

**SGAM ASIAN REAL ESTATE DIVIDEND FUND,
SGAM BONUS BUILDER CHINA FUND,
SGAM VIETNAM OPPORTUNITIES FUND AND
SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR/PERIOD ENDED
31ST DECEMBER 2008

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2008

CONTENTS	PAGE
Management and administration	1
Report of the Manager – SGAM Asian Real Estate Dividend Fund	2
Report of the Manager – SGAM Bonus Builder China Fund	3
Report of the Manager – SGAM Vietnam Opportunities Fund	4
Report of the Manager – SGAM China Active Events Fund	5
Report of the Trustee to the unitholders of SGAM Asian Real Estate Dividend Fund, SGAM Bonus Builder China Fund, SGAM Vietnam Opportunities Fund and SGAM China Active Events Fund	6
Statement of responsibilities of the Manager and the Trustee	7
Independent auditor’s report	8 – 9
Balance sheets	10
Income statements	11
Statements of changes in net assets attributable to unitholders	12
Cash flow statements	13 – 14
Notes to the financial statements	15 – 50
Investment portfolio – SGAM Asian Real Estate Dividend Fund (unaudited)	51 – 54
Investment portfolio – SGAM Bonus Builder China Fund (unaudited)	55
Investment portfolio – SGAM Vietnam Opportunities Fund (unaudited)	56 – 58
Investment portfolio – SGAM China Active Events Fund (unaudited)	59 – 60
Statement of movements in investment portfolio - SGAM Asian Real Estate Dividend Fund (unaudited)	61
Statement of movements in investment portfolio – SGAM Bonus Builder China Fund (unaudited)	62
Statement of movements in investment portfolio – SGAM Vietnam Opportunities Fund (unaudited)	63
Statement of movements in investment portfolio – SGAM China Active Events Fund (unaudited)	64
Performance table (unaudited)	65

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Alain Clot (resigned on 30th September 2008)
Philippe Collas
(resigned on 30th September 2008)
Robert David Beyer
Keith Edward Percy
Alain Py
Alain de Saint Martin
Marc Irwin Stern
Eugenie Arbillot
Jean-Pierre Mustier
(appointed on 30th September 2008)
Sylvie Rucar
(appointed on 30th September 2008)
Société Générale
(represented by Christian Schricke)

Manager

SOCIÉTÉ GÉNÉRALE ASSET
MANAGEMENT, S.A.
170 place Henri Regnault
92400 Courbevoie
France

Investment Adviser

**(for SGAM Asian Real Estate Dividend Fund
and SGAM Vietnam Opportunities Fund)**
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(SINGAPORE) LIMITED
80, Robinson Road
#13-03 Singapore 068898

(for SGAM Bonus Builder China Fund)
SOCIÉTÉ GÉNÉRALE ASSET MANAGEMENT
ALTERNATIVE INVESTMENTS, S.A.
170 place Henri Regnault
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(for SGAM China Active Events Fund)
SG ASSET MANAGEMENT
(HONG KONG) LIMITED
Level 19, Three Pacific Place
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Hong Kong

Sub Adviser

(for SGAM Asian Real Estate Dividend Fund)
SOCIÉTÉ GÉNÉRALE ASSET MANAGEMENT
(JAPAN) CO., LTD
5-1, Kabuto-Cho, Nihonbashi, Chuo-Ku
Tokyo, Japan

Service Provider to the Trustee

HSBC Institutional Trust Services
(Asia) Limited
No. 1 Queen's Road Central
Hong Kong

Hong Kong Representative

HSBC Institutional Trust Services
(Asia) Limited
No. 1 Queen's Road Central
Central
Hong Kong

Trustee and Registrar

HSBC Trustee (Cayman) Limited
P.O. Box 484
Strathvale House, 2nd Floor
North Church Street
George Town, Grand Cayman
KY1-1106
Cayman Islands

Legal Advisers to the Fund

As to matters of Cayman Islands Law:-

MAPLES AND CALDER ASIA
53rd Floor, The Centre,
99 Queen's Road Central
Hong Kong

As to matters of Hong Kong Law:-
DEACONS
Solicitors & Notaries
5th Floor, Alexandra House
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Central, Hong Kong

Auditor

PRICEWATERHOUSECOOPERS
P.O. Box 258 GT
Strathvale House
Grand Cayman, KY1-1104
British West Indies

REPORT OF THE MANAGER - SGAM ASIAN REAL ESTATE DIVIDEND FUND

Dragged by the global financial meltdown, the Asia Pacific real estate sector suffered a negative return of 51% during the year. Property stocks across the region suffered from slower economy and deteriorated market fundamentals.

Concerns about a prolonged economic slowdown and tight credit facilities contributed negatively to the market sentiments in 2008. We shifted the portfolio to a more defensive stance by reducing companies with earnings risk, highly geared or traded at expensive valuations. We also underweighted Japan and Australia, two economies that were harder hit by the slowdown and credit crisis.

Looking ahead, we expect continued turbulence in the short term but remain confident that the medium-long term positive outlook remains intact. We expect that property securities throughout the region will continue the process of differentiation in 2009, with performance of the stocks that are in healthy balance sheets, disciplined investment strategy, and demonstrated excellent track record from management, to outperform the lesser quality stocks. Unlike the down markets in 2008, markets in 2009 will not be a "one-way ticket". We believe we will see much better returns from the sector in 2009 as valuations are attractive, and much of the negatives are discounted by the market. In the longer term, we are positive that the real estate sector will be a leader when the economy recovers given the sound fundamentals for the industry.

REPORT OF THE MANAGER - SGAM BONUS BUILDER CHINA FUND

In 2008, Chinese equity market decreased and the Hang Seng China Enterprises (H-shares) index had a negative return of 51%.

During the first quarter of the year emerging economies have been hurt by a slowing of the world activity but domestic demand figures still remained firm. Inflation figures climbed sustained by soaring food and energy prices.

In the second quarter, the economic outlook has worsened worldwide, however emerging economies still remained more resilient than developed. Inflation climbed resulted from both energy and food prices and also wages tensions.

