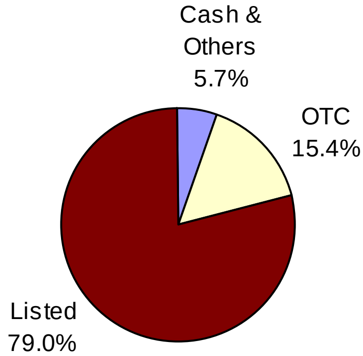
The cash balance at the end of Q2 2010 was 3.4% of NAV, compared to 3.8% at the end of Q1 2010.

## VEH Strategy

VEH's strategy is value-oriented and focused on finding "Growth at A Reasonable Price" (or GARP) stocks with favorable Price-to-Earnings Growth ratios (PEG ratio). We look for stocks whose earnings growth is driven by the increasing domestic demand of the emerging middle class in Vietnam. The current strategy also calls for a gradual rebalancing of the portfolio away from large cap stocks and toward small and mid cap stocks.

## Portfolio by Sector and Asset Allocation of VEH




## VEH Portfolio Performance

The VN Index ended Q2 nearly unchanged, as did the value of the VEH portfolio in Dong. Most of the increase in NAV per share in Euro was attributable to the 10% decline of the Euro / Dong FX rate during Q2. During Q2, VEH reduced its position in DPM, a large cap fertilizer company, and increased its position in PNJ, a mid cap jewelry company which fits the VEH strategy more closely and has better growth prospects than DPM in our opinion.

## Portfolio Holdings

***1. FPT Corporation (FPT)***

FPT is the only blue chip company in the telecom and technology industry. In 2009, FPT increased revenue and net income by 12% and 34% respectively and the company forecasted a 23% and 21% y-o-y increase in revenue and after-tax profit for 2010. In 5M 2010, the company achieved VND 776bn net profit, 56% of the 2010 plan.

In Q2, FPT Integration System signed a $4.3mn contract with Vietinbank to provide an ERP system including Internal Control, HR, Finance and MIS modules. In the future, FPT should continue to sign contracts to provide IT services to the financial sector and to upgrade bank's core software systems. The State Bank of Vietnam (SBV) has mandated Vietnamese banks to implement better internal risk management and control systems.

FPT launched a $100mn bond issue in October 2009, earmarked to grow its telecom and software businesses. In Q2, the company launched its own FPT mobile handset brand which is gaining traction in the market place among young and lower middle class customers. The company is also seeking a license to launch its own mobile phone network.

***2. Development Investment Construction Corporation (DIG)***

DIG is the largest real estate developer in Southern Vietnam, focusing on satellite cities, residential and industrial areas in Vung Tau, Dong Nai, Da Lat, and Hau Giang province. The company also has projects in some northern provinces such as Vinh Phuc and Ha Tay. Among the listed real estate companies, DIG owns a large land bank of 19 million square meters located throughout Vietnam.

In 2009, DIG increased net income by 94% and paid a 10% dividend yield. For 2010, DIG targets revenue and net income of VND 2,000bn (+42%) and VND 500bn (-16%) respectively. This conservative projection excludes the Nam Vinh Yen residential project which may start generating profit in late 2010.

In Q1 2010, DIG reported revenue of VND 245bn and net income of VND 55bn, only 12% of the 2010 targets, but the company expects revenue and profit to pick up over the remainder of the year as several projects will soon launch. In March 2010, DIG commenced construction on a 35 hectare commercial and residential project in Vung Tau province.

***3. Vinamilk (VNM)***

Vinamilk is one of the largest companies in terms of market capitalization, has a highly regarded, professional management team, and is a widely owned stock among foreign investors. In 2009, the company achieved 29% growth in revenue, 90% growth in net profit, net margin of 22% and impressive ROE of 43%. For 2010, the company forecasts a 33% and 12% increase in revenue and net income, which is considered a conservative projection. In Q1 2010, the company reported revenue of VND 3,250bn and net income of VND 818bn which is 22% and 31% of the 2010 targets.

VNM's core liquid milk business continues to deliver solid performance while the company focuses on operating efficiency and simultaneously expanding closely related businesses such as powdered milk, yogurt, ice cream, and beverages.

