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No action has been taken which would permit a public offering of the Shares in any jurisdiction where action for that purpose would be required.

No person receiving a copy of this Offering Memorandum in any territory may treat the same as constituting an invitation to him, unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements.

The contents of this Offering Memorandum are not to be construed as a recommendation or advice to any prospective investor in relation to the subscription, purchase, holding or disposition of Shares and prospective investors should consult their professional advisers accordingly.

## **Vietnam Emerging Market Fund Ltd**

(an exempted company incorporated with limited liability  
under the laws of the Cayman Islands)

## **Offering Memorandum**

April 2010



## PRELIMINARY

No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Company. No assurance can be given that existing laws will not be changed or interpreted adversely.

This Offering Memorandum is being distributed to selected persons for their own use in connection with the subscription of Shares in the Company. This Offering Memorandum and the information contained in it may not be used other than by the person to whom it is addressed and for the purpose of considering an investment in Shares, and may not be reproduced in any form or transmitted to any other person.

No action has been taken to permit the distribution of this Offering Memorandum in any jurisdiction where action would be required for such purpose.

The information contained herein has been prepared based on the relevant legislation and regulations of the Cayman Islands and Vietnam. It should be recognised that legislation and regulations, and the interpretation thereof, vary within Vietnam. No assurance can be given that the information contained in this Offering Memorandum with regard to relevant legislation and regulations of Vietnam is complete or accurate.

This document contains forward looking statements. These relate to the views with respect to the Company's and Vietnam's future prospects, developments and strategies. Such forward looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements.

Subject to its legal and regulatory obligations, the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The Articles of the Company give powers to the Directors to redeem any or all of the Shares held by the Shareholders at the appropriate Redemption Price at any time and for any reason.

**The attention of investors is drawn to the "Risk Factors" section set out in this Offering Memorandum**

## DIRECTORY

### **The Company**

Vietnam Emerging Market Fund Ltd  
ATC Trustees (Cayman) Limited  
Landmark Square, 3<sup>rd</sup> Floor  
64 Earth Close  
PO Box 30592  
Grand Cayman KY1-1203  
Cayman Islands

### **The Master Fund**

Vietnam Emerging Market Master Fund Ltd  
PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

### **Directors of the Company and the Master Fund**

Lyn Hian Woon John  
Nguyen Xuan Minh

### **Service Provider**

Vietnam Asset Management Limited  
PO Box 957  
Offshore Incorporations Center  
Road Town, Tortola  
British Virgin Islands

### **Administrator**

Deutsche Bank AG  
Singapore Branch  
#16 00 South Tower  
One Raffles Quay  
Singapore 048583

### **Custodian**

Deutsche Bank AG  
Ho Chi Minh City Branch  
14/F, Saigon Centre Building  
65 Le Loi Boulevard, District 1  
Ho Chi Minh City, Vietnam

### **Corporate Secretary**

Heritage Fiduciary Services Pte Ltd.  
50 Raffles Place, #15-05  
Singapore Land Tower  
Singapore 048623

### **Independent Auditor**

Grant Thornton  
5th Floor, Bermuda House  
Dr Roy's Drive, PO Box 1044  
Grand Cayman, KY1-1102  
Cayman Islands

## DEFINITIONS

In this Offering Memorandum the following capitalised terms have the following meanings (unless the context otherwise requires):

<b>"Accounting period"</b>	means a period in respect of which audited accounts of the Company are prepared in accordance with the Articles;
<b>"Administrator"</b>	means Deutsche Bank AG, Singapore Branch or such other person, firm or corporation as may be appointed administrator of the Company;
<b>"Administration Agreement"</b>	means the administration agreement by which the Company has appointed the Administrator to provide administrative services to the Company;
<b>"Application Form"</b>	means the form of application for Shares in such form as any Director of the Company may approve;
<b>"Articles"</b>	means the articles of association of the Company and/or the Master Fund, as the context requires;
<b>"Business Day"</b>	means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks in each of Vietnam and Singapore are open for normal banking business and/or such other day or days as the Directors may determine from time to time or in any particular case as a Business Day;
<b>"Cayman Islands"</b>	means the British Overseas Territory of the Cayman Islands;
<b>"Company"</b>	means Vietnam Emerging Market Fund Ltd;
<b>"Condition"</b>	means the obtaining by the Service Provider of all necessary regulatory approvals to provide discretionary management services to the Company;
<b>"Conversion Date"</b>	means the date on which the Company is registered as a mutual fund under the Law and converts into an open-ended fund;
<b>"Custodian"</b>	means Deutsche Bank AG, Ho Chi Minh City Branch or such other person, firm or corporation as may be appointed as custodian of the Master Fund's assets;
<b>"Directors"</b>	means the Directors for the time being of the Company and/or the Master Fund, as the context requires;
<b>"Effective Manager"</b>	means until such time as the Condition is satisfied the Directors and following satisfaction of the Condition the Service Provider;
<b>"Issue Price"</b>	means US\$10.00 for each Share;
<b>"Law"</b>	means the Mutual Funds Law (2009 Revision) of the Cayman Islands;
<b>"Management Share"</b>	means a non-participating share in the capital of the Company of US\$0.01 par value designated as a Management Share and having the rights provided under the Articles;

<b>"Master Fund"</b>	means Vietnam Emerging Market Master Fund Ltd, a Cayman Islands exempted company;
<b>"member"</b>	has the same meaning as in the Companies Law (2009 Revision);
<b>"Memorandum"</b>	means the memorandum of association of the Company;
<b>"Multi Market Custody Agreement"</b>	means the agreement by which the Master Fund has appointed the Custodian to provide custodian services to the Master Fund;
<b>"Net Asset Value"</b>	means (i) in respect of the Company the total assets of the Company less the total liabilities of the Company determined in accordance with the Articles of the Company and (ii) in respect of the Master Fund the total assets of the Master Fund less the total liabilities of the Master Fund determined in accordance with the Articles of the Master Fund.
<b>"Net Asset Value per Share"</b>	means, in relation to a Series, the amount calculated by allocating pro rata the Net Asset Value, as at the relevant Valuation Point, attributable to such Series, adjusting the amount so calculated to reflect any fees, costs, foreign exchange items or other assets or liabilities which are properly attributable to such Series and dividing the amount by the number of Shares of such Series in issue and rounding such amount to two decimal places;
<b>"Offering Memorandum"</b>	means this offering memorandum;
<b>"Redemption Day"</b>	means the first Business Day of each month and/or such other day or days as the Directors may determine from time to time or in any particular case;
<b>"Redemption Fee"</b>	means the fee (if any) payable by a Shareholder to the Company on a redemption of Shares, as described below in the section headed "Share Redemption Procedures";
<b>"Redemption Notice"</b>	means a notice in a form approved by any Director by which a Shareholder is entitled to require the Company to redeem its Shares;
<b>"Redemption Price"</b>	means the price at which Shares of the relevant Series may be redeemed, as described below in the section headed "Share Redemption Procedures";
<b>"Register of Members"</b>	means the register of Shareholders, which shall be maintained in accordance with the Companies Law of the Cayman Islands and includes (except where otherwise stated) any duplicate Register of Members;
<b>"Separate Account"</b>	has the meaning given in the section below headed "Calculation of Net Asset Value";
<b>"Series"</b>	means a separate series of Share (and includes any sub-series of any such series);
<b>"Service Provider"</b>	means Vietnam Asset Management Limited;
<b>"Service Provider Agreement"</b>	means the agreement by which the Company has appointed the Service Provider to provide certain research and analysis services

and conditional on and with effect from the Condition being satisfied discretionary management services;

- "Share"** means a participating redeemable share in the capital of the Company of US\$0.01 par value and having the rights provided for in the Articles. Shares may be divided into classes in the discretion of the Directors in accordance with the provisions of the Articles and each class may be further divided into different Series and the term "Share" shall include all such classes and Series;
- "Shareholder"** means a person who is registered on the Register of Members as the holder of a Share;
- "Special Resolution"** has the meaning set out in the Companies Law (2009 Revision) of the Cayman Islands;
- "Subscription Day"** means the first Business Day of each month and/or such other day or days as the Directors may determine from time to time or in any particular case;
- "US dollars",  
"US\$" and "cent"** means the currency of the United States of America;
- "Valuation Day"** means the last Business Day in each month and/or such other days as the Directors may determine; and
- "Valuation Point"** means the close of business in the last relevant market to close on each Valuation Day.

## SUMMARY OF TERMS

<b>The Company:</b>	Vietnam Emerging Market Fund Ltd has been incorporated as an exempted company with limited liability under the laws of the Cayman Islands. The Company operates as a feeder fund to the Master Fund with all, or substantially all, of the assets of the Company being invested into participating shares of the Master Fund.
<b>The Master Fund:</b>	Vietnam Emerging Market Master Fund Ltd has been incorporated as an exempted company with limited liability in the Cayman Islands.
<b>Management:</b>	The assets of the Company and the Master Fund are managed by Vietnam Asset Management Limited, a company incorporated with limited liability under the laws of the British Virgin Islands.
<b>Investment Objective and Policy of the Master Fund:</b>	The main objective of the Master Fund is to achieve superior long-term financial returns from capital appreciation and dividend income for its investors via investments in Vietnamese companies. The Master Fund invests in existing and newly issued equity, debt and any other equity-linked securities of listed or unlisted companies that are based in Vietnam or that have substantial operations, sales or asset exposure linked to the economy, assets or currency of Vietnam (as determined by the Directors).
<b>Diversification Policy:</b>	The Master Fund generally intends not to invest more than 20% of the Master Fund's Net Asset Value in any one company. The Master Fund intends to invest across a range of industries. It is the Master Fund's current intention not to invest more than 40% of the Master Fund's Net Asset Value in any single industry.
<b>Subscriptions:</b>	Shares may be issued by the Company on any Subscription Day at the Issue Price.
<b>Redemptions:</b>	Shares may be redeemable at the option of the Shareholder on any Redemption Day. Shares will be redeemed at the Redemption Price, being an amount equal to the Net Asset Value per Share of the relevant Series calculated on the relevant Redemption Day (or if such Redemption Day is not a Valuation Day then on the immediately preceding Valuation Day).  A Redemption Fee may be payable from the Redemption Price, as described below under the section headed "Share Redemption Procedures".
<b>Term:</b>	The Company has been established for an unlimited duration.
<b>Reinvestments / Distributions:</b>	The Directors may, in their absolute discretion, declare dividends and distributions on Shares of any Series in issue and authorise payment of the dividends or distributions out of the relevant Separate Account in respect of such Shares.
<b>Currency Base:</b>	The functional currency of the Company and the Master Fund is US dollars.
<b>Fees and Expenses:</b>	The Company shall pay the Service Provider a monthly fee of one-twelfth of two per cent of the Net Asset Value of the Company. The

fee is accrued daily and payable monthly in advance on the first Business Day of such month and will be calculated by reference to the Valuation Point at the end of the preceding month.