Equity, credit and commodity market fell during the third quarter, on the back of worsening economic and financial condition. Especially, investors have focused on the news related to the bank, selling massively risky asset in September with mounting fear of bankruptcies. On the other side, the inflation eased thanks to the decreased of commodity prices.

During this last quarter economic figures have been unfavourable for “risky” assets, the deepening economic recession anticipating slumping earning, and surging default rate. In this context risk premiums required by investors reached historically high levels.

In this context the Sub-Fund reduced its exposure in risk assets from 20% (in the beginning of 2008) to 0.5% in order to protect investor’s capital. The Sub-Fund achieved the year with a negative performance of 6.5% (with coupons reinvested).

REPORT OF THE MANAGER - SGAM VIETNAM OPPORTUNITIES FUND

2008 GDP grew 6.23% amid double digit inflation and trade deficit; lower than the 8.5% recorded in the previous year and below the government's revised target of 6.7%. On the flipside, 2008 also marked the highest ever committed and disbursed FDI into Vietnam: US\$64 billion and US\$11.5 billion respectively. Malaysian companies topped the list with 55 projects at US\$15 billion, followed by Taiwan, Japan, Singapore and Brunei. The FDI committed and disbursed recorded 215.27% and 43.75% growth compared to 2007. This was stronger than data shown by United Nations Conference on Trade and Development which global FDI inflows fell by about 21%. In general, the committed FDI projects were large in size at average US\$51.4 million compared to US\$14.07 million a year ago. Meanwhile, the 5 largest projects account for 54% of total committed FDI in sectors such as steel industry, oil-refinery and real estate.

Similarly, overall, 2008 was not a bad year for Vietnam's export activities in terms of value, with total export value estimated at US\$63 billion, an increase of 30%. This was led by crude oil at US\$10 billion, garment US\$9 billion, footwear US\$4.7 billion, seafood US\$4.6 billion and rice US\$3 billion. Import rose 28% in the same period.

Full year CPI was reported at 22.97% and the central bank, SBV, at year end announced depreciating the currency by 3% against the Greenback in a move to bolster exports. The government had spent the first 3 quarters of 2008 fighting inflation and curbing trade deficit and such economic challenges, which saw the austerity policies affecting stock market performance. The VNIndex fell 66%, making Vietnam the worst performance market in the region. The HASTC index also tumbled 67%.

Banking sector has been affected by high costs of funding amid the high inflation, which has resulted in credit crunch. High inflation and tightening of monetary policy drained liquidity out of the system and pushed deposit rates up to a range of 18%-19% while lending rate was capped at 21%; with net interest margins barely sufficient to cover operating costs. Banks also turned cautious in extending loans in view of the challenging operating environment among corporates. 2008 ended with the IPO of 4% stake in state-owned VietinBank¹, 4th largest bank by asset, and participations were more muted than VietcomBank² IPO which was done at around the same time previous year. Bid volume by foreign institutional investors accounted for only 1.4% of total bid volume, compared to 33% for VietcomBank². Average winning price was also lower at 1.3% above the reference price, whereas VietcomBank's² average winning price was 7.8% above.

Cement consumption rose 11% year on year achieved mainly from cement sales delivered in the first half of the year. However, 2008 marked the first decline in coal production after several years of consistent growth where total export volume retraced 40%. Prices of dairy retail products surged an average 15-20% during whereas premium products prices jumped 30-40%, compared to sector volume growth of only 5-6% due mainly to strong consumer demand and higher average selling prices.

Approximately 2,000 Mega Watt of electricity capacity was added to the country's power grid for 11% additional output, but was still insufficient to meet the strong power demand caused by a combination of various factors: power loss, delays in new power projects, higher consumption in cement and steel sectors recorded in particular 1st half of the year.

¹ VietinBank - Vietnam Bank for Industry and Trade

² Vietcom Bank - Bank for Foreign Trade of Vietnam

REPORT OF THE MANAGER - SGAM CHINA ACTIVE EVENTS FUND

Year 2008 was one of the worst performing years in the Hong Kong stock market history. Over the year, MSCI China index recorded a negative return of 52.20%.

During the first half of the year, investors were still at good sentiment in general despite the fact that there were some profit takings over all major sectors. In line with the stock market movement, macro economic figures were turning weaker particularly in the US and UK economies. Nevertheless, this was not serious enough to trigger tsunami.

Situations however turned bad in September when the financial giants like Lehman Brothers, AIG, Fannie Mae, Freddie Mac, and Merrill Lynch fell one by one. Since these financial giants played a key role in different parts of the financial system, their failure destroyed the mutual trust of financial institutions. This caused serious credit crunch and so much tension to the financial markets. The index dropped 39.3% In September and October alone.

SGAM China Active Events Fund started in this bad year with underperformance in the first half. Yet, we turned around the portfolio in 2nd half and substantially reduced the damage from the adverse market. Overall, the Sub-Fund recorded 24% drop in 2nd half against 34.30% drop of the index. In 2008, the performance of SGAM China Active Events Fund was negative of 37.80% with NAV of \$6.282 per share.

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of the Sub-Funds has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 27th January 2004, as amended, for the year ended 31st December 2008.

For and on behalf of
HSBC Trustee (Cayman) Limited
Trustee

Cayman Islands, 24th April 2009

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's Responsibilities

The Manager of the Sub-Funds is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "Code") and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Funds at the end of that period and of the transactions for the period then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Funds will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Sub-Funds in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's Responsibilities

The Trustee of the Sub-Funds is required by the Code and the Trust Deed to:

- ensure that the Sub-Funds are managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Funds and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Sub-Funds.

Report on the financial statements

We have audited the accompanying financial statements of each of SGAM Asian Real Estate Dividend Fund, SGAM Bonus Builder China Fund, SGAM Vietnam Opportunities Fund and SGAM China Active Events Fund (each a separate sub-fund of SGAM Harvest Funds (the "Fund") and referred to individually or collectively as the "Sub-Funds") set out on pages 10 to 50, which comprise the balance sheets as at 31st December 2008, and the income statements, statements of changes in net assets attributable to unitholders and cash flow statements for the periods as indicated, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Trustee and the Manager (the "Management") of the Sub-Funds are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 27th January 2004, as amended (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Funds' preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM
OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND (SUB-FUNDS OF SGAM HARVEST
FUNDS)

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of each of the Sub-Funds as at 31st December 2008, and each of their financial performances and each of their cash flows for the periods as indicated in accordance with International Financial Reporting Standards.