The core liquid milk business enjoys a 40% market share and 30% gross margin and constitutes about 35% of VNM's sales. In 2009, milk sales grew 50%. While that growth rate is very high, it is likely that VNM's liquid milk sales growth rates will remain high well into the future due to demographic factors (ie. young adults getting married and having children), due to Vietnam's current, low per capita milk consumption (about 1/5 the world average), and due to the strong brand equity VNM has built in all of its product lines. For example, selling expenses as a percent of sales have fallen roughly 4% in 2010, but sales growth remains strong.

In the milk products business, VNM's current capacity of 550,000 tons per year will be doubled with the completion of a new milk products factory in 2012, and the company is aiming to grow its market share in the high margin powdered milk product from 20% to 35% by 2011. In VNM's beverage business, the first phase of a new beverage factory was completed during Q2. The capacity of this new factory will reach 120 million liters per year within 3-5 years.

***4. Phu My Bridge Corporation (PMC)***

PMC is the BOT project owner, operator of the Phu My Bridge, a new suspension bridge linking District 2 and District 7 of Ho Chi Minh City. Because the bridge cuts an hour off the drive from the port area to downtown HCMC and connects the East and West of Southern Vietnam, the Government has taken an active role in this key infrastructure project.

The bridge opened at the end of 2009 and started collecting tolls in Q2, but toll revenues are below original projections, largely because the Government delayed a plan to require trucks passing through the center of HCMC to use the Phu My Bridge instead. Because of this, PMC has petitioned the People's Committee to allow the bridge to charge VND 1,000 toll per motorbike starting in 2012 and also to double the current toll for trucks.

PMC constructed the Phu My Bridge ahead of schedule, which is unusual for an infrastructure project in Vietnam, so the government approved the company to undertake some other new infrastructure projects. In Q2, one of those new projects, the Saigon Bridge II project was switched from a BOT to a BT economic model. Construction of this $126mn bridge, which will sit next to the current Saigon Bridge I, is scheduled to commence in September 2010.

PMC announced that it plans to list its shares on the Ho Chi Minh Stock Exchange by end of 2010 and will issue an additional 2.5mn shares to current shareholders. The increase in share capital from VND 745bn to VND 1,000bn will be used to finance the construction of Tramway Line No.1, Rach Chiec Bridge and Saigon Bridge II.

***5. Sacombank (STB)***

STB is the 4th largest bank in Vietnam and the second largest privately owned bank after ACB. In 2009, STB grew assets by 46%, net income by 55%, and reported .88% Non-Performing Loans (NPL), versus an industry average of 2.5%. For 2010, STB targets after-tax profit of VND 1,870bn (+26%). In Q1 2010, STB recorded net profit of VND 435bn and for the first 5 months, STB reported pre-tax income of VND 966bn and NPL of 0.74%.

At the end of June 2010, STB announced it will increase chartered capital by 37% through a rights issue. The banking industry is under pressure to raise capital as the government set a VND 3 trillion minimum capital level for small banks and increased the Capital Adequacy Ratio (CAR) from 8% to 9% for all banks (STB's CAR is around 12%). Banks are also under pressure to lower Loan-to-Deposit Ratios (LDR) from the current industry-wide average of 100% to 80% (STB's LDR is around 75%). In a contradictory move, the government is also pressuring banks to lower interest rates and loan rates to 10% and 12% versus the 11.5% and 14%-15% that prevailed for most of Q2. At the very end of Q2, STB was one of the first banks to announce it will acquiesce to the government's wishes for lower interest rates.

***6. Hau Giang Pharmaceutical Joint Stock Company (DHG)***

DHG is the top company in Vietnam's pharmaceutical industry with around 10% market share of local manufactured drugs. In 2009, revenue grew 17% but net income grew 186% primarily because of financial provision reversals. In 2010, DHG expects to grow revenue by 10% and net income by 15%, excluding the provision reversals in 2009. In Q1 2010, the company reported revenue of VND 405bn and net income of VND 73bn, which are 21% and 24% of the 2010 targets.

In Q2, DHG took a 30% stake in Medisun Pharma, a company specialized in soft capsule manufacturing. Moreover, DHG's main factory in Can Tho is operating at full capacity so the company plans to build a new factory in Can Tho. The construction is expected to start in Q3 2010 and finish in Q2 2012. Finally, the company plans to convert 28,000 sq meters of land it owns next to the current factory into a residential development.