The Service Provider, under certain circumstances, will be entitled to a "Performance Fee", details of which are provided below in the section headed "The Company and the Master Fund - Fees and Expenses".

The fees of the Administrator and Custodian are set out below in the section headed "The Company and the Master Fund - Fees and Expenses".

- Valuation:** The valuations of assets and liabilities of the Company will be made in US dollars. The Company will value its assets in accordance to International Financial Reporting Standards. Please refer to the section headed "Calculation Of Net Asset Value" for further details.
- Co-Investment:** The Directors may provide the Company's shareholders with opportunities to co-invest with the Company in certain portfolio companies. Co-investment opportunities may also be offered from time to time to other third party investors.
- Administrator:** Deutsche Bank AG, Singapore Branch.
- Custodian** Deutsche Bank AG, Ho Chi Minh City Branch.
- Independent Auditor:** Grant Thornton.
- Risk Factors:** Investment in Vietnam involves a high degree of risk. Investing in the securities of enterprises operating in or with significant exposure to Vietnam presents significant risks not typically associated with investing in enterprises in more developed countries, including, but not limited to: political, economic, social, legal, inflation, taxation, custodial risks, greater Government control over the economy, extensive Government control over foreign investment and divestment, and currency controls and fluctuations. There can be no assurance that the Master Fund will meet its investment objectives or will be able to carry out its investment program successfully. An investment in the Company should be considered to involve a high degree of risk.

Investors should carefully consider these and the other risk factors described further in the section headed "Risk Factors" in evaluating a proposed investment in the Company.



## **THE COMPANY AND THE MASTER FUND**

Vietnam Emerging Market Fund Ltd has been incorporated as an exempted company with limited liability under the laws of Cayman Islands. The Company operates as a feeder fund to the Master Fund with all, or substantially all, of the assets of the Company being invested into participating shares of the Master Fund.

The Master Fund has been incorporated as an exempted company with limited liability in the Cayman Islands.

The Directors are responsible for the investment and reinvestment of the assets of the Company and the Master Fund. The Directors of the Company and the Master Fund have, however, agreed to delegate decision-making powers with regard to investments to the Service Provider conditional on and with effect from the Condition being satisfied. Following satisfaction of the Condition, the Service Provider will be responsible for all aspects of the implementation and execution of investment decisions. References in this Offering Memorandum to the Directors taking certain actions relating to investment decisions should accordingly be understood to mean the Service Provider taking those actions following satisfaction of the Condition.

### **Investment Objective & Strategy**

The main objective of the Master Fund is to achieve superior long-term financial returns from capital appreciation and dividend income for its investors via investments in Vietnamese companies. The Master Fund will invest in existing and newly issued equity, debt and any other equity-linked securities of listed or unlisted companies that are based in Vietnam or that have substantial operations, sales or asset exposure linked to the economy, assets or currency of Vietnam (as determined by the Directors).

The Master Fund may make investments through single purpose offshore holding companies, which will be companies established by the Master Fund outside Vietnam for the purpose of easing the formalities.

The Master Fund shall seek to make investments in companies believed by the Directors to have good management, sound fundamentals, and attractive valuations that are relative to the investment risks assumed.

In addition, the Master Fund's assets may be invested for varying periods of time in money market funds, debt securities issued by Vietnamese government and administrative entities, by Vietnamese companies or by companies established in jurisdictions other than Vietnam which have significant operations in Vietnam.

The Master Fund is expected to be a minority shareholder in each investee company. The Master Fund will endeavor, in the case of unlisted companies, where appropriate, to obtain suitable shareholder protection by way of shareholders' agreements, board representation and/or any other means, where available.

### **Investment Policy**

The Master Fund generally tends not to invest more than 20% of the Master Fund's NAV in any one company.

The Master Fund intends to invest across a range of industries. It is the Master Fund's current intention not to invest more than 40% of the Master Fund's Net Asset Value in any single industry. These percentage restrictions shall be measured immediately after each initial and any subsequent additional investment by the Master Fund.

The Master Fund may hold its assets in cash at any time should the Directors consider that market conditions warrant such a move.

## **Foreign Exchange Policy**

It is the Master Fund's policy to determine the valuations of all investments in US dollars. Consequently, the value of its investments may fluctuate with changes in the rate of exchange of the US dollar against the Vietnamese Dong or any other currency in which an investment is made.

## **Borrowing Policy**

The Directors of the Company do not intend to borrow monies other than as may be necessary to meet short-term liquidity mis-matches experienced by the Company.

The Directors of the Master Fund do not, in ordinary circumstances, intend to employ leverage for the purposes of investment. However, the Directors of the Master Fund retain the discretion to borrow up to 30% of the latest available Net Asset Value of the Master Fund for the purposes of investment or for other reasons if the Directors of the Master Fund believe it is in the best interests of the Master Fund to do so.

## **Board of Directors of the Company and the Master Fund**

The business of the Company and the Master Fund will be managed under the direction of its Directors. The Directors are responsible for establishing the Company's and the Master Fund's investment objectives, policies, restrictions and guidelines. Until such time as the Condition is satisfied, the Directors are responsible for the investment and reinvestment of the assets of the Company and the Master Fund. Following satisfaction of the Condition, the Directors will be responsible for supervising and reviewing the activities of the Service Provider which will assume responsibility for such investment and reinvestment function. The Directors will generally meet at least once a quarter or as may otherwise be necessary.

The Service Provider is currently the sole holder of the 1,000 Management Shares in the capital of the Company. The holders of the Management Shares retain the right in certain circumstances to nominate three Directors of the Company, appointed by them to act as Executive Directors. The Service Provider is currently the sole holder of the 100 voting non-participating shares in the capital of the Master Fund.

## **Service Provider**

The Service Provider is a company incorporated with limited liability on 26 May 2006 under the laws of the British Virgin Islands. The Service Provider has agreed to provide the Company with certain research and analysis services and has also agreed, conditional on and with effect from the Condition being satisfied, to provide discretionary management services to the Company.

The Company has agreed to indemnify the Service Provider out of the assets of the Company against all actions, proceedings, claims, costs, demands and expenses whatsoever which may be brought against suffered or incurred by the Service Provider by reason of or in connection with its performance of its duties under the terms of the Service Provider Agreement or otherwise by reason of or in connection with its activities on behalf of the Company including all legal fees (on a full indemnity basis) and any other expenses properly incurred except such as shall arise from the fraud, negligence, or wilful default on the part of the Service Provider.

Either the Company or the Service Provider may terminate the Service Provider Agreement by not less than three months' written notice to the other party and in the other circumstances detailed in the Service Provider Agreement.

The principals of the Service Provider are:

### Lyn Hian Woon John – Executive Chairman

John has 22 years' experience in investment banking and private equity business.

In his career, he has held senior management position at many firms including JP Morgan Chase (New York, Kuala Lumpur, Singapore and Hong Kong), Citigroup (Australia), Schroders Securities (Singapore) and HSBC Securities (Singapore).

John currently sits on various Boards of Directors for listed and unlisted companies in Malaysia and Singapore.

John has a Degree in Engineering from University of Leeds (UK) and an MBA from Washington State University (USA). He speaks English, Mandarin and Malay. For leisure, John enjoys playing golf.

#### Nguyen Xuan Minh, CFA – CEO & CIO

Minh has 13 years' investment and fund management experience. Prior to co-founding the Service Provider, Minh was employed by Franklin Templeton Investments for more than nine years. He joined Templeton Emerging Market Group led by Dr Mark Mobius in 1997 as an Investment Analyst and subsequently, Chief of Representative Office for Templeton in Vietnam. In 1998, Minh was relocated to Singapore and was, until December 2006, Senior Vice President of Templeton Emerging Market Group.

During his time at Franklin Templeton Investments, Minh was involved in co-managing a number of public and private equity funds. He was also involved in analyzing and evaluating many private and public investment opportunities in Taiwan, Korea and Vietnam. Being the technology sector analyst for Templeton Emerging Market Group, Minh reviewed investment recommendations of technology companies in emerging markets. He was also a member of Templeton Emerging Market Group South East Asian Review team, which reviews investment recommendations by the analysts in the region.

Minh earned a Master of Science degree in Engineering from Gubkin Russian State University of Oil and Gas in Moscow under full government scholarship and a Master's degree in Applied Finance and Investment from the Securities Institute of Australia. He is a Chartered Financial Analyst (CFA) Charterholder and a licensed fund manager in Vietnam. He speaks Vietnamese, English and Russian.

#### Nguyen Hoai Thu, CFA - Investment Director & Head of Research

Thu has seven years' investment and fund management experience. Prior to joining the Service Provider, Thu worked in consultancy, investment banking and asset management in Singapore. Thu started her career in finance at DBS Bank, where she worked as an analyst in the Asset Securitisation team, contributing to some of the first Real Estate Investment Trust IPOs and secondary offerings in Singapore. Subsequently, Thu transferred to DBS Asset Management, where she covered the real estate sector for Asian equity portfolios and oversaw a global property securities fund.

Thu's last position in Singapore was Portfolio Manager at BankInvest - a leading Scandinavian asset manager, where she co-managed Asian ex-Japan equities, with primary coverage of real estate, utilities, industrial, and consumer sectors.

Thu earned her Bachelor of Business Administration (1st class Honors) from the National University of Singapore under the prestigious Dr Goh Keng Swee Scholarship, awarded by the Association of Banks in Singapore, for which she was the first Vietnamese recipient. Throughout her academic career, Thu has won numerous prizes and awards, and represented both Vietnam and Singapore in a number of international competitions and events. Thu is a Chartered Financial Analyst (CFA) Charterholder and a licensed fund manager in Vietnam. Thu speaks English and Vietnamese.

## **Administrator**

Deutsche Bank AG, Singapore Branch has been appointed the administrator of the Company pursuant to the Administration Agreement.

Under the Administration Agreement, the Administrator will be responsible for, among other things, maintaining all appropriate financial records of the Company; calculating the Net Asset Value of the Company and the Net Asset Value per Share; processing the subscriptions, redemptions, conversions and transfers in relation to the Company; conducting applicable anti-money laundering/Shareholder identification checks on each subscription for Shares; and performing various administrative, registrar and transfer agency and other services in respect of the Company more fully described in the Administration Agreement. In calculating the Net Asset Value of the Company and the Net Asset Value 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 Service Provider or any other person, firm or corporation whatsoever, and the Administrator shall not (in the absence of fraud, gross negligence or wilful default on the part of the Administrator) be liable for any loss suffered by the Company, the Service Provider or any Shareholders by reason of any error in such calculations by the Administrator resulting from any inaccuracy in any such information.