Report on other legal and regulatory disclosure requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers

Cayman Islands, 24th April 2009

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

BALANCE SHEETS
AS AT 31ST DECEMBER 2008

Note	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund
	2008	2007	2008	2007	2008	2007	2008
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
Assets							
Cash at banks	543,491	1,956,525	33,492,633	105,146,885	8,785,131	13,659,465	2,894,945
Bank interest receivable	-	250	-	147	38	51,411	-
Dividends receivable	95,711	154,544	-	-	56,599	662,269	14,400
Amount due from brokers	-	268,264	-	-	101,774	-	-
Amount due from unitholders	-	76,622	20,000	119,990	2,704	-	-
Financial assets at fair value through profit or loss	8 16,905,807	58,075,624	109,974,280	49,946,100	61,106,100	215,437,564	14,868,695
Margin deposit	-	-	210,103	4,380,948	-	-	-
Other receivables	-	-	-	393,483	-	57,805	-
Total assets	<u>17,545,009</u>	<u>60,531,829</u>	<u>143,697,016</u>	<u>159,987,553</u>	<u>70,052,346</u>	<u>229,868,514</u>	<u>17,778,040</u>
Liabilities							
Amount due to brokers	-	-	-	-	-	877,453	-
Amount due to unitholders	137,364	159,609	131,244	18,460	244,683	516,431	20,467
Bank overdraft	-	-	166	-	-	-	-
Other accounts payable and accrued expenses	9 197,308	1,123,589	428,920	2,478,078	165,057	3,190,927	500,716
Liabilities (excluding net assets attributable to unitholders)	<u>334,672</u>	<u>1,283,198</u>	<u>560,330</u>	<u>2,496,538</u>	<u>409,740</u>	<u>4,584,811</u>	<u>521,183</u>
Net assets attributable to unitholders (at bid market prices)	17,210,337	59,248,631	143,136,686	157,491,015	69,642,606	225,283,703	17,256,857
Adjustments from bid market prices to last traded market prices	<u>52,262</u>	<u>-</u>	<u>7,290</u>	<u>-</u>	<u>576,409</u>	<u>-</u>	<u>54,115</u>
Net assets attributable to unitholders (at last traded market prices)	<u>17,262,599</u>	<u>59,248,631</u>	<u>143,143,976</u>	<u>157,491,015</u>	<u>70,219,015</u>	<u>225,283,703</u>	<u>17,310,972</u>

Approved for issue by the Trustee and the Manager on
Signed for and on behalf of:

HSBC Trustee (Cayman) Limited

Société Générale Asset Management, S.A.

The notes on pages 15 to 50 form an integral part of these financial statements.

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INCOME STATEMENTS
FOR THE YEAR/PERIOD ENDED 31ST DECEMBER 2008

Note	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund	
	2008 US\$	2007 US\$	2008 HK\$	2007 ¹ HK\$	2008 US\$	2007 ² US\$	2008 ³ HK\$	
Income								
Bank interest income	21,879	120,646	721,839	1,146,499	99,554	835,552	20,370	
Dividend income	1,106,374	1,835,750	-	-	4,733,238	2,054,901	1,074,645	
Redemption charges	7	-	-	-	906,581	408,308	-	
Other income	17,238	-	801	38,929	-	-	10	
Net (loss)/gain on financial assets at fair value through profit or loss	15	(23,867,485)	11,426,720	(8,191,172)	44,358,402	(124,359,559)	2,180,500	(32,183,611)
Net (loss)/gain on foreign exchange		(30,773)	(12,064)	1,041	97	(226,168)	216,579	(40,934)
Total net investment (loss)/income		<u>(22,752,767)</u>	<u>13,371,052</u>	<u>(7,467,491)</u>	<u>45,543,927</u>	<u>(118,846,354)</u>	<u>5,695,840</u>	<u>(31,129,520)</u>
Expenses								
Management fee	3, 12(b)	516,842	1,090,969	2,335,429	2,570,621	2,399,094	2,210,412	730,934
Performance fee	4	-	-	-	-	107	611,172	4
Trustee fee	5	61,026	119,966	298,158	394,783	173,604	148,351	284,294
Registrar's fee	5	6,639	6,621	56,313	59,853	6,621	3,682	26,328
Auditor's remuneration		23,038	22,823	146,790	124,703	28,711	10,011	200,301
Sub-custodian fee	6	-	-	38,924	42,844	-	-	-
Write-off of preliminary expenses		-	-	393,483	-	57,805	-	413,998
Other operating expenses		34,352	49,385	110,221	237,002	102,004	41,737	401,714
Total operating expenses		<u>641,897</u>	<u>1,289,764</u>	<u>3,379,318</u>	<u>3,429,806</u>	<u>2,767,946</u>	<u>3,025,365</u>	<u>2,057,573</u>
Net operating (loss)/income		<u>(23,394,664)</u>	<u>12,081,288</u>	<u>(10,846,809)</u>	<u>42,114,121</u>	<u>(121,614,300)</u>	<u>2,670,475</u>	<u>(33,187,093)</u>
Finance costs								
Interest expense on bank balances		-	-	(27,699)	(151,329)	-	-	-
Distribution to unitholders	17	(812,073)	(2,147,077)	(6,598,321)	(5,993,159)	-	-	-
(Loss)/profit before tax		<u>(24,206,737)</u>	<u>9,934,211</u>	<u>(17,472,829)</u>	<u>35,969,633</u>	<u>(121,614,300)</u>	<u>2,670,475</u>	<u>(33,187,093)</u>
Overseas withholding tax		39,756	(172,431)	-	-	(125,683)	(112,435)	(862)
Adjustments from bid market prices to last traded market prices		52,262	-	7,290	-	576,409	-	54,115
(Decrease)/increase in net assets attributable to unitholders from operations		<u>(24,114,719)</u>	<u>9,761,780</u>	<u>(17,465,539)</u>	<u>35,969,633</u>	<u>(121,163,574)</u>	<u>2,558,040</u>	<u>(33,133,840)</u>

¹ For the period from 30th November 2006 (Date of commencement) to 31st December 2007

² For the period from 8th June 2007 (Date of commencement) to 31st December 2007

³ For the period from 22nd February 2008 (Date of commencement) to 31st December 2008

The notes on pages 16 to 50 form an integral part of these financial statements.