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

PVD is the only oil drilling company in Vietnam, and a subsidiary of Petro Vietnam. In 2009, PVD increased its revenue by 10% but net income decreased by 10% because of the depreciation of VND against USD. In 2010, PVD forecasts a 24% revenue increase, but net income is not expected to grow because oil rig rental rates are expected to remain low for most of 2010 (rental rates lag oil price increases by about 6 months).

In Q1 2010, PVD reported disappointing revenue and net profit due to the decline in rig utilization caused by maintenance and weather issues. In Q2, the company announced that its rigs will be fully operational over the remainder of the year. For 5M 2010, PVD announced revenue of VND 2,570bn and net profit of VND 316bn, 50% and 39% of the 2010 targets. The company estimates H1 result of VND 400bn profit.

The company took delivery on two new oil rigs in Q4 2009, which will increase revenue significantly from 2010 onwards. The company is also purchasing two new oil rigs named TAD and MPJU. PVD placed the $230M order for the TAD rig at the end of 2009 and the rig assembly is scheduled to be completed at the end of 2011. PVD will own 51% of the TAD rig with $80mn of debt financing provided by Military Bank (MB) and Vietinbank in Q2. The company will also issue bonds with the proceeds going towards both the TAD and MPJU rig projects.

***8. Saigon Beer-Alcohol-Beverage Corporation (Sabeco)***

Sabeco is the largest beer and alcohol manufacturer in Vietnam with a 38% market share. It has some popular brand names such as "333" and "Beer Saigon", which are particularly strong in the South. Sabeco also has an extensive nationwide distribution network.

In 2009, Sabeco's net income rose by 32% due to an increase in sales volume and a decrease in raw material prices. In 2010, Sabeco targets pre-tax profit of VND 2,450bn (+59%) as the company expects raw materials prices to continue falling and the special consumption tax to be reduced from 75% to 45%. In Q1 2010, the company reported pre-tax profit of VND 612bn, 25% of the 2010 target.

Sabeco is an OTC company and has repeatedly announced its desire to list on the HOSE, but the company is having difficulties finding strategic investors because Vietnamese law mandates Sabeco to sell its shares to strategic investors at a stock price no lower than IPO price of VND 70,000, which is 67% higher than the current market price of VND 42,000. In the AGM held on 12 June 2010, the management announced it would dissolve its investment fund SBF1 to focus on its core business.

***9. Dong Phu Rubber Joint Stock Company (DPR)***

Doruco (DPR) is the second largest rubber company in terms of market capitalization and rubber plantation size, after PHR. The company manages 9,960 ha, of which 7,863 ha is in production and 2,097ha is under cultivation. In 2009, revenue and net income decreased by 11% and 8% respectively because the natural rubber price plunged in early 2009. Rubber prices recovered strongly since then and the company targets revenue of VND 776bn (+20%) and net income of VND 223bn (+6%) for 2010. DPR reported revenue of VND 157bn and net profit of VND 49bn for Q1 2010. For 5M 2010, DPR achieved VND 223bn in revenue and VND 75bn in net profit, 29% and 34% of the 2010 targets. The rubber harvesting season is in the second half of the year so results are expected to improve in H2.

DPR issued 3mn shares in Q1 2010 to finance the Dak Nong and Kratie rubber projects which are expected to generate revenue and profit after 2012. The company plans to issue 4mn additional shares in Q3 2010 to finance the 9,000ha Dong Phu – Snoul rubber project in Cambodia. This project is considered a top priority by the company.

***10. Phu Nhuan Jewelry Joint Stock Company (PNJ)***

PNJ is one of the largest jewelry companies in Vietnam and has three product lines: PNJ Gold, PNJ Silver and CAO Fine. In 2009, revenue and net income increased by 75% and 67% because the government allowed gold bar exports in Q1 2009, which caused a jump in gold bar sales.