Under the Administration Agreement, the Company agrees to indemnify and hold harmless the Administrator from any claims and demands made, asserted or threatened against the Administrator, judgments, fines, claims, losses, costs, damages, (including but not limited to legal fees) which the Administrator may suffer or incur howsoever in connection with or arising from the Administration Agreement other than those resulting from Administrator's or any of its affiliate's or any of their directors', officers', employees', agents' or delegates' own proven lack of good faith, fraud, negligence or wilful default.

The Administration Agreement may be terminated by either party giving not less than 60 days' written notice (or such shorter notice as the parties may agree) to the other party. In addition, either the Company or the Administrator may 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 10 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) following satisfaction of the Condition, the Service Provider (or any 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 or, following satisfaction of the Condition, the Service Provider (including any director and/or control person thereof) violates any 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, following satisfaction of the Condition, the Service Provider is engaging in actions that could expose the Company, the Service Provider, the Administrator or the Administrator's affiliates to material liability or significant reputational risk.

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 Offering 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 Effective Manager or the Effective Manager's compliance with the investment policies and the investment restrictions contained in this Offering Memorandum and/or other Company's

documents. 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 in relation to the Company's investments. The Administrator is a service provider to the Company and is not responsible for the preparation of this Offering Memorandum and therefore accepts no responsibility for the accuracy of any information contained in this Offering Memorandum.

## **Custodian**

The Master Fund has appointed Deutsche Bank AG, Ho Chi Minh City Branch a branch of Deutsche Bank AG incorporated in Germany to act as custodian to the Master Fund with responsibility for custody of all the Master Fund's cash, securities and assets which will be held directly by the Custodian or through its agent, sub-custodians, or delegates pursuant to the Multi Market Custody Agreement.

The Custodian has agreed to use reasonable care in the performance of its duties under the Multi Market Custody Agreement but will not be responsible for any loss or damage suffered by the Master Fund as a result of the Custodian performing such duties or for any act or omission in respect of any instructions and/or under the Multi Market Custody Agreement unless the same results from negligence or wilful default on the part of the Custodian, in which event the Custodian's liability will not exceed the market value of the relevant securities and/or cash held under the Multi Market Custody Agreement at the time of (a) such negligence or wilful default or (b) the Master Fund's discovery of the loss or damage (whichever is higher). The Master Fund has agreed to promptly inform the Custodian in writing of any loss or damage and shall take steps to mitigate such loss or damage.

The Master Fund has agreed to indemnify the Custodian and to hold the Custodian harmless against 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 Custodian may suffer or incur howsoever in connection with or arising from the Multi Market Custody Agreement, provided that such indemnity will not be available to the Custodian if the liabilities for which it is seeking indemnity thereunder arise from its own negligence or willful misconduct.

The Custodian may delegate certain of its functions to any party and the Custodian has agreed to use reasonable care to ensure that it uses only reputedly competent parties. The Custodian will not have responsibility for the negligence or willful misconduct of any delegate save for a subcustodian which is a member of the Deutsche Bank Group (as defined in the Multi Market Custody Agreement) and a service contractor which performs secretarial or administrative services for the Custodian at the Custodian's premises.

The appointment of the Custodian may be terminated by either the Custodian or the Master Fund giving to the other not less than 60 days prior written notice and in the other circumstances described in the Multi Market Custody Agreement.

## **Fees and Expenses**

### Service Provider Fee

The Company will pay to the Service Provider a monthly fee. The monthly fee will be one-twelfth of two per cent of the Net Asset Value of the Company. The fee is accrued daily and is payable monthly in advance on the first Business Day of such month and is calculated by reference to the Valuation Point at the end of the preceding month or, if none, the first Valuation Point during such period (such fee will be pro-rated in respect of a partial month)

### Performance Fee

The Service Provider may also be entitled to a performance fee. In order to ensure that Shareholders bear the performance fee according to the actual performance of the Shares held by each of them, having regard to the different times at which such Shares will be issued, the

performance fee calculation methodology will be amended and a new Series will be issued on each Subscription Day. For those Shares that are in issue prior to the Conversion Date (as defined below) these will be deemed to constitute a single Series (the "**First Series**"). Each subsequent Series will be issued at the Issue Price. The performance fee will then be calculated as described below.

The performance fee will accrue as at each Valuation Point and will be payable annually in arrear after the end of each Calculation Period (or payable as soon as practicable following a redemption of Shares). Such fee will be equal to 15% of the positive increase in the Net Asset Value per Share of each Series (before deduction of any accrued performance fee and adding back for these purposes any distributions made during the Calculation Period (as defined below)) at the last Valuation Point in a Calculation Period over the High Water Mark (as defined below) applicable to each relevant Series multiplied by the number of Shares of such Series in issue as at the last Valuation Point in the Calculation Period. In the case of redemptions, the performance fee shall be calculated as at the Valuation Point on the Valuation Day immediately preceding the relevant Redemption Day which shall be considered the last day of the Calculation Period for such calculation.

The "**High Water Mark**" applicable to a Series is (i) the highest Net Asset Value per Share of such Series (after payment of any performance fee in respect of such Series) as at the last Valuation Point in any previous Calculation Period or (ii), if higher, (a) in respect of all Series other than the First Series US\$10.00; and (b) in respect of the First Series US\$11.30.

"**Calculation Period**" means the period from 1 January to 31 December of each year, except in the case of the first Calculation Period which shall mean the period from the Conversion Date to 31 December 2010.

"**Conversion Date**" means the date on which the Company is registered as a mutual fund under the Law and converts into an open-ended fund.

As soon as practicable after the last Valuation Point in December in each year, all series of Shares which have borne a performance fee in respect of the relevant financial year of the Company will normally be consolidated into a single Series, being the oldest Series in issue to have borne a performance fee (the "**oldest Series**") in respect of such financial year, and the High Water Mark for all Shares of the consolidated Series will be the Net Asset Value per Share of the oldest Series as at the last Valuation Point in December, after payment of such performance fee.

#### Master Fund

No fees will be payable to the Service Provider by the Master Fund.

#### Administration Fees

The Administrator will receive from the Company a fee for providing administration services to the Company of US\$1,300 per month. The Administrator will also receive from the Master Fund a fee of the greater of (i) US\$5,000 per month or (ii) 0.12% per annum of the Net Asset Value of the Master Fund up to US\$250,000,000 or 0.10% per annum of the Net Asset Value of the Master Fund thereafter, calculated at each Valuation Day and payable monthly in arrears. An inception fee of US\$5,000 will be payable to the Administrator in relation to the commencement of the administration services of the Company and the Master Fund. In addition, the Company will pay the Administrator a fee of US\$1,500 relating to the preparation of each set of its financial statements.

The Administrator will also be entitled to various transaction and processing fees and to be reimbursed for all out of pocket expenses properly incurred by it in the performance of its duties. The fees payable to the Administrator may be subject to amendment from time to time as may be agreed between the Company and the Administrator or between the Master Fund and the Administrator, as applicable.

### Custodian Fees

The Master Fund will pay to the Custodian a custody and portfolio accounting fee of 0.07% per annum of the Net Asset Value of the Master Fund payable monthly (subject to a minimum monthly fee of US\$2,000). The Custodian will also receive transaction fees in accordance with its normal scale and will be entitled to charge all out-of-pocket and any third party expenses which fees and expenses will be payable out of the assets of the Master Fund.

### Other Fees and Expenses

The Company and the Master Fund shall bear their own organizational expenses directly. These expenses shall include custodial, sub-custodial and banking expenses, transfer agency, reasonable legal and accounting/administrative/secretary expenses directly related to the Company and the Master Fund, fees and expenses relating to the offering of Shares, and any other expenses that the Directors reasonably determine to be expenses directly related to the Company and/or the Master Fund ("**Out-of-Pocket Expenses**").

The Directors may appoint, at the expense of the Company and/or the Master Fund, as appropriate, on arms' length commercial terms, such lawyers, accountants, consultants and others as are required in relation to the appraisal, acquisition, maintenance and disposal of investments by the Master Fund. Those expenses include, but not limited to, any legal fees, professional fees, consulting fees, commissions, transfer fees, registration fees, taxes, similar liabilities and costs, and expenses related to the formation of the various entities for investment purposes ("**Investment-Related Expenses**").

The Company is also responsible for all administrative costs relating to the Company, including the costs of preparing, printing and distributing reports and financial statements, the costs incurred in printing and publishing the Net Asset Value, and any similar costs incurred from time to time.

### Co-Investment

When the Directors deem it appropriate and consistent with the interests of the Company and the Master Fund, the Directors may, but shall not be obligated to, provide Shareholders with opportunities to co-invest with the Master Fund in certain portfolio companies. If offered, such opportunities shall be offered on an equitable basis to all Shareholders that express an interest in co-investing. Co-investment opportunities also may be offered from time to time to other third party investors.

## **RISK FACTORS**

### **General**

The Company will invest all, or substantially all, of its assets in participating shares of the Master Fund and will accordingly not be diversified directly.

The nature of the Master Fund's investment policies involves certain risks and the Master Fund will utilise investment techniques which may carry additional risks.

An investment in Shares therefore involves a high degree of risk. Investors should be aware that there are significant risks inherent in investing in the securities of enterprises operating in Vietnam which are not typically associated with investing in securities of enterprises in more developed countries, including, but not limited to, political, economic, social, legal, currency, inflation, taxation, market, credit and custodial risks. There can be no assurance that the Directors shall be able to limit the Company's or the Master Fund's exposure to these risks. There can be no assurance that the Master Fund will meet its investment objectives or will otherwise be able to carry out its investment program successfully.

### **Master-Feeder Fund Structure**

The Company will invest all, or substantially all, of its assets in participating shares of the Master Fund. A "master-feeder" fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. Smaller investment vehicles investing in the Master Fund may be materially affected by the actions of larger investment vehicles investing in the Master Fund. For example, if a larger investment vehicle withdraws from the Master Fund, the remaining feeder funds may experience higher pro-rata operating expenses, thereby producing lower returns. Substantial withdrawals of capital by investors in the Master Fund over a short time period could necessitate the liquidation of securities positions at a time and in a manner which does not provide the most economic advantage to the Master Fund and which therefore could adversely affect the value of the Master Fund's assets and hence the Net Asset Value.