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR/PERIOD ENDED 31ST DECEMBER 2008

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China
	2008	2007	2008	2007 ¹	2008	2007 ²	2008 ³
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
Balance at the beginning of the year/period	<u>59,248,631</u>	<u>56,846,407</u>	<u>157,491,015</u>	-	<u>225,283,703</u>	-	-
Allotment of units	1,461,507	56,232,995	97,863,656	290,082,582	13,813,666	244,215,533	83,453,068
Redemption of units	<u>(19,332,820)</u>	<u>(63,592,551)</u>	<u>(94,745,156)</u>	<u>(168,561,200)</u>	<u>(47,714,780)</u>	<u>(21,489,870)</u>	<u>(33,008,256)</u>
Net (redemption) / allotment	(17,871,313)	(7,359,556)	3,118,500	121,521,382	(33,901,114)	222,725,663	50,444,812
(Decrease) / increase in net assets attributable to unitholders from operations	<u>(24,114,719)</u>	<u>9,761,780</u>	<u>(17,465,539)</u>	<u>35,969,633</u>	<u>(121,163,574)</u>	<u>2,558,040</u>	<u>(33,133,840)</u>
Balance at the end of the year/period	<u><u>17,262,599</u></u>	<u><u>59,248,631</u></u>	<u><u>143,143,976</u></u>	<u><u>157,491,015</u></u>	<u><u>70,219,015</u></u>	<u><u>225,283,703</u></u>	<u><u>17,310,972</u></u>

¹ For the period from 30th November 2006 (Date of commencement) to 31st December 2007

² For the period from 8th June 2007 (Date of commencement) to 31st December 2007

³ For the period from 22nd February 2008 (Date of commencement) to 31st December 2008

The notes on pages 16 to 50 form an integral part of these financial statements.

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

CASH FLOW STATEMENTS
FOR THE YEAR/PERIOD ENDED 31ST DECEMBER 2008

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China
	2008	2007	2008	2007 ¹	2008	2007 ²	2008 ³
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
Operating activities							
(Decrease)/increase in net assets attributable to unitholders from operations	(24,114,719)	9,761,780	(17,465,539)	35,969,633	(121,163,574)	2,558,040	(33,133,840)
Adjustment for:							
Adjustments from bid market prices to last traded market prices	(52,262)	-	(7,290)	-	(576,409)	-	(54,115)
Purchase of financial assets and settlement of financial liabilities	(13,052,253)	(55,704,105)	(288,564,449)	(672,211,684)	(73,986,453)	(287,003,165)	(151,842,974)
Sales of financial assets and settlement of financial liabilities	30,622,849	64,106,495	229,998,658	626,990,565	103,958,358	73,746,101	104,790,668
Net (payment)/receipt on futures	-	-	(9,653,561)	39,633,421	-	-	-
Decrease/(increase) in margin deposits	-	-	4,170,845	(4,380,948)	-	-	-
Interest income	(21,879)	(120,646)	(721,839)	(1,146,499)	(99,554)	(835,552)	(20,370)
Dividend income	(1,106,374)	(1,835,750)	-	-	(4,733,238)	(2,054,901)	(1,074,645)
Withholding tax on dividend	(39,756)	172,431	-	-	121,538	112,435	862
Distribution	812,073	2,147,077	6,598,321	5,993,159	-	-	-
Redemption charges	-	-	-	-	(906,581)	(408,308)	-
Other income	(17,238)	-	(801)	(38,929)	-	-	(10)
Net loss/(gain) on financial assets at fair value through profit or loss	23,867,485	(11,426,720)	8,191,172	(44,358,402)	124,359,559	(2,180,500)	32,183,611
Net foreign exchange loss/(gain)	30,773	12,064	(1,041)	(97)	226,168	(216,579)	40,934
Interest expense	-	-	27,699	151,329	-	-	-
(Decrease)/increase in other payables	(926,281)	850,559	(2,049,158)	2,478,078	(3,903,323)	4,068,380	500,716
Decrease/(increase) in other receivables	-	-	393,483	(393,483)	(43,969)	(57,805)	-
Interest received	22,129	121,414	721,986	1,146,352	150,927	784,141	20,370
Dividend income received	1,204,963	1,639,052	-	-	5,217,370	1,280,197	1,059,383
Other income receipts	17,238	-	801	38,929	906,581	408,308	10
Interest expense paid	-	-	(27,699)	(151,329)	-	-	-
Net cash inflow/(outflow) from operating activities	<u>17,246,748</u>	<u>9,723,651</u>	<u>(68,388,412)</u>	<u>(10,279,905)</u>	<u>29,527,400</u>	<u>(209,799,208)</u>	<u>(47,529,400)</u>

¹ For the period from 30th November 2006 (Date of commencement) to 31st December 2007

² For the period from 8th June 2007 (Date of commencement) to 31st December 2007

³ For the period from 22nd February 2008 (Date of commencement) to 31st December 2008

The notes on pages 16 to 50 form an integral part of these financial statements.