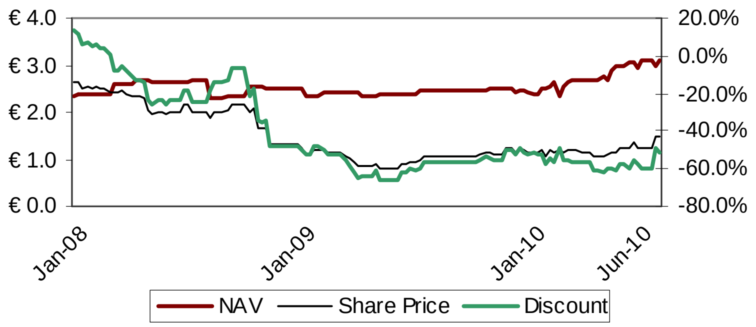
For 2010, the company forecasts a 12% increase in net income, however if the extraordinary gold bar sales of 2009 are excluded, the company forecasts a 15% increase in revenue and an 83% increase in net income. The anticipated profit growth reflects an expected increase of high margin retail gold jewelry sales. For H1, the company estimates consolidated sales were VND 6,131bn, or only down 11% compared to H1 2009. Core domestic jewelry sales were up about 80% in H1 and same store sales in PNJ's retail gold business were up about 30%.

PNJ has an extensive nationwide distribution network with 19 branches and 94 shops and over 3,000 distributors. In 2010, the company planed to open 18 new stores, but has already opened 15 in H1. The company also invests in the gas business, the seafood business, real estate development, and owns 8% of Dong A Bank. In Q2, the company announced it plans to exit the seafood business but will increase its holdings in Saigon Fuel Company (SFC) from 26% to 50%, and increase its investment in Dong A Bank and Dong A Land.

In Q2 2010, PNJ had a two-for-one bonus share issue to existing shareholders, and the company announced plans to issue CB's convertible into 10mn new shares. 60% of the CB's will be sold to existing shareholders at 2x par value and 40% sold to public at a negotiable price.

## Vietnam Property Holding (VPH) Performance

At the end of Q2 2010 Vietnam Property Holding (VPH)'s NAV increased 10% to EUR3.04 per share from EUR2.76 per share at the end of Q1 2010. Since inception, VPH's NAV has increased 29.6%




| Performance (%) | Q1 2010 | Q2 2010 | YTD | 12 Months Prior | Inception |
|---|---|---|---|---|---|
| VPH NAV | 7.4 | 10.0 | 18.1 | 23.5 | 29.6 |
| VPH Share Price | -14.4 | 31.7 | 12.7 | 25.5 | -49.8 |
| VN Index | 0.9 | 1.6 | 2.5 | 13.1 | -47.8 |
| MSCI EM Index | 2.1 | -9.1 | -7.2 | 20.6 | -26.1 |

| | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 |
|---|---|---|---|---|---|
| Total NAV (€) | 34,210,608 | 35,218,226 | 37,607,360 | 39,022,288 | 38,423,877 |
| NAV per Share (€) | 2.68 | 2.76 | 2.96 | 3.08 | 3.04 |

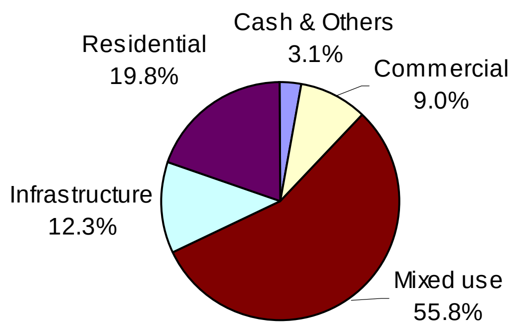
## VPH Cash Position

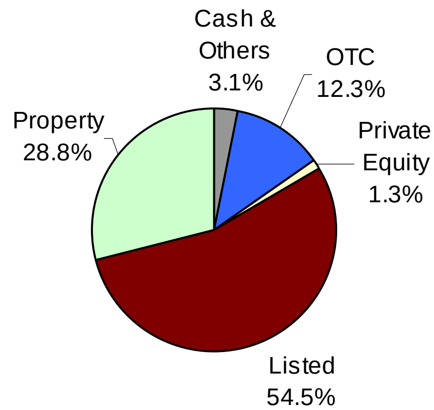
The cash balance at the end of Q2 2010 was 2% of NAV, compared to 5.7% at the end of Q1 2010. The change in cash position was due to an increase in existing investments.