### **Certain Risks in Investment Practises**

#### Investments in Unlisted Securities

The Master Fund may invest a significant portion of its assets in unlisted securities which may involve a high degree of business and financial risk and which may result in substantial losses. The Master Fund may make investments in portfolio companies in the expansion, privatised and pre-listing stages and such companies may have relatively limited operating and profit histories. Many of these companies will also need substantial additional capital to support expansion or to achieve or maintain a competitive position and there is no assurance that the Master Fund will have the necessary capital to finance such needs or that capital shall be available from other sources.

In the absence of trading liquidity for the Master Fund's investments in unlisted or listed securities, the Master Fund's portfolio shall be difficult to value. It is also possible that such investments shall be difficult to liquidate and the Master Fund may not be able to realise the full value thereof. The timely opportunity to realise the Master Fund's investments may not be available in all cases and, if available, may require substantial discounts. Although it is generally desirable that unlisted securities become listed in due course, there can be no assurance that this shall be the case, or that sufficient liquidity for substantial shareholdings shall be available following listing. In that regard, because Vietnam's economy and stock markets may be viewed as less well developed than those in other countries, it may be more difficult to realize investments of the Master Fund than would be the case of an investment in a company in other countries with more developed markets.



Companies whose securities are not publicly-traded generally are not subject to the same disclosure and investor protection requirements that apply to publicly-traded companies. As a consequence, the information available to the Directors about such companies may be less complete and less reliable than would be the case with a publicly-traded company.

Total foreign ownership of an unlisted public company is currently limited to 49% of the charter capital of the invested company.

#### Investment in Publicly-Traded Securities

While it is anticipated that a portion of the Master Fund's investments shall be in publicly-traded securities, investors should be aware that the Vietnamese securities markets in general are likely to be substantially smaller, less liquid, less regulated and more volatile than major, more developed securities markets. The limited liquidity of the Vietnamese securities markets may also affect the Master Fund's ability to acquire or dispose of securities at the price and time desired by the Directors.

Trading on the Vietnamese securities markets is subject to various local restrictions.

Total foreign ownership of a listed company is currently limited to 49% of the charter capital of the company. For listed banks, the limit is 30%.

#### Limited Investment Opportunities

Other companies, institutions and investors, both Vietnamese and foreign are also seeking investments in Vietnam. Competition for a limited number of attractive investment opportunities may lead to a delay in investment and may increase the price at which investments may be made and reduce the potential profits.

#### Currency Risk, Certain Investment Practices

The Master Fund's assets will be invested primarily in securities denominated in Vietnamese Dong. A change in the value of Dong shall result in a corresponding increase or decrease in the US dollar value of the Company's assets. Changes in the local exchange control regulations, tax laws (including with respect to withholding taxes), and economic or monetary policies, may also affect the value of the Master Fund's investments.

#### Currency Conversion and Capital Controls

The Dong is currently not a convertible currency. The Government does not guarantee that hard currency will be available to the Master Fund or that it will receive any priority if there is a shortage.

With respect to sales of investments in unlisted companies established in Vietnam, Prime Minister's Decision 36 provides that foreign investors can convert income and realisation proceeds into hard currency and remit them overseas upon the fulfillment of all tax obligations in accordance with Vietnamese law. If, despite these regulations, there is any delay in conversion, this will increase the Company's exposure to depreciation of the Dong against other currencies.

#### Leverage

The Master Fund may invest using leverage or borrowed funds. In addition, the portfolio companies in which it invests are expected to have varying degrees of indebtedness. Leverage resulting from borrowing by the Master Fund or companies in which it invests may increase the potential for the Master Fund to earn higher returns but it also increases the risks that the Master Fund and its investors will lose money. The existence of leverage in a portfolio company is likely to exaggerate the effects of operating results on the value of such portfolio company and its returns on equity, as compared to a non-leveraged company. The inability of the portfolio company to meet its obligations could result in the insolvency or restructuring of such portfolio company, which could eliminate or substantially reduce the Master Fund's equity therein.

## Competition

Competition in business in Vietnam is increasing, due partly to the country's economic reform and internationalisation. It is probable that the Master Fund's portfolio companies shall, in many cases, face intense competition from other suppliers of the same or similar products and services.

## **Political and Economic Risk**

The Vietnamese domestic economy may be still weak, volatile and reliant on substantial international assistance. The system is emerging from a long history of extensive government involvement in economic affairs. Changes in government, government personnel or government policies, which may include, among other things, changes in economic policy, taxation, investment regulations, securities regulations and foreign currency conversion or repatriation cannot be ruled out for some time. These uncertainties may reduce and delay business activity, adversely affect the domestic economy, the investment climate and the environment for investments in particular, and could have a material adverse impact on the Master Fund's operations and its ability to make successful investments and to provide a return to investors.

## **Legal and Regulatory Environment**

The laws and regulations affecting foreign and domestic investment in Vietnam are in an early stage of development and are not well established. Laws and regulations applicable to the Master Fund's activities, particularly those involving taxation, foreign investment and trade, title to property or securities and transfers of title, may be relatively new and can change significantly in a manner far more volatile than in other developed market economies.

There can be no assurance that local laws and regulations will develop in the Western tradition, or that some or all of the foregoing will not have a material adverse impact on the operations of the Master Fund.

## **Availability of Information; Accounting Standards**

Investors in Vietnam generally have access to less reliable and less detailed information than investors in developed countries, including general statistics, economic data and information concerning the operations, financial results, capitalisation, financial obligations, earnings and securities of specific enterprises. In most cases, the national accounting, auditing and financial reporting standards and practices and disclosure requirements are different from those employed in more developed countries, and in most instances do not correspond to international accounting standards or differ from standards and requirements generally accepted in the international capital markets. The extent of the research and other inquiries conducted by the Service Provider of prospective enterprises in which the Master Fund may invest shall in many cases be limited as compared with the standards for such inquiries in more developed markets. In addition, as a result of these factors, the Master Fund may not be able to provide information to investors in as timely a fashion as would otherwise be the case.

## **Lack of Market for Investments**

The Vietnamese securities markets are in an earlier stage of development compared to developed markets and there can be no assurance that such markets shall develop to the point that they provide a meaningful avenue for the disposition of the Master Fund's investments. The lack of a large liquid market for shares, inadequate information and insufficient regulation may result in trading of shares at prices that do not correspond to underlying values. At any time, the Master Fund may find it difficult to value the Master Fund's investments in shares of companies or to sell those shares at reasonable prices.

Certain companies may also impose internal restrictions on the transfer of shares, especially purchases by foreign investors, and such restrictions may have some basis in the local laws. Such restrictions may limit the ability of the Master Fund to diversify or dispose of its investments, and

the Master Fund may not be able to determine the existence of such restrictions in all cases before making an investment.

### **Impact of Business Failures**

As a result of the Master Fund making a limited number of investments, the insolvency or other business failure of any one or more of the Master Fund's investments could have a material and adverse effect on the Company and its operations and ability to achieve its investment objectives. The Master Fund may have limited recourse under bankruptcy or other laws in the event an investee company becomes bankrupt or does not honor its commitments to the Master Fund.

### **Settlement, Clearing and Custodial Risks**

The Master Fund will deal in substantial amounts of cash and securities and may keep large amounts of cash on deposit with local brokers and banks in Vietnam pending investment. The collection, transfer and deposit of securities and cash expose the Master Fund to a variety of risks including theft, loss and destruction. No deposit insurance or securities insurance currently is available to the Master Fund to insure against such risks. There is a significant transaction and custody risk in dealing in these listed and unlisted securities. Furthermore, due to the inefficiency of the local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by the Master Fund, including those in relation to dividends, can be realised. Delays and errors in the clearance and settlement of transactions in securities being purchased or sold for the Master Fund and the possibility that securities may be lost or stolen also may have significant adverse effects on the Master Fund's ability to realize a return for investors.

### **Illiquidity**

There is not expected to be any secondary market for Shares and so Shareholders may only be able to dispose of their Shares by way of redemption or a transfer of their Shares in the manner described in the section below headed "Share Redemption Procedures".

The Directors may restrict the total number of Shares which may be redeemed on any Redemption Day to 30% (or such other amount as the Directors may determine) of the outstanding Shares on such date, as described below in the section headed "Share Redemption Procedures".

The Directors have the power to restrict redemptions of participating shares in the Master Fund to such extent and in such manner as it may in its sole discretion, determine. If such power were exercised this may cause the Directors to limit redemptions of Shares in the Company.

### **Possible Effect of Redemptions**

Substantial redemption of Shares at the request of Shareholders could require the Directors to liquidate investments of the Company more rapidly than otherwise desirable and at less favourable prices to raise the necessary cash to fund the redemption.

### **No Operating History**

The Master Fund is newly formed and does not have an operating history. There can be no assurance that the Master Fund will achieve its investment objective.

The past performance of the Directors and the Service Provider, its personnel and affiliates, should not be construed as an indication of the future results of an investment in the Company. Prospective purchasers of Shares should evaluate the Company's investment programme on the basis that there can be no assurance that the Effective Manager's assessments of the short, intermediate or long-term prospects of investments will prove accurate.

### **Reliance on the Effective Manager and Key Personnel**

The successful investment of the Company's assets shall depend upon the skill of the Effective Manager. The loss of any key personnel could have a material adverse effect on the Company.

### **Tax Issue on Multiple Layer Investment Scheme**

Distributions paid by the Master Fund may be subject to withholding tax. In addition, distributions paid by the Company derived from distributions paid by the Master Fund may also be subject to withholding tax. Thus, it is possible that withholding tax imposed on the distributions paid by such entity may be deducted several times: first from the payment by the Master Fund, and then from payment by the Company.

### **Contagion Risk Factor**

The Company has the power to issue Shares in classes and/or Series. The Articles provide for the manner in which the liabilities are to be attributed across the various classes and/or Series (liabilities are to be attributed to the specific class or series in respect of which the liability was incurred). However, the Company is a single legal entity. Shareholders of one or more classes and/or Series of Shares may be compelled to bear the liabilities incurred in respect of other classes and/or Series which such Shareholders do not themselves own if there are insufficient assets in that other class or series to satisfy those liabilities. Accordingly, there is a risk that liabilities of one class and/or Series may not be limited to that particular class and/or Series and may be required to be paid out of one or more other classes and/or Series.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN INVESTING IN THE COMPANY. PROSPECTIVE INVESTORS SHOULD READ THIS OFFERING MEMORANDUM IN ITS ENTIRETY BEFORE DETERMINING WHETHER OR NOT TO INVEST IN THE COMPANY.