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

CASH FLOW STATEMENTS (CONTINUED)
FOR THE YEAR/PERIOD ENDED 31ST DECEMBER 2008

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China
	2008	2007	2008	2007 ¹	2008	2007 ²	2008 ³
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
Financing activities							
Proceed on contributions received	1,538,129	56,604,939	97,963,646	289,962,592	13,810,962	244,215,533	83,453,068
Payment on redemptions	(19,355,065)	(63,763,231)	(94,632,372)	(168,542,740)	(47,986,528)	(20,973,439)	(32,987,789)
Distribution paid	<u>(812,073)</u>	<u>(2,147,077)</u>	<u>(6,598,321)</u>	<u>(5,993,159)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (outflow)/inflow from financing activities	<u>(18,629,009)</u>	<u>(9,305,369)</u>	<u>(3,267,047)</u>	<u>115,426,693</u>	<u>(34,175,566)</u>	<u>223,242,094</u>	<u>50,465,279</u>
(Decrease)/increase in cash and cash equivalents	(1,382,261)	418,282	(71,655,459)	105,146,788	(4,648,166)	13,442,886	2,935,879
Cash and cash equivalents at the beginning of the year/period	1,956,525	1,550,307	105,146,885	-	13,659,465	-	-
Foreign exchange fluctuation	<u>(30,773)</u>	<u>(12,064)</u>	<u>1,041</u>	<u>97</u>	<u>(226,168)</u>	<u>216,579</u>	<u>(40,934)</u>
Cash and cash equivalents at the end of the year/period	<u>543,491</u>	<u>1,956,525</u>	<u>33,492,467</u>	<u>105,146,885</u>	<u>8,785,131</u>	<u>13,659,465</u>	<u>2,894,945</u>
Analysis of balance of cash and cash equivalents:							
- Cash at banks	543,491	1,956,525	33,492,633	105,146,885	8,785,131	13,659,465	2,894,945
- Bank overdraft	<u>-</u>	<u>-</u>	<u>(166)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>543,491</u>	<u>1,956,525</u>	<u>33,492,467</u>	<u>105,146,885</u>	<u>8,785,131</u>	<u>13,659,465</u>	<u>2,894,945</u>

¹ For the period from 30th November 2006 (Date of commencement) to 31st December 2007

² For the period from 8th June 2007 (Date of commencement) to 31st December 2007

³ For the period from 22nd February 2008 (Date of commencement) to 31st December 2008

The notes on pages 16 to 50 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

SGAM Harvest Funds (the “Fund”) is a unit trust constituted by a Trust Deed dated 27th January 2004, as amended, entered into between Société Générale Asset Management S.A. as Manager and HSBC Trustee (Cayman) Limited as Trustee (the “Trust Deed”). The Trust Deed is governed and regulated under the Mutual Funds Law of the Cayman Islands. The Fund is authorised by the Securities and Futures Commission in Hong Kong under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (“SFC”).

As at 31st December 2008, the Fund comprised four sub-funds, namely the SGAM Asian Real Estate Dividend Fund, SGAM Bonus Builder China Fund, SGAM Vietnam Opportunities Fund and SGAM China Active Events Fund (the “Sub-Funds”).

SGAM Asian Real Estate Dividend Fund

SGAM Asian Real Estate Dividend Fund seeks to achieve long-term capital growth and to pay dividends on a quarterly basis throughout the tenure of this Sub-Fund. The Sub-Fund will primarily invest 35% to 50% in shares of real estate companies, 45% to 60% in listed REITs, 0% to 5% (but not more than 10%) in Participation Notes and 0% - 5% (but not more than 20%) in cash and cash equivalents.

It is the current intention of the Manager to pay dividends, if possible, on a quarterly basis to unitholders provided that there is available income and/or capital gains. Dividends of this Sub-Fund will only be paid in respect of net income generated from the underlying investments (including but not limited to dividends, realised and capital gains) of the Sub-Fund after deduction of applicable fees and charges to the Sub-Fund. However, the payment of any dividends will be at the Manager’s sole discretion and may not be equivalent to the income generated from the underlying investments of the Sub-Fund. There is no guarantee, assurance and/or certainty that dividends will be paid every quarter.

SGAM Bonus Builder China Fund

SGAM Bonus Builder China Fund seeks to achieve capital growth linked to the performance of the Hang Seng China Enterprises Index. The Sub-Fund seeks to deliver to investors:

- (a) a Guaranteed Coupon of HK\$1.25 per unit on or about the Guaranteed Coupon Date; and
- (b) subject to the Minimum Guarantee of HK\$50 per Unit, on each Dealing Day the continuous variable guarantee calculated based on 80% of the highest Net Asset Value per Unit reached during the corresponding Guarantee Period.

Guaranteed Coupon Date means a day falling on or about the last Dealing Day of each quarter in a calendar year (i.e. in March, June, September and December).

NOTES TO THE FINANCIAL STATEMENTS

1 General information (Continued)

SGAM Vietnam Opportunities Fund

SGAM Vietnam Opportunities Fund is a collective investment scheme which seeks to provide investors with long-term capital growth by investing directly or indirectly in a diversified portfolio of securities including equities, participation notes, debt securities of issuers with actual or prospective business operations in Vietnam and provide economic exposure to the Vietnam market. The Sub-Fund intends to invest mainly in listed companies with existing operations, assets or investments in Vietnam or have publicly announcement or made public their plans to expand and/or acquire similar or complimentary operations in Vietnam, with earnings enhancement potential.

SGAM China Active Events Fund

SGAM China Active Events Fund is a collective investment scheme which seeks to provide investors with long-term capital growth by investing primarily in shares of companies domiciled in the PRC or with actual / prospective operations in PRC, that are listed in Hong Kong, Singapore, the United States or any other regulated markets worldwide, with the aim mainly to capture the benefits that arise from any changes of government policies, market reforms, merger and acquisition activities, corporate actions, initial public offerings and other opportunities which result from governmental or enterprise changes and development.

All Sub-Funds have no employees.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Sub-Funds' accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Amendments to standards effective in 2008

IAS 39, "Financial Instruments: Recognition and Measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to IFRS 7, "Financial Instruments: Disclosures", introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1st January 2008. Management considers this amendment does not have any impact on the Fund's financial statements, as the Sub-Funds have not reclassified any financial assets.

New standards and amendments to standards that are not yet effective and have not been early adopted by the Fund

IAS 1 (Revised), "Presentation of Financial Statements" (effective from 1st January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of net assets as at the beginning of the comparative period in addition to the current requirement to present statement of net assets at the end of the current period and comparative period. The Fund will apply IAS 1 (Revised) from 1st January 2009 and it is likely the Fund will present solely a statement of comprehensive income. Management considers this change is not expected to significantly change the presentation of the Fund's performance statement.