## VPH Strategy

VPH's strategy is focused on small and mid-cap listed companies with substantial land bank assets. We target companies whose share price is at a substantial discount to the value of the land they own. We aim to add value to our portfolio companies by helping them realize the value of their land bank assets as quickly as possible.

## Portfolio by Sector and Asset Allocation of VPH




## VPH Portfolio Performance

The increase in NAV in Q2 2010 was mainly attributed to a 10% decline of the Euro / Dong FX rate during Q2 and a 37% increase in the NBB listed share price, both of which were partially offset by a 20% decline in the SAV share price

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## VPH Portfolio Holdings

***1. NBB Investment Corporation (NBB)***

NBB is the leading property developer and infrastructure contractor affiliated with CIENCO 5, an SOE construction company owned by the Ministry of Transportation. NBB is also the owner of large-scale projects in construction stones & aggregates, titanium mining, hydro-power and mineral water. The company owns over 100ha of cleared residential land acquired at low cost, and 520ha of land currently under compensation.

In Q1 2010, NBB achieved net income of VND 21bn (+116% y-o-y), because of good project sales in Bac Lieu and Phan Thiet, and because of sales collection from the Carina Plaza project. (When a customer buys a condominium in Vietnam they put down an initial down payment and then pay additional money as the construction of the project progresses. Those additional payments are booked as “sales collection” by the real estate developer).

For Q2, the Company estimates a net income of VND 94bn (+447% q-o-q). This increase, which was not anticipated by the stock market, is attributable to profit realized on partial exit of the 4.1ha “Diamond Riverside” residential project when NBB sold 40% of its total 60% stake in the project.

In Q2, NBB assigned Knight Frank, a leading British property consultant, to value 12 of its property projects and assigned Saigon Securities Incorporation, a leading Vietnamese securities company, to value the NBB share price. Management wants to raise the share price in advance of the issuance of 2.6m additional shares to strategic shareholders. Those new shares will increase share capital to VND 180bn. In Q2, NBB also received approval of Binh Thuan province's People Committee on the detailed plan for a 216ha beach-front residential and a resort project called "De Lagi".

SAM has been working closely with the Company to assist their efforts to sell the company's stake in a 8.1ha project in District 8, HCMC.

***2. Tamexim***

The Tamexim bank-guaranteed deal is a fixed income "bridge loan" to a local property developer which includes an option to convert the invested principle into the real estate project equity at the end of the term. The principle and investment return are both guaranteed by one of the top banks in Vietnam in the case the property developer is unable to fulfill its obligations to VPH.

In Q2, VPH exited the existing deal at the maturity date and entered into a new three month transaction with Tamexim at a slightly higher interest rate of 25% in USD. During Q2, the real estate project that underlies this transaction received approval to combine with some adjacent projects, thus forming one large scale mixed-use residential and retail project. This enhances the value of the project because of the additional amenities and facilities now incorporated into the development.

***3. Phu My Bridge Corporation (PMC)***

PMC is the BOT project owner, operator of the Phu My Bridge, a new suspension bridge linking District 2 and District 7 of Ho Chi Minh City. Because the bridge cuts an hour off the drive from the port area to downtown HCMC and connects the East and West of Southern Vietnam, the Government has taken an active role in this key infrastructure project.

The bridge opened at the end of 2009 and started collecting tolls in Q2, but toll revenues are below original projections, largely because the Government delayed a plan to require trucks passing through the center of HCMC to use the Phu My Bridge instead. Because of this, PMC has petitioned the People's Committee to allow the bridge to charge VND 1,000 toll per motorbike starting in 2012 and also to double the current toll for trucks.

PMC constructed the Phu My Bridge ahead of schedule, which is unusual for an infrastructure project in Vietnam, so the government approved the company to undertake some other new infrastructure projects. In Q2, one of those new projects, the Saigon Bridge II project was switched from a BOT to a BT economic model. Construction of this $126mn bridge, which will sit next to the current Saigon Bridge I, is scheduled to commence in September 2010.

PMC announced that it plans to list its shares on the Ho Chi Minh Stock Exchange by end of 2010 and will issue an additional 2.5mn shares to current shareholders. The increase in share capital from VND 745bn to VND 1,000bn will be used to finance the construction of Tramway Line No.1, Rach Chiec Bridge and Saigon Bridge II.