## SHARE SUBSCRIPTION PROCEDURES

Shares will be available for subscription on each Subscription Day, except as described below. Shares will be issued at the Issue Price, plus at the discretion of the Directors a sales charge of up to 2% of the Issue Price. The sales charge, if any, will be payable to distributors of the Shares.

Applicants for Shares must send their completed Application Form (together with supporting information and documentation to verify the identity of the applicant) so as to be received by the Administrator by no later than 5:00 p.m. (Singapore time) on the eighth Business Day prior to the relevant Subscription Day or such earlier or later day and/or time as the Directors may determine either generally or in any particular case. Cleared funds (together with supporting information to verify the source of payment of subscription monies as required) must be received for the account of the Company in US dollars by no later than 9:00 a.m. (Singapore time) on the second Business Day immediately preceding the relevant Subscription Day or such earlier or later day and/or time as the Directors may determine either generally or in any particular case, failing which the application will be held over to the first Subscription Day following receipt of the Application Form and subscription monies and Units will then be issued at the Issue Price on such Subscription Day, plus at the discretion of the Directors a sales charge of up to 2% of the Issue Price .

Application Forms may be sent by facsimile or in pdf format by Email provided the original follows promptly. Neither the Administrator, the Company, the Service Provider nor their duly appointed agents will be responsible for any loss resulting from the non-receipt of any Application Form sent by facsimile or Email. Investors will be required in the Application Form to indemnify the Company, the Directors of the Company and the Administrator and agree to keep each of them indemnified against any loss of any nature whatsoever arising to each of them as a result of any of them acting on facsimile or Email instructions. The Company, the Directors and the Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instructions or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.

All subscription monies must originate from an account held in the name of the applicant. No third party payments will be permitted.

Unless an investor has made arrangements with the Directors to make payment in some other currency, payment must be made in US dollars. If payment is tendered in a foreign currency, such payment will be converted on behalf of, at the risk and at the cost of, the investor into US dollars at such rate as the Directors, in their absolute discretion, consider appropriate on the relevant date. In such case, all bank charges and other conversion costs will be deducted from the application monies prior to investment in Shares.

Fractions of Shares may be issued up to two decimal places with lesser amounts being retained for the benefit of the Company.

The Company may, in its absolute discretion, reject any subscription for any reason or for no reason, and will not be obliged to disclose any such reason. If any application is not accepted in whole or in part, the application monies or (where an application is accepted in part only) the balance thereof will be returned (without interest) in US dollars to the account from which they originated at the expense of the applicant.

Once completed applications have been received by the Administrator they are irrevocable. Shares shall be treated as having been issued with effect from the relevant Subscription Day notwithstanding that the subscriber for those Shares may not be entered in the Register of Members until after the Subscription Day.

### Minimum Subscription

The minimum initial subscription by an investor is US\$100,000, or such other amount as may be determined by the Company's Directors provided that such amount is consistent with the Company being registered under section 4(3) of the Mutual Funds Law (2009 Revision).

## SHARE REDEMPTION PROCEDURES

Subject as provided below, Shares may be redeemed on any Redemption Day at the request of the Shareholder.

In order to effect a redemption on a particular Redemption Day, a Shareholder must send a Redemption Notice to the Administrator at the address shown on the Redemption Notice so as to be received by the Administrator by no later than 5.00 p.m. (Singapore time) on the tenth Business Day prior to the relevant Redemption Day or such earlier or later day and/or time not being later than the Valuation Day immediately preceding such Redemption Day as the Directors may from time to time determine generally or in respect of specific redemptions. Redemption Notices received after such time will be processed on the next following Redemption Day.

The Redemption Price will be the Net Asset Value per Unit of the relevant Series on the relevant Redemption Day (or if such Redemption Day is not a Valuation Day then on the immediately preceding Valuation Day) less, in the case of Shares which have been issued after the Conversion Date and which are being redeemed prior to the first anniversary of their issue, a redemption charge according to the following scale:

<b>Period during which Shares are redeemed</b>	<b>Redemption Charge</b>
Within six months from the date of issue	1% of the Redemption Price
After six months but before one year	0.5% of the Redemption Price
After one year from the date of issue	no redemption charge

The redemption charge will be payable to the Company.

Payment will generally be made within 14 Business Days from the relevant Redemption Day or within such other period as the Directors, in their sole discretion, may determine.

In the absence of proper directions as to payment from a Shareholder, the Administrator may remit redemption proceeds to a Shareholder in such manner as it may (in its absolute discretion) deem appropriate, including (without limitation) by cheque sent to the address of the Shareholder appearing on the Register of Members (or, in the case of multiple registered holders, to the address of the holder first named on such register). Neither the Directors nor the Administrator will be liable for any loss resulting from following this procedure. No redemption proceeds will carry interest in respect of the period between the relevant Redemption Day and actual payment.

No Shareholder may revoke a Redemption Notice once submitted unless (a) the Directors have postponed or suspended (i) the calculation of the Net Asset Value of Shares of the relevant Series or (ii) the redemption (in whole or in part) of Shares of the relevant Series or (b) the Directors or their duly appointed delegate otherwise consents.

### Minimum Holding

No redemption of part of a holding of Shares may be made if, as a result thereof, such Shareholder would hold fewer Shares as have a value equal to US\$100,000 (or such other amount as the Directors may determine generally or in any particular case). If such partial redemption would reduce a Shareholder's holding of Shares to less than US\$100,000 (or such other amount as the Directors may determine generally or in any particular case), the Directors may, in their discretion, elect to compulsorily redeem all of such Shareholder's Shares.

### Deferred Redemption

If aggregate redemption requests on any Redemption Day exceed 30% of the Shares in issue or such other percentage as the Directors may determine (the "**Relevant Percentage**"), the Directors may elect to restrict the total number of Shares which may be redeemed on such Redemption Day to the Relevant Percentage on such Redemption Day, in which case, requests shall be scaled down *pro rata* and the balance shall be redeemed on the next following Redemption Day in priority to any redemption requests received on that Redemption Day (subject always to further delay if redemptions on that Redemption Day are restricted pursuant to this power).

The Directors do not intend to exercise their discretion to lower the Relevant Percentage below 30% save where they determine that such action is necessary as a result of the Company not having sufficient liquidity to meet all redemption requests received in respect of a Redemption Day, including by reason of a restriction being imposed with respect to the redemption of participating shares in the Master Fund, or the Directors determine that it is in the best interests of Shareholders and/or the Company to do so.

### **Compulsory Redemption**

The Directors may cause the Company to redeem any or all of the Shares held by a Shareholder at the appropriate Redemption Price at any time and for any reason.



## **SUSPENSIONS**

The Directors of the Company may, from time to time, in their absolute discretion and for any reason, postpone or suspend (i) the calculation of Net Asset Value of Shares of any one or more Series (and the applicable Valuation Day); (ii) the issue of Shares of any one or more Series (and the applicable Subscription Day); (iii) the redemption (in whole or in part) of Shares of any one or more Series (and the applicable Redemption Day); and/or (iv) the payment of any redemption proceeds (even if Valuation Days and Redemption Days are not postponed).

The Directors of the Master Fund have a similar power to postpone or suspend the calculation of net asset value and the issue and redemption of participating shares of the Master Fund.

## CALCULATION OF NET ASSET VALUE

The Net Asset Value of the Company and the Net Asset Value per Share of each Series shall be calculated by the Administrator as at the Valuation Point on each Valuation Day.

The Auditor will audit the financial statements, including the balance sheet of the Company on an annual basis. The Company's financial year end is 31 December in each calendar year.

All valuations of assets and liabilities of the Company and of the Master Fund will be made in US dollars.

A separate account will be established and maintained, with respect to Shares of any Series, to record (purely as an internal accounting matter) the allocation, on a differentiated basis, of the assets and liabilities of the Company to the holders of Shares of each Series in a manner consistent with the methodology set forth in this Offering Memorandum and the rights otherwise attaching to the Shares (a "**Separate Account**").

The proceeds from the issue of Shares of any Series will be applied in the books of the Company to the Separate Account established for Shares of that Series. The assets and liabilities and income and expenditure attributable to that Separate Account shall be applied to such Separate Account and, subject to the provisions of the Company's Articles, to no other Separate Account. In the event that the assets of a Separate Account referable to any Series are exhausted, any and all rights which any Shareholders referable to that Series have against the Company shall be extinguished and the Shareholders referable to that Series shall have no recourse against the assets of any other Separate Account established by the Company.

The Net Asset Value per Share of each Series shall be determined by allocation *pro rata* the Net Asset Value, as at the relevant Valuation Point and/or of the relevant separate account among each Series, adjusting the amount so calculated to reflect any fees, costs, foreign exchange items or other assets or liabilities which are properly attributable to a specific Series and then by dividing the resultant amount by the number of Shares of such Series then in issue and rounding such amount to two decimal places.

The value of the Company's and the Master Fund's assets shall be determined in accordance with International Financial Reporting Standards in accordance with the following provisions:

- (a) Listed securities will be valued at their last traded prices at the last official close of the Vietnam Stock Exchanges or other relevant stock exchange on the relevant Valuation Point, unless the Directors believe that such price is not representative of the fair value of those securities. There is no assurance that the last traded price will fairly reflect the price that would be achieved by the Company.
- (b) Unlisted bonds, debentures and financial notes, if any, will be valued at cost plus interest accrued, but unpaid, from purchase up to the Valuation Point.
- (c) Investments in unlisted securities for which an active "over-the-counter" market exists will be stated at fair value based upon price quotations received from at least two independent brokers.
- (d) Securities whose last reported sale price on an exchange or other market is believed by the Directors not to represent the fair value of the security or other unlisted shares in Vietnamese companies will be valued at their current fair value in good faith by the Directors.
- (e) subject as provided in paragraph (f) and (g) below, the value of each interest in any open-ended unit trust or corporation, open-ended investment company or other similar open-ended investment vehicle (a "**managed fund**") shall be the last published net asset value per unit, share or other interest in such managed fund (where available) or (if the same is

not available) a price calculated by aggregating the last published bid price and the last published offer price therefore (excluding any preliminary or initial charge included in such offer price) and dividing the result by two.

- (f) if no net asset value, bid and offer prices or price quotations are available as provided in paragraphs (e) above, the value of the relevant asset shall be determined from time to time in such manner as the Directors shall determine.

The liabilities of the Company and the Master Fund, as applicable, will be deemed to include, among other things, such provisions and allowances for contingencies as the relevant Board may from time to time consider appropriate and in accordance with International Financial Reporting Standards.