IAS 1 (Amendment), "Presentation of Financial Statements" (effective from 1st January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, Financial Instruments: Recognition and Measurement, are examples of current assets and liabilities respectively. The Fund will apply the amendments from 1st January 2009. However, management considers it is not expected to have an impact on the Fund's financial statements.

IAS 32 (Amendment), "Financial Instruments: Presentation", and IAS 1 (Amendment), "Presentation of Financial Instruments - Puttable Financial Instruments and Obligations Arising on Liquidation" (effective from 1st January

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. The Fund will apply the amendments from 1st January 2009. The Trustee is currently assessing the impact of these amendments.

IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" (effective from 1st January 2009). The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. The Fund will apply the IAS 39 (Amendment) from 1st January 2009. However, management considers it is not expected to have an impact on the Fund's income statement.

There are a number of minor amendments to IFRS 7, Financial Instruments: Disclosures, IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, IAS 10, Events after the Balance Sheet Date, and IAS 18, Revenue (all effective from 1st January 2009) which are not addressed above. Management considers these amendments are unlikely to have an impact on the Fund's financial statements and have therefore not been analysed in detail.

(b) Interest income and expense

Dividend income is recognised when the right to receive payment is established.

Interest income and expense are recognised in the income statement for all debt instruments using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Funds estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Interest income and expense (Continued)

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(c) Expenses

Expenses are accounted for on an accruals basis.

(d) Financial assets at fair value through profit or loss

The Sub-Funds classify their investments in investment funds/REITs, equities, participatory notes, treasury bills and futures contracts as financial assets at fair value through profit or loss. The Sub-Funds currently classify all of their investment securities as held for trading. Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorised as held for trading, as the Sub-Funds do not designate any derivatives as hedges in a hedging relationship.

Regular-way purchases and sales of investments are recognised on trade date – the date on which the Sub-Funds commit to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Funds have transferred substantially all risks and rewards of ownership.

The fair value of investment funds/REITs, equities, treasury bills and futures contracts that are traded in an active market (such as publicly traded derivatives and trading securities) is based on quoted market prices at the balance sheet date. The fair value of participatory notes is based on the quoted market price of the underlying equities as management considers this valuation method reflects the fair value of these financial instruments. The quoted market price used for financial assets held by the Sub-Funds is the current bid price.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the year/period in which they arise. Interest income on debt instruments is calculated using the effective interest method and presented separately in the income statement.

(e) Derivative financial instruments

Derivative financial instruments, including futures contracts, are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(e) Derivative financial instruments (Continued)

valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative instrument are recognised immediately in the profit or loss.

(f) Amounts due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year/period.

(g) Proceeds and payments on issue and redemption of units

The net asset value of each Sub-Fund is computed daily. Initial subscription of units of SGAM Asian Real Estate Dividend Fund and SGAM Vietnam Opportunities Fund was at an offer price of US\$10 per unit, SGAM Bonus Builder China Fund was at an offer price of HK\$100 per unit, and SGAM China Active Events Fund was at an offer price of HK\$10 per unit, during the offer period. Prices for allotments and redemptions are based on net asset value at the close of business on the relevant dealing day.

Proceeds and payments for units issued and redeemed are shown as movements in the statement of changes in net assets attributable to unitholders.

(h) Foreign currency translation

(i) Functional and presentation currency

For SGAM Asian Real Estate Dividend Fund and SGAM Vietnam Opportunities Fund, their performances are measured and reported to the unitholders in United States dollars. The Trustee and the Manager consider the United States dollar as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The financial statements are presented in United States dollars, which is the functional and presentation currency of these Sub-Funds.

For SGAM Bonus Builder China Fund and SGAM China Active Events Fund, their performances are measured and reported to the unitholders in Hong Kong dollars. The Trustee and the Manager consider the Hong Kong dollar as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollars, which is the functional and presentation currency of these Sub-Funds.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(h) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(j) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial or operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Details of related party transactions are given in note 12.

(k) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(l) Comparative figures

Certain comparative amounts have been restated to conform with the current year's presentation.

3 Management fee

Société Générale Asset Management, S.A., the Manager, is entitled to receive a monthly management fee from the Sub-Funds up to a maximum amount of 2.5% per annum of the net asset value calculated and accrued as at each valuation day.

SGAM Asian Real Estate Dividend Fund and SGAM Bonus Builder China Fund

Management fee was charged at a rate of 1.5% per annum of the net asset value.

NOTES TO THE FINANCIAL STATEMENTS

3 Management fee (Continued)

SGAM China Active Events Fund and SGAM Vietnam Opportunities Fund

Management fee was charged at a rate of 1.8% per annum of the net asset value.

In addition, for all Sub-Funds, the Manager is entitled to a preliminary charge of up to 5% of the subscription proceeds.

4 Performance fee

For SGAM China Active Events Fund and SGAM Vietnam Opportunities Fund, the Manager is entitled to receive a performance fee, payable annually in arrears after the end of the relevant “performance period”, which shall be the end of each period ending on 31st December each year. Any performance fee payable in respect of a performance period shall be paid within 20 days after that performance period.

As at each valuation day, the performance fee accrual is calculated as 8% for SGAM China Active Events Fund and 15% for SGAM Vietnam Opportunities Fund of the difference between the net asset value per unit of the Sub-Funds on a dealing day (net of all other fees and expenses) and the High Water Mark.

The High Water Mark as defined above means the higher of the issue price and the highest net asset value per unit as at the end of any previous performance period, adjusted by deducting performance fees and distributions.

When there is a positive performance fee accrual during a period of significant new subscriptions into the Sub-Funds, followed by a period of negative performance, all unitholders will participate (in proportion with their unit holding) in the reduction in the cumulative performance fee accrual, regardless of their actual contribution to the cumulative performance fee accrual. Also, if the net asset value per unit is rising but is still below the High Water Mark, the Manager will not benefit from any performance fee accruals on the relevant Units, including units that are newly issued and which only experience positive performance.

If any Units are realised or converted to Units in another fund on a Dealing Day during a performance period, the cumulative performance fee accrued during such performance period in respect of those Units shall be crystallised and become payable to the Manager (“Crystallised Performance Fee”).