***4. Mo Plaza (MP)***

Mo Plaza is a 25 storey-mixed use retail, office and condo project located on 14,700 square meters in the central business district in Hanoi. The construction will produce 86,000 square meters total gross floor area (GFA), consisting of 24,000 square meters of premium retail space, 47,000 square meters of office space and 90 condo units to be sold on a 50-year leasehold basis.

Construction of Mo Plaza is on schedule, but further progress is contingent on signing a master tenant for the retail space. That master lease agreement will be used to secure the additional financing required to complete the construction. Parkson is interested in signing a master lease of retail podium, but VP Capital, which is also an investor in the project, has countered Parkson's proposal with their own proposal to rent the retail space. This competition between VP Capital and Parkson is on-going and we expect it to be resolved in Q3.

***5. Savimex (SAV)***

SAV is one of the leading wooden furniture manufacturers in Vietnam. The company also has a 23ha clear residential land bank, acquired at low cost. In Q1 2010, the company achieved net income at VND 3.2bn (-8.6% y-o-y), due to a decrease in exported wooden furniture.

The company has approval to develop 5.2ha of land it owns in District 7, HCMC into a retail and condo development. In Q2, SAV commissioned the British property consultant Knight Frank to start work on a detailed master plan and independent valuation of this project. SAM is working with SAV and with international developers & property consultants to bring in co-developers as we believe the market value of this one single project is worth double SAV's current market capitalization. We expect the value of this project will be monetized over the next 3 years.

***6. Construction and Materials Trading Joint Stock Company (CNT)***

CNT is the fifth largest supplier of building materials in Vietnam and is also a mid-size contractor and real estate developer with 99ha clear residential land bank, acquired at low cost. In Q1 2010, the Company achieved net income of VND 3.4bn, which was unchanged y-o-y. Gross profit increased 31% but higher short term financing costs eliminated those gains.

The Company plans to issue 3mn shares to current shareholders at VND 24,000 per share. The proceeds will finance the development of C&T An Phuc project in District 8, HCMC. This project is expected to start construction by the end of 2010 and will be the main source of real estate income for 2011. SAM has been working with CNT and international developers to help the company progress one of its other projects, Green Pearl in An Phu, District 2, HCMC.

***7. Tien Sa Villas (TSV)***

TSV is a block of 10 mountain-side villa land plots overlooking the Da Nang bay beach. This development is currently the only resort-styled residential project on Da Nang's mountain-side granted perpetual land use rights. TSV is located 5 minutes from Tien Sa Tourist Port and 10 minutes from Da Nang International Airport.

In H1, the property market in Da Nang has seen the successful sale of several high-end, resort-styled projects, including the Azura Apartments, Ocean Villas, Cham Condominiums, and Hyatt Regency. SAM is working with our local partners to exit the project at a reasonable rate of return.

***8. Dream House Mekong Corporation (DHMC)***

DHMC is one of the largest land banking companies in the Mekong Delta. Its parent company, Dream House Corporation, is one of the largest real estate agents Vietnam with 99 offices and 2 representative offices in the US. The company owns several 1ha land plots in the center of Can Tho city and throughout Long An province. DHMC also owns an 8.8ha beach-front plot of land on Phu Quoc Island and has approval to develop a resort on the site.

For 2010, the company forecasts net income of VND 16bn (+33% y-o-y) as a strong recovery of the property market in Can Tho city and Long An province is taking place, following the completion of the new Can Tho bridge.

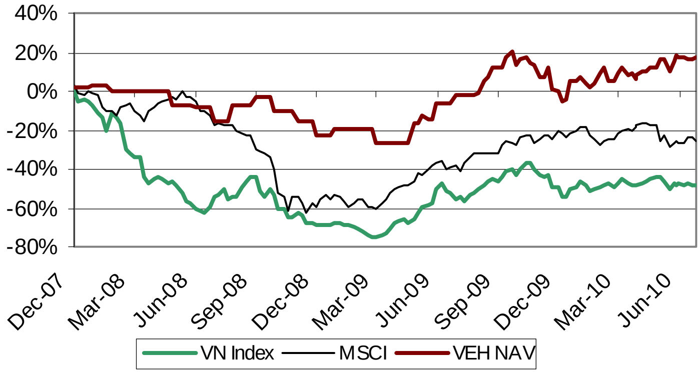
In Q2, the company announced that it will use 3,015 square meters of land it owns in Can Tho as capital contribution into a new entity which will build a three-star hotel. DHMC will hold 30% of the equity in that hotel project and the valuation of the land contributed to the project is 2.8 times DHMC's original acquisition cost.