## ANTI-MONEY LAUNDERING

In order to comply with legislation or regulations aimed at the prevention of money laundering the Company is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Company may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Company, and the Administrator on the Company's behalf, reserve the right to request such information as is necessary to verify the identity of a subscriber, unless in any particular case the Directors, or the Administrator on the Company's behalf, are satisfied that an exemption applies under the Money Laundering Regulations (2009 Revision) of the Cayman Islands, as amended and revised from time to time (the "**Regulations**").

Investors will be required to acknowledge in the Application Form that the Company and the Administrator and its respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents and permitted delegates will be held harmless and will be fully indemnified by the Investor against any loss arising as a result of a failure to process a subscription request if such information and documentation as has been requested by any of them has not been satisfactorily provided by the Investor.

Depending on the circumstances of each application, a detailed verification of identity might not be required where:

- (a) the applicant makes the payment for their investment from an account held in the applicant's name at a recognised financial institution; or
- (b) the applicant is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- (c) the application is made through an intermediary which is regulated by a recognised regulatory authority and is based in or incorporated in, or formed under the law of a recognised jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands Monetary Authority as having equivalent anti-money laundering regulations.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Company, or the Administrator on the Company's behalf, may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

The Company, and the Administrator on the Company's behalf, also reserve the right to refuse to make any redemption payment to a Shareholder if the Directors suspect or are advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Company, its Directors, the Administrator or any other service provider of the Company with any anti-money laundering law in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands,

pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) to a police officer of the rank of constable or higher pursuant to the Terrorism Law (2009 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. 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.

## CONFLICT OF INTERESTS

The Directors, the Service Provider, the Administrator and Custodian and any of their respective affiliates or connected persons may from time to time act as director, manager, service provider, custodian, registrar, broker, administrator, investment or adviser, distributor or dealer in relation to, or be otherwise involved in, other investment funds (including investment funds which invest directly or indirectly in the Company), which have similar or different objectives to those of, or invest in similar securities to those held by the Company and/or the Master Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Company and/or the Master Fund. Each will, at all times, have regard in such event to its obligations to the Company and the Master Fund, as the case may be, and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Company or the Master Fund, provided such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

The services of the Service Provider to the Company are not exclusive. Vietnam Asset Management Ltd., or any other affiliate, may render research and analysis and asset management services to parties other than the Company, or may establish any additional funds or another similar arrangement to facilitate the ability of certain types of investors to invest with the Company generally on a side-by-side *pari passu* basis. Conceivably, conflicts might arise whereby investment opportunities that are limited in availability must be allocated between the Company and other parties for whom the Service Provider, or any other affiliate, provides services, assuming the Condition has been satisfied and the Service Provider is rendering discretionary management services to the Company. If this occurs, the Service Provider intends to act fairly as between all of its clients.

The Service Provider or one of its affiliates may engage in other business activities. The Service Provider is not required to refrain from any other activity, to account for any profits from any such activity, or to devote all or any particular part of the time and effort of any of its officers, directors or employees to the Company and its affairs.

In the event that any transaction involving an actual conflict of interest were to occur which could have an effect on the performance of the Company, the intention of the Company is that the conflict would be resolved in a manner that is fair and reasonable with respect to all parties concerned.

The services of the Service Provider will not be exclusive to the Master Fund, and the Service Provider will be free to render similar services to other persons, so long as its services to the Master Fund are not impaired, and to retain for its own use and benefit all fees or other monies payable thereby. The Service Provider will not be under any duty to disclose to the Master Fund any fact or matter which comes to the attention of the Service Provider or any employee or agent of the Service Provider in the course of the Service Provider rendering similar services to others or in any business conducted by the Service Provider or in any other capacity which is unrelated to the carrying out of its duties.

Some securities considered for investment by the Master Fund may also be appropriate for other clients and/or funds advised or managed by the Service Provider, or by affiliates of the Service Provider and/or for the Service Provider's own account. If the purchase or sale of securities consistent with the Master Fund's investment objective and policy and one or more of these other clients, funds and/or the Service Provider are considered at or about the same time, the Service Provider has undertaken that, assuming the Condition has been satisfied and it is rendering discretionary management services to the Master Fund, transactions in such securities will be allocated among the several clients, funds and/or the Service Provider in a manner deemed fair and equitable by the Service Provider.

## THE VIETNAMESE ECONOMY AND THE STOCK EXCHANGES

The following overview should be read in conjunction with the section entitled "Risk Factors" above. The information provided in this section has been derived from various sources, including the Ministry of Planning and Investment, Ministry of Finance, General Statistics Office, State Securities Commission, Stock Exchanges, International Monetary Fund, World Bank, CIA World Factbook, various websites, reports and local newspapers, etc. Such information is believed to be accurate, but has not been independently verified by the Master Fund or its Directors. No assurance can be given that the positive economic, social and political developments in Vietnam referred to in this document will continue nor that they will be adequate for the Master Fund's purposes.

### Economic Overview

In 2009, Vietnam's Gross Domestic Product ("**GDP**") grew at a rate of 5.3% to achieve approximately US\$89 billion. From the period 2005 - 2009, Vietnam averaged 7.3% annual GDP growth. GDP per head measured at Purchasing Power Parity ("**PPP**") was estimated at US\$2,946 in 2009, having increased from US\$2,132 in 2005, an increase of 38.2%.

Since embarking on the economic reform program ("**Doi Moi**") in 1986, Vietnam has transformed from a centrally planned agriculture-based economy into a diversified market economy with growing industrial and services sectors. Today, the country produces and exports a wide range of primary commodities and manufactured goods, such as oil and gas, rice, coffee, seafood, pepper, handicrafts, furniture, footwear, garments, and electronic products. The service sector, including tourism, telecommunications, infrastructure, transportation, construction, banking and finance, is also making increasing contribution to the growth of the Vietnamese economy. In 2009, the industry and construction sector grew 5.5%, the service sector grew 6.6%, and the agriculture, forestry and fishery sector grew 1.8%.

Vietnam has established diplomatic relations with 172 countries and has trade relations with the majority of those countries, and became the 150<sup>th</sup> member of the World Trade Organization in January 2007.

Estimated average unemployment in 2009 was 6.5%, up from an estimated 4.7% in 2008.

The trade balance stood at a negative US\$12.2 billion in 2009 or 13.2% of GDP, down from negative 19.5% of GDP in 2008. Consumer prices on average increased by 6.5% in 2009, and 19.9% in 2008.

### Economic Structure

If measured by employment, as of April, 2009 Vietnam is an agrarian society with 51.8% of the work force employed in the agriculture, fishery and forestry sector (15.4% in industry and construction sector, 32.7% in services sector). As a measure of overall contribution to GDP based on constant 1994 prices, the industry and construction sector ranks first at 41.7%, the services sector ranks second at 41.3%, and the agriculture, fishery and forestry sector ranks last at 17%.

Vietnam's key industries are oil and gas, textiles, banks, consumer goods, construction, aquaculture farming, telecommunications, mining/resources and tourism.

### Trade

Vietnam is a largely export driven economy. Exports contributed to 61.1% of GDP in 2009, having risen from 31% of GDP in 1990. Vietnam's export growth was 21.6% in 2005, 20.5% in 2006, 21.5% in 2007, 29.5% in 2008, and -9.7% in 2009.

Vietnam is a net exporter of crude oil. It is among the world's largest exporters of pepper, rice, coffee, seafood, furniture and garments.

Since the lifting of the US trade embargo in 1993, Vietnam has attained full member status with ASEAN and in 2001 effected a Bilateral Trade Agreement ("**BTA**") with the United States. Vietnam entered the WTO in 2007 as a full member.

Vietnam's major trading partners, in terms of exports, as of 2008 were the United States (20.5%), Japan (14.8%), China (7.8%), Australia (7.3%), Singapore (4.6%), Germany (3.6%), Malaysia (3.4%), the Philippines (3.2%), South Korea (3.1%), the United Kingdom (2.7%), and others (29.0%). Vietnam's exports by sector in 2008 were broken down into: crude oil (21.5%), garments (18.8%), shoes (9.7%), aquatic product (9.4%), rice (6.0%), wood (5.7%), electronics and computers (5.6%), coffee (4.2%), rubber (3.3%), coal (3.0%), and others (12.9%).

Vietnam operates in a structural trade deficit historically, having trade deficits of US\$12.2 billion in 2009 (estimate), US\$17.5 billion in 2008, US\$12.4 billion in 2007, US\$4.8 billion in 2006, US\$4.7 billion in 2005.

### **Inflation**

Vietnam's end-period inflation rates over the past 5 years were 6.5% in 2009, 21.6% in 2008, 12.6% in 2007, 6.6% in 2006, and 8.7% in 2005. Vietnam's Consumer Price Index ("**CPI**") basket is dominated by the food and foodstuffs component, currently accounting for 39.9% of the total. Thus, Vietnam's inflation is strongly linked to fluctuations in commodities prices (rice price fluctuations being of particular importance).

### **Foreign Direct Investment ("FDI")**

The "China Plus One" strategy is used by many foreign direct investors who have invested into China, but who feel the need to diversify the business outside of China. Vietnam is a major beneficiary, and received US\$60.3 billion in FDI commitments in 2008, almost 3 times the amount in 2007. 2009 FDI commitments into Vietnam were only approximately 36% of 2008, valuing at US\$21.5 billion. However, FDI disbursement in this year reached US\$10 billion, equaling to 87% of 2008. Vietnam has a high literacy rate, lower labor costs than China, and according to the World Bank (2008) higher political stability than Brazil, Russia, India and China which are cited as reasons for Vietnam's FDI competitiveness.

From the period 1988-2008, FDI by sector is lead by manufacturing (50%), followed by real estate (23%), mining (6%), hotels and restaurants (5%), construction (4%), transport, storage & communications (4%), agriculture and forestry (2%), utilities (1%), and others (3%). During the same period, the major FDI contributors broken down by country were Taiwan (12.8%), Malaysia (11.0%), Japan (10.6%), Singapore (10.4%), South Korea (10.2%), British Virgin Islands (8.4%), Hong Kong (4.5%), Thailand (3.7%), the United States (3.1%), Canada (3.0%), and others (15.6%).

### **Debt and Foreign Reserves**

Most of Vietnam's debts are in form of aids from ODA, World Bank, etc. Vietnam's first foreign bond of US\$750 million was issued in October 2005 and was oversubscribed by international investors. The bond's rate was at 7.125%, which was lower than many other countries which even have higher credit rating than Vietnam. Economist Intelligence Unit estimates for Vietnam's net public debt as a percentage of GDP from 2006-2009 are 45.9% in 2006, 49.9% in 2007, 48.8% in 2008, and 52.1% in 2009. Vietnam's net external debt has increased from US\$19.2 billion at the end of 2005 to an estimated US\$26.6 billion by the end of 2009. In January 2010 the Government raised US\$1 billion from its second global bond sale at 6.95% yield.