The performance fee will not be calculated on a unit-by-unit basis and no equalisation or series of units provisions will apply. As such, the performance fee payable may not reflect the individual performance of the units. The performance fee is accrued on a daily basis, the issue price and realisation price per unit would have reflected an accrual for the performance fee upon the issue and realisation of units during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

5 **Trustee, Registrar and Hong Kong Representative fees**

Trustee fee

HSBC Trustee (Cayman) Limited, the Trustee, is entitled to receive fees from the Sub-Funds for itself and its service provider. The fee is calculated in accordance with the rate agreed between the Sub-Funds and the Trustee. The amount of fee charged for the year/period is shown on the income statement. The fee is paid by the Sub-Funds monthly in arrears.

Registrar's fee

HSBC Trustee (Cayman) Limited, the Registrar, is entitled to receive a registrar fee. The fee is calculated in accordance with the rate agreed between the Sub-Funds and the Registrar. The amount of registrar fee charged for the year/period is shown on the income statement.

Under the terms of the Explanatory Memorandum, the maximum fees payable to Trustee and its services providers is 1% per annum of the net asset value of the Sub-Funds calculated as at each valuation day.

6 **Sub-custodian fee**

For SGAM Bonus Builder China Fund, the sub-custodian, Société Générale S.A., is entitled to a sub-custodian fee of 0.025% per annum of the net asset value of the Sub-Funds. The fee is accrued on a daily basis.

7 **Redemption charges**

Under the terms of the Explanatory Memorandum, for SGAM Vietnam Opportunities Fund, the Manager may impose a redemption charge payable to the Sub-Fund of 1.9% of the redemption proceeds, in respect of any redemption requests made within 2 years after the first dealing day of the Sub-Fund.

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

NOTES TO THE FINANCIAL STATEMENTS

8 Financial assets at fair value through profit or loss

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund
	2008	2007	2008	2007	2008	2007	2008
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
<i>Listed/quoted investments</i>							
Investment funds/REITs	5,912,549	18,110,024	-	-	-	-	-
Equities	10,993,258	39,965,600	-	-	59,777,617	74,031,777	14,868,695
Participatory notes	-	-	-	-	1,328,483	141,405,787	-
Treasury bills	-	-	109,965,780	49,670,700	-	-	-
Futures contracts	-	-	8,500	275,400	-	-	-
Financial assets at fair value through profit or loss	<u>16,905,807</u>	<u>58,075,624</u>	<u>109,974,280</u>	<u>49,946,100</u>	<u>61,106,100</u>	<u>215,437,564</u>	<u>14,868,695</u>
Total costs, of financial assets at fair value through profit or loss	<u>25,442,809</u>	<u>45,575,489</u>	<u>109,492,002</u>	<u>49,877,667</u>	<u>101,989,878</u>	<u>212,129,247</u>	<u>15,484,791</u>

9 Other accounts payable and accrued expenses

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund
	2008	2007	2008	2007	2008	2007	2008
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
Management fee	163,591	1,018,122	193,386	2,184,583	112,215	2,210,412	26,631
Performance fee	-	-	-	-	107	611,172	4
Trustee fee	3,574	56,338	30,445	61,875	8,958	115,905	60,958
Audit fee	25,227	21,999	107,718	124,658	4,975	10,011	199,875
Sub-custodian fee	-	-	81,768	42,844	-	-	-
Others	4,916	27,130	15,603	64,118	38,802	243,427	213,248
	<u>197,308</u>	<u>1,123,589</u>	<u>428,920</u>	<u>2,478,078</u>	<u>165,057</u>	<u>3,190,927</u>	<u>500,716</u>

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

NOTES TO THE FINANCIAL STATEMENTS

10 Number of units in issue and net assets attributable to unitholders per unit

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund
	2008	2007	2008	2007 ¹	2008	2007 ²	2008 ³
	Number of units	Number of units	Number of units	Number of units	Number of units	Number of units	Number of units
At the beginning of the year/period	3,712,363.20	4,105,589.30	1,232,333.04	-	22,402,599.82	-	-
Allotted during the year/period	112,621.02	3,742,920.48	823,945.48	2,643,874.88	1,930,198.94	24,451,602.75	8,856,101.74
Redeemed during the year/period	(1,590,387.32)	(4,136,146.58)	(804,632.49)	(1,411,541.84)	(7,513,439.34)	(2,049,002.93)	(6,100,517.68)
At the end of the year/period	<u>2,234,596.90</u>	<u>3,712,363.20</u>	<u>1,251,646.03</u>	<u>1,232,333.04</u>	<u>16,819,359.42</u>	<u>22,402,599.82</u>	<u>2,755,584.06</u>

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund
	2008	2007	2008	2007	2008	2007	2008
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
Net assets attributable to unitholders	<u>17,262,599</u>	<u>59,248,631</u>	<u>143,143,976</u>	<u>157,491,015</u>	<u>70,219,015</u>	<u>225,283,703</u>	<u>17,310,972</u>
Net assets attributable to unitholders per unit	<u>7.725</u>	<u>15.960</u>	<u>114.364</u>	<u>127.799</u>	<u>4.174</u>	<u>10.056</u>	<u>6.282</u>

¹ For the period from 30th November 2006 (Date of commencement) to 31st December 2007

² For the period from 8th June 2007 (Date of commencement) to 31st December 2007

³ For the period from 22nd February 2008 (Date of commencement) to 31st December 2008

NOTES TO THE FINANCIAL STATEMENTS

11 Taxation

(a) Cayman Islands

Under current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Sub-Funds. As a result, no provision for income taxes has been made in the financial statement.

(b) Hong Kong

No provision for Hong Kong profits tax has been made as the interest, dividend income and realised gains on disposal of investments of the Sub-Funds are excluded from the charge to profits tax under either sections 14, 26 or 26A of the Inland Revenue Ordinance.

(c) Withholding tax

SGAM Asian Real Estate Dividend Fund, SGAM China Active Events Fund and SGAM Vietnam Opportunities Fund incur withholding tax imposed by certain countries on dividend and interest income. Such income is recorded gross of withholding tax in the income statement.