The company will pay a 7% share dividend in Q3 and will also issue additional shares to current shareholders to increase share capital from VND 80bn to VND 120bn. The parent company, Dream House Corporation, announced that it will list on the HCMC stock exchange in Q3.

SAIGON ASSET MANAGEMENT

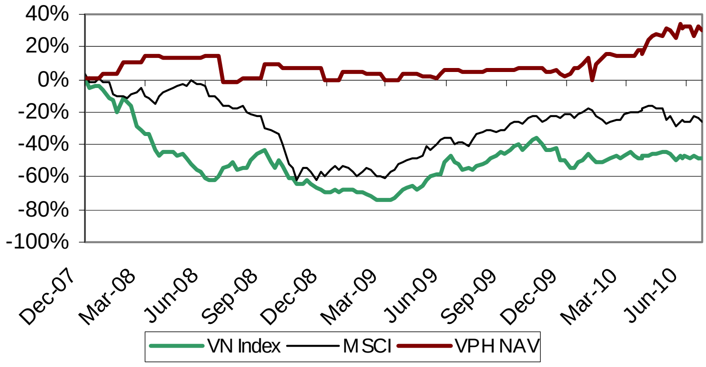
## Vietnam Equity Holding

Vietnam Equity Holding (VEH) is an investment fund established as a closed-end company listed on the Frankfurt Stock Exchange. The objective of VEH is to maximize medium to long-term capital appreciation by making investments in listed, pre-IPO, and government-owned enterprises in Vietnam. VEH was ranked as the No. 1 performing Vietnam focused equity fund in 2008 by LCF Rothschild. For more information, please visit www.saigonam.com




## Vietnam Property Holding

Vietnam Property Holding (VPH) is an investment fund established as a closed-end company listed on the Frankfurt Stock Exchange. The objective of VPH is to maximize medium to long-term capital appreciation by making investments in real estate projects and companies in Vietnam. VPH was ranked as the No. 1 performing Vietnam focused real estate fund in 2009 by LCF Rothschild. For more information, please visit www.saigonam.com




## VEH and VPH Key Data

| | | |
|---|---|---|
| **Structure** | Cayman Islands registered closed-end investment companies | |
| **IPO Date** | November 30, 2007 | |
| **Duration** | 5 Years (subject to shareholder vote for extension) | |
| **Fiscal Year End** | 31 December | |
| **Market** | Frankfurt Stock Exchange (FSE) and Xetra | |
| **NAV Frequency** | Monthly | |
| **Management Fee** | 2% of NAV | |
| **Performance Fee** | 20% of gains over 8% hurdle with high water mark | |
| **Investment Manager** | Saigon Asset Management | |
| **Auditor** | Grant Thornton | |
| **Legal Counsel** | Reed Smith LLP | |
| **Administrator Custodian** | Deutsche Bank | |
| **Clearing/Settlement** | Euroclear/Clearstream | |
| **Market Makers** | Marcel Winand, **886 AG**<br>+49 6101 98861 18, marcel.winand@886AG.de | |
| | Hiroshi Funaki, **LCF Rothschild**<br>+44 207 845 5900, h.funaki@lcfr.co.uk | |
| | Judah L. Plotner, **Jefferies**<br>+44 207 898 7114, jplotner@jefferies.com | |
| **Bloomberg** | **VEH:** 3MS:GR | **VPH:** 3MT:GR |
| **Reuters** | **VEH:** 3MS.DE | **VPH:** 3MT.DE |
| **ISIN** | **VEH:** KYG936251043 | **VPH:** KYG9361R1074 |
| **German Securities** | **VEH:** A0M12V | **VPH:** A0M12W |

## About Saigon Asset Management

Established in 2007 and based in Ho Chi Minh City, SAM employs over 20 professionals with diverse international financial backgrounds and proven track records. SAM currently has approximately US$125 million under management.

**Louis Nguyen**
Chairman & CEO

**Michael Kokalari, CFA**
Chief Investment Officer

For more information please contact:

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