The country's foreign reserves declined to an estimated US\$15.9 billion as of end 2009 from US\$23.6 billion as of end 2008.

### **The Currency**

Vietnam's domestic currency is the Dong ("**VND**"), which is loosely pegged to the US Dollar. As of 11 February 2010 the base VND/USD exchange rate set by the State Bank of Vietnam ("**SBV**")



was 18,544. Official currency dealers are allowed to trade within a 3% band of the official base rate. A black market for currency transactions exists in Vietnam, and can see large amounts of liquidity, particularly when the official base rate does coincide with supply and demand equilibriums.

As of the end of February 2010, Vietcombank was quoting a VND/USD exchange rate of 19,100. The end period VND/USD exchange rate in 2009 was 18,472 and in 2005 was 15,916, showing a depreciation of 16.1% during that time period.

## **Government Policy**

The Socialist Republic of Vietnam is a communist state, with a socialist market based economic structure. It was in 1986, under the Doi Moi, that Vietnam decided to start shifting from a centrally planned to socialist market based economic structure. The capital and center of the government is Hanoi. The chief of state is President Nguyen Minh Triet (elected to a 5 year term in June 2006) who appointed the head of government, Prime Minister Nguyen Tan Dung.

On 7 September 2006, Standard & Poor's ("**S&P**") upgraded Vietnam's long-term foreign currency sovereign credit rating to BB, with a 'stable' outlook, from BB-, which was assigned in May 2003. In May 2008, S&P kept the same BB rating, but assigned a 'negative' outlook.

Generally, Vietnam has in recent history been depicted as a political neutral. As a result, Vietnam sat on the UN Security Council as a non-permanent member in 2008. Vietnam's "friends to all" policy has been cited as a one of the primary reasons for success in transitioning to a market based economy due to the proliferation of trade relations and large amounts of attracted FDI. The Government has a track record since the implementation of the Doi Moi of being very willing to work closely with supranationals like the World Bank and Asian Development Bank to develop domestic policies.

Monetary Policy is conducted by the SBV under the Ministry of Finance. The SBV has many responsibilities, but some of the more noteworthy is the responsibility to set the base interest rate and the base USD/VND exchange rate, perform open market operations, and regulate the financial markets. As of February 2010, the base interest rate stood at 8%, and it seems the SBV at that time was operating under a policy of exchange rate and price stabilization.

## **Demographics**

Vietnam's population of about 87 million is a young population with a pyramid shaped demographic profile with approximately 68% aged between 15-64. The population growth rate in 2009 was estimated at 1.1%. As of the end of 2008, Vietnam had an urbanization rate of 28%. Vietnam's literacy rate is 93%.

## **The Private Sector**

Vietnam has undergone a steady change in its economic mix. Contribution of the private and FDI sectors to GDP has been increasing, especially since the introduction of the new Enterprise Law in 2000 which created an equal playing field for all entities. The impact of economic structure reforms shows through Vietnam's industrial production figures. The industrial production growth rate of the private and FDI sectors in 2009 reached 9.9% and 8.1% respectively comparing to 3.7% of the state sector. 2008 industrial production growth rates showed even much stronger growth for the private and FDI sectors with 18.8% and 18.6 respectively while the state sector only 4%.

That being said, the economy is still dominated by the State sector, while the private and individual sectors have seen stronger growth.

## **Equitisation of State-Owned Enterprises ("SOEs" or "SOE")**

Equitisation of an SOE involves the issuance of new shares by the SOE or the sale by the Government of an equity stake in the SOE to employees and other investors. Equitised SOEs

become joint stock companies subject to the Enterprise Law. The power to approve equitisation has been transferred from the Prime Minister to provincial People's Committees and relevant Government ministers; however, the equitisation of certain large or significant SOEs still requires the Prime Minister's approval. Public notice period of 30 days is required prior to an equitisation. Share sales must be handled in a transparent manner by public auction and although some of the shares are often reserved for sale to employees at discounted prices, the equitizing SOE must offer shares equivalent to at least 20% of its charter capital to the public.

Many of the over 480 companies trading in Vietnam's Stock Exchanges in Ho Chi Minh and Hanoi are equitised SOEs, with the State retaining a controlling interest in most of those. The Government plans to maintain 100% ownership of SOEs operating in strategic sectors (including national defense and security, toxic materials, explosives, radioactive materials, weapons and ammunition, power transmission, international and national information backbone networks, key transportation sectors and cigarettes), and certain key industries facing competition from the private sector (such as rail transport). The Government also plans to maintain more than 50% ownership of SOEs in certain other industries such as oil and gas, selected foodstuffs manufacturing, printing, product appraisal, labor cooperation services, and operation of fair and exhibition sites. Although the Government may choose to maintain less than 50% ownership in SOEs operating in selected key industries, it reserves the right to retain shares with special voting rights in order to implement Government policy.

## OVERVIEW OF THE VIETNAM STOCK EXCHANGES

In 1996, the Government established the State Securities Commission to regulate the development, organization and operations of national stock exchanges, and the healthy development of the securities market.

There are two stock market trading platforms in Vietnam. The Ho Chi Minh Stock Exchange ("**HOSE**") was set up in July 2000 and the Hanoi Stock Exchange ("**HNX**") was opened in March 2005 with a focus on smaller companies. Both the HOSE and the HNX were set up as Securities Trading Center and subsequently converted to Stock Exchange (in 2007 for the HOSE and 2009 for the HNX). The Vietnam Index ("**VNI**") is a simple capitalization-weighted index comprising the issued shares of all the listed companies on the HOSE was introduced at the end of the first day's trading (July 2000) with a base of 100.



Source: VNDirect

Although relatively small by regional standards, stock market capitalization has increased rapidly over the past years, due largely to new listings prompted by government's privatization process of the SOEs. The Government has taken various steps to raise the foreign ownership limit and since October 2005, foreigners have been allowed to own up to 49% of a non-bank listed stock. The ceiling for ownership of foreigners in banks is 30%. In addition, a single foreign investor is only allowed to hold a maximum of 10% of the issued capital of a bank. Exception can be made for a foreign investor to own up to 15% of a local bank, however, this would require special permission from the Central Bank. No domestic investment fund may hold more than 15% of any listed companies, and no domestic investment fund may invest more than 20% of total fund value in a particular company. The Government has announced that it plans to further relax constraints on foreign ownership in certain sectors as the Vietnam securities market matures. It is estimated that foreign investors currently own about 20% - 30% of the shares listed in the stock market.

From 2 listed stocks on the HOSE in July 2000, the two Stock Exchanges as of March 2010 have 483 listed stocks in total with aggregate market capitalization of approximately VND594,219 billion (US\$31.27 billion). In addition, there are 4 closed-end fund certificates listed on the HOSE but representing only 0.43% of total market capitalization, and about 570 bond types.

In addition to the organized Stock Exchanges, Vietnam has a much more active and larger informal over-the-counter ("**OTC**") market, which is not regulated by as strict disclosure requirements. This OTC market is estimated to have over 2500 companies and to be many times the size of the Stock Exchanges by market capitalisation. The State Securities Commission is implementing a trading platform ("**UPCoM**", standing for Unlisted Public Companies) on the HNX

for OTC companies. As of March 2010, there are 50 OTC companies traded on the UPCoM and there are plans to bring all OTC companies onto this trading platform in the near future.

As of March 2010, the listing requirements applicable in HOSE are: minimum registered capital of VND80 billion; sound financial status and profit recorded during the recent two years; at least 20% of shares owned by a minimum of 100 outside shareholders; and, commitment of Board Directors, members of Management and Internal Audit to hold a minimum of 100% of their shares within 6 months following listing date and continue to hold a minimum of 50% of their shares within the following 6 months. As for the HNX, the requirements are: minimum registered capital of VND10 billion; sound financial status with profit recorded in the previous year; and minimum of 100 shareholders. Trading on the Stock Exchanges is subject to several restrictions, including: (1) price changes are subject to daily limits of 5% for stocks listed on HOSE and 7% for stocks listed on HNX in either direction; (2) foreign investors must register through a custodian licensed to hold securities on their behalf.

The first Securities Law was adopted on 1 January 2007. The law is intended to enhance the legal framework and remove factors which are believed to be hindrance to the development of the Vietnam securities market.

## INFORMATION RELATING TO THE SHARES

### Share Capital

The Company has an authorised share capital of US\$50,000 consisting of 4,999,000 participating redeemable shares ("Shares") of par value US\$0.01 each, and 1000 Management Shares of par value US\$0.01 each, respectively.

### Rights Attaching to the Shares

The Shares have the following rights:

- (a) Voting rights.
- (b) Dividend rights.
- (c) Winding up rights: In a winding up, the Shares carry a right to a return of the nominal capital paid up in respect of such Shares, and the right to share in the surplus assets remaining after the return of the nominal capital paid up on the Shares and Management Shares.

The Management Shares have only the following rights for so long as any Shares are in issue:

- (i) The Management Shares shall not be redeemed by the Company, and do not carry any right to dividends.
- (ii) In a winding up, Management Shares are entitled to a return of paid up nominal capital out of the assets of the Company, but only after the return of nominal capital paid up on Shares.
- (iii) The holders of the Management Shares have the exclusive right to appoint three individuals to the Board of Directors of the Company. The holders of the Management Shares also have the exclusive right to nominate the individuals they have appointed to the Board of Directors as Executive Directors of the Company at any time the Company does not have a Service Provider or at any time that such Service Provider is unrelated to the holders of the Management Shares.

## INFORMATION ABOUT THE COMPANY AND THE MASTER FUND

### Establishment

The Company was incorporated on 25 September 2006 under the Companies Law of the Cayman Islands as an exempted company with limited liability.

The Company now operates as a feeder fund and all, or substantially all, of the assets of the Company will be invested into participating shares of the Master Fund.

The Master Fund was incorporated as an exempted company with limited liability in the Cayman Islands on or about 16 April 2010.

### Duration of The Company

The Company has been established for an unlimited duration.

### Financial Statements and Reports

The Company's year-end is 31 December and audited financial statements will be sent to each Shareholder within six months of the end of the relevant financial year. The Company will also send half-yearly unaudited interim reports to each Shareholder within four months of the end of the relevant half-year. All statements will be in English.

### Other Interests

There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.

Lyn Hian Woon John and Nguyen Xuan Minh, have ownership interests in the Service Provider and are Directors of the Service Provider. As such, they have a material interest in the Service Provider Agreement.

Lyn Hian Woon John and Nguyen Xuan Minh are also Shareholders. Lyn Hian Woon John and Nguyen Xuan Minh are currently two Directors of the Company.

No Director of the Company has (i) any unspent convictions; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

### Indemnification of the Service Provider and Others

The Company shall indemnify the Service Provider, its members and affiliates and their respective shareholders, members, partners, officers, directors, employees and agents (collectively, "**Indemnified Persons**") from and against any loss or expense suffered or sustained by them by reason of: (a) the fact they were acting as or on behalf of the Service Provider or the Company or (b) any acts or omissions in or arising out of the performance of their duties or services as Service Provider or as shareholders, members, officers, directors, employees or agents of the Service Provider, or as an agent, employee, investment adviser or consultant of the Company; provided,

however, that such Indemnified Person has acted in good faith and in the absence of willful misconduct, gross negligence or fraud, and has not been found in a criminal proceeding to have had reasonable cause to believe that the conduct was unlawful.

### **Auditor**

Grant Thornton has been appointed as the auditor to the Company.

### **Secretary Service**

Heritage Fiduciary Services Pte Ltd. has appointed to provide company secretary services with an annual fee of approximately US\$600 or such other amount as may be agreed between the Company and Heritage Fiduciary Services Ptd LTd., from time to time.

### **Litigation**

The Company is not engaged in any litigation or arbitration nor has it been so engaged since incorporation and no litigation or claim is known to the Directors of the Company to be pending or threatened by or against the Company.

### **Taxation**

Potential investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or redeeming Shares under the laws of their country of citizenship, domicile or residence.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The following is based on the law and practice currently in force in the Cayman Islands and accordingly, is subject to changes therein.

### **Cayman Islands**

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or the Shareholders. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Company or the Master Fund.

The Master Fund has applied for and is expected to receive an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Master Fund or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares, debentures or other obligations of the Master Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Master Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Master Fund.

Although the Company and the Master Fund are not subject to tax in the Cayman Islands, the Company and/or the Master Fund may be liable for any taxes which may be withheld at source in other countries in respect of income or gains derived from its investments.

In view of the number of different jurisdictions the laws of which may be applicable to Shareholders, no attempt is made in this Offering Memorandum to summarise the possible local tax consequences of the acquisition, holding or disposal of Shares. Investors should consult their professional advisers on the possible tax, exchange control or other consequences of buying, holding, selling or redeeming Shares under the laws of their country of citizenship, residence or domicile.

## **Mutual Funds Law**

The Company is regulated as a mutual fund under the Law. Regulation under the Law entails the filing of prescribed details and audited accounts annually with the Cayman Islands Monetary Authority (the "**Authority**"). However, the Company will not be subject to supervision in respect of its investment activities or the constitution of the Company's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Company in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has passed upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

As a regulated mutual fund the Company is subject to the supervision of the Authority and the Authority may at any time instruct the Company to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Directors and may result in the Authority applying to the court to have the Company wound up.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include the power to require the substitution of Directors, to appoint a person to advise the Company on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Company. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

The Master Fund is not required to register or be regulated as a mutual fund under the Law.



## CONSTITUTION

The following summary is not exhaustive. These documents are available for inspection at the Administrator's office

### Memorandum of Association

Clause 3 of the Memorandum of Association of the Company provides that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law, (2009 Revision) as amended.

Clause 8 provides that the share capital of the Company is US\$50,000.00 divided into 4,999,000 shares of a nominal or par value of US\$0.01 each and 1,000 Management Shares of a nominal or par value of US\$0.01 each. Except for the Management Shares and subject to the provisions of the Companies Law, (2009 Revision) as amended and the Articles of Association, the Company shall have power to redeem or purchase any or all of such shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference priority or special privilege or subject to any postponement or rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of Shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided. The Management Shares shall not be redeemed by the Company.

### Articles of Association

The Articles of Association of the Company contain the following provisions:

#### Redemption and Purchase of Own Shares

- (a) Subject to the provisions of the law, the Company may from time to time:
  - (i) issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or Shareholder;
  - (ii) purchase its own shares (including any redeemable shares); and
  - (iii) make a payment in respect of the redemption or purchase of its own shares otherwise than out of profits or the proceeds of a fresh issue of its shares.
- (b) Subject to provisions of the Articles, a Shareholder may require the redemption of all or any of such Shareholder's Shares by serving a Redemption Notice to the Company on or before a Redemption Day.
- (c) The Company shall redeem such Shares at the Redemption Price. The Directors may deduct a Redemption Fee from the Redemption Price or as otherwise provided in the Articles.
- (d) On and from the relevant Redemption Day, Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights arising under the Articles with respect to Shares being redeemed (including any right to receive notice of, attend or vote at any meeting of the Company) save the right to receive the Redemption Price and any dividend which has been declared prior to the relevant Redemption Day but not yet paid (in each case with respect to the Shares being redeemed). Such Shareholders will be treated as creditors of the Company with respect to the Redemption Price and will rank accordingly in the priority of the Company's creditors.

- (e) The Directors may impose a gate the effect of which is to limit the redemptions of Shares of any class and/or Series as of any Redemption Day in accordance with the Articles.
- (f) A redemption request, once given, is irrevocable save in the circumstances described in the Articles.
- (g) No redemption of part of a Shareholder's holding of Shares of any one class and/or Series may be made if, as a result thereof, such Shareholder would hold fewer Shares of such class and/or Series than such minimum number or value of Shares of such class and/or Series as may from time to time be specified by the Directors in accordance with the Articles.
- (h) Where the Company has agreed to purchase any share from a member (excluding a redemption of any share), it shall give notice to all other members of the Company specifying the number and class of shares proposed to be purchased, the name and address of the seller, the price to be paid therefor and the portion (if any) of that price which is being paid out of capital. Such notice shall also specify a date (being not less than thirty days after the date of the notice) on which the purchase is to be effected and shall invite members (other than the seller) to intimate any objections to the proposed purchase by the Company before that date. If no objections have been received before the date specified in the notice the Company shall be entitled to proceed with the purchase upon the terms specified therein. If any objection is received prior to the specified date, the Directors may either decline to proceed with the purchase or convene a general meeting of the Company to consider and, if thought fit, approve the terms of the proposed purchase.
- (i) The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share.
- (j) The Directors may when making payments in respect of redemption or purchase of shares in accordance with the provisions of the Articles of the Company, if authorised by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment either in cash or in specie.
- (k) The Directors may cause the Company to compulsorily redeem any or all of the Shares held by any person at the appropriate Redemption Price at any time and for any reason in accordance with the Articles.

### **Transfer and Transmission of Shares**

- (a) The instrument of transfer of any share shall be executed by or on behalf of the transferor and if so required by the Board of Directors shall also be executed by or on behalf of the transferee, and the transferor shall be deemed to remain a holder of share until the name of the transferee is entered in the Register of Members in respect thereof.
- (b) The Directors may decline to register any transfer of shares, not being fully paid shares, to a person of whom they do not approve, and may also decline to register any transfer of shares on which the Company has a lien. The directors may also suspend the registration of transfers during the fourteen days immediately proceeding a general meeting. The Directors may decline to recognize any instrument of transfer unless it is accompanied by:
  - (i) a fee not exceeding \$1.00 paid to the Company in respect thereof, and;
  - (ii) the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

- (iii) If the Directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
- (c) The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only persons recognised by the Company as having any title to the share.
- (d) Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall upon such evidence being produced as may from time to time be properly required by the Directors, have the right either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.
- (e) A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

### **Alteration of Capital**

- (a) The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
- (b) The new shares shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
- (c) The Company may by ordinary resolution:
  - (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (ii) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the memorandum of association, subject nevertheless to the provisions of section 13 of the Law;
  - (iii) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- (d) The Company may by Special Resolution reduce its share capital and any capital redemption reserve fund in any manner and with and subject to, any incident authorised and consent required by Law.

### **Proceedings at General Meetings**

- (a) No business shall be transacted at any general meeting unless a quorum of members is present at the time that the meeting proceeds to do business; save as herein otherwise provided, two members or one member holding in number at least a majority of issued shares present in person or by proxy shall be a quorum.

- (b) If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week.
- (c) The Chairman, if any, of the board of directors shall preside as chairman at every general meeting of the Company.
- (d) If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the members present shall choose one of their number to be chairman.
- (e) The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjourned meeting.
- (f) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least three members present in person or by proxy entitled to vote or by one member or two members so present and entitled, if that member or those two members together hold not less than fifteen per cent of the paid up capital of the Company, and, unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
- (g) If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (h) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
- (i) A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

### **Votes of Members**

- (a) On a show of hands every member present in person shall have one vote. On a poll every member shall have one vote for each share of which he is the holder.
- (b) In the case of joint holders the vote of the senior 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 Members.
- (c) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by the court, and any such committee or other person, may on a poll, vote by proxy.
- (d) No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

- (e) On a poll, votes may be given either personally or by proxy.
- (f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the Company.
- (g) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- (h) A resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

### **Directors**

- (a) The number of the Directors and the names of the first Directors shall be determined in writing by a majority of the subscribers of the Memorandum of Association.
- (b) Subject to the provisions of the Articles, a Director shall hold office until such time as he is removed from office, by an ordinary resolution of the Company in General Meeting.
- (c) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting.
- (d) A director shall not require any share qualification but shall nevertheless be entitled to attend and speak at any General Meeting of the Company or at any separate meeting of the holders of any class of shares of the Company.

### **Powers and Duties of Directors**

- (a) The business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not, by the law or these articles, required to be exercised by the Company in general meetings, subject, nevertheless to any regulations of these articles, to the provisions of the law, and to such regulation, being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
- (b) The Directors may from time to time appoint any person, whether or not a Director of the Company, to hold such office in the Company as the Directors may think necessary for the administration of the Company, including, without prejudice to the foregoing generality, the office of President, one or more Vice-Presidents, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Manager or Controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits, or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any person so appointed by the Directors may be removed by the Directors or by the Company in general meeting. The Directors may also appoint one or more of their number to the office of Managing Director upon like terms, but any such appointment shall ipso facto determine if any managing Director ceases from any cause to be a Director, or if the Company in General Meeting or the Directors resolve that his tenure of office be terminated.
- (c) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

- (d) The Directors shall cause minutes to be made in books provided for the purpose of recording:
- (i) all appointments of Officers made by the Directors;
  - (ii) the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
  - (iii) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

## **DOCUMENTS AVAILABLE FOR INSPECTIONS**

Copies of the following documents may be inspected at the offices of the Administrator during business hours:

1. Certificate of Incorporation of the Company;
2. Memorandum of Association of the Company and the Articles;
3. Administration Agreement;
4. Multi Market Custody Agreement; and
5. Service Provider Agreement.