12 Related party transactions

The following is a summary of transactions entered into during the year between the Sub-Funds, the Manager and its connected persons in addition to those disclosed in notes 3, 4, 5 and 6. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Subscription and redemption of units of the Fund

There were no subscriptions and redemptions of units of the Sub-Funds with Manager, directors or connected persons of the Manager during the year/period ended 31st December 2008 (2007: nil).

(b) For the year/period ended 31st December 2008, there was no income accrued to the Manager and its connected persons in relation to subscription and redemptions of the units of the Sub-Funds (2007: nil)

NOTES TO THE FINANCIAL STATEMENTS

12 Related party transactions (Continued)

For the year/period ended 31st December 2007 and 2008, the Manager charged a management fee to the Sub-Funds. The fees earned during the year/period and outstanding as at balance sheet date are set out below:

2008

		Management fee	Management fee payable
SGAM Asian Real Estate Dividend Fund	US\$	516,842	163,591
SGAM Bonus Builder China Fund	HK\$	2,335,429	193,386
SGAM Vietnam Opportunities Fund	US\$	2,399,094	112,215
SGAM China Active Events Fund ³	HK\$	<u>730,934</u>	<u>26,631</u>

2007

		Management fee	Management fee payable
SGAM Asian Real Estate Dividend Fund	US\$	1,090,969	1,018,122
SGAM Bonus Builder China Fund ¹	HK\$	2,570,621	2,184,583
SGAM Vietnam Opportunities Fund ²	US\$	<u>2,210,412</u>	<u>2,210,412</u>

¹ For the period from 30th November 2006 (Date of commencement) to 31st December 2007

² For the period from 8th June 2007 (Date of commencement) to 31st December 2007

³ For the period from 22nd February 2008 (Date of commencement) to 31st December 2008

NOTES TO THE FINANCIAL STATEMENTS

12 Related party transactions (Continued)

(c) Banking and custodial services

SGAM Bonus Builder China Fund utilises the banking and custodial services of certain subsidiaries of Société Générale, S.A., including Newedge Group¹, in the ordinary course of its banking and securities custodian business. Information relating to balances outstanding as at 31st December 2007 and 2008, the interest income earned from deposits placements and sub-custodian fee earned during the year/period are set out below:

At 31st December 2008

	Cash and cash equivalents outstanding as at 31st December 2008 HK\$	Market value of financial assets at fair value through profit or loss held as at 31st December 2008 HK\$	Bank overdraft as at 31st December 2008 HK\$	Bank interest income for the period ended 31st December 2008 HK\$	Bank interest expense for the period ended 31st December 2008 HK\$	Sub-custodian fee earned for the period ended 31st December 2008 HK\$
SGAM Bonus Builder China Fund	<u>32,978,442</u>	<u>109,974,280</u>	<u>166</u>	<u>709,221</u>	<u>10,449</u>	<u>38,924</u>

At 31st December 2007

	Cash and cash equivalents outstanding as at 31st December 2008 HK\$	Market value of financial assets at fair value through profit or loss held as at 31st December 2008 HK\$	Bank overdraft as at 31st December 2008 HK\$	Bank interest income for the period ended 31st December 2008 HK\$	Bank interest expense for the period ended 31st December 2008 HK\$	Sub-custodian fee earned for the period ended 31st December 2008 HK\$
SGAM Bonus Builder China Fund	<u>104,734,291</u>	<u>49,946,100</u>	<u>-</u>	<u>1,067,229</u>	<u>151,329</u>	<u>42,844</u>

¹Formerly known as Fimat SNC and changed to Newedge Group with effect from 2nd January 2008 due to the joint venture agreement between Calyon Credit Agricole CIB and Société Générale.

NOTES TO THE FINANCIAL STATEMENTS

12 Related party transactions (Continued)

- (d) SGAM Bonus Builder China Fund utilises the services of Société Générale Asset Management S.A. Group (“SGAM”) in their purchases and sales of financial assets at fair value through profit or loss.

However, there were no purchases or sales of investments executed through SGAM where SGAM was the broker/dealer for the year ended 31st December 2008.

- (e) During the year/period, SGAM Bonus Builder China Fund entered into purchase and sales of index future contracts transactions with SGAM where SGAM was the counterparty to these transactions. The respective values of transactions executed with SGAM are set out below:

	Value of transactions executed with SGAM HK\$	% of total value of transactions of the Sub-Fund
2008		
SGAM Bonus Builder China Fund	<u>262,509,374</u>	<u>33.61</u>
2007		
SGAM Bonus Builder China Fund	<u>529,341,938</u>	<u>15.88</u>

Details of such contracts outstanding as at 31st December 2008 are shown in note 13.

13 Financial risk management

(a) Strategy in using financial instruments

SGAM Asian Real Estate Dividend Fund seeks to achieve long-term capital growth by investing in shares of real estate companies, listed REITs, participatory notes and cash and cash equivalents.

SGAM Bonus Builder China Fund seeks to achieve capital growth linked to the performance of the Hang Seng China Enterprises Index by investing in equities, financial instruments such as futures contracts, exchange traded funds and collective investment schemes, etc. The Sub-Fund also seeks to deliver the guaranteed coupon to its investors as detailed in note 1. In order to preserve the guaranteed value and be able to pay guaranteed coupon, the Sub-Fund also invests in less risky assets such as fixed income and money market securities.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(a) Strategy in using financial instruments (Continued)

The Sub-Fund will enjoy the benefit of a guarantee offered by Société Générale, S.A, the guarantor, during the Initial Reference Period, which means the period from the first Dealing Day of the Sub-Fund following the close of the Initial Offer Period until the last Dealing Day in 2016.

SGAM Vietnam Opportunities Fund seeks to provide investors with long-term capital growth by investing directly or indirectly in a diversified portfolio of securities including equities, financial instruments linked to equities of listed companies with actual or prospective business operations in Vietnam in order to provide economic exposure to the Vietnamese market. The Sub-Fund intends to invest mainly in listed companies with existing operations, assets or investments in Vietnam or have publicly announcement or made public their plans to expand and/or acquire similar or complimentary operations in Vietnam, with earnings enhancement potential.

SGAM China Active Events Fund seeks to provide investors with long-term capital growth by investing primarily in shares of companies domiciled in the PRC or with actual / prospective operations in PRC, that are listed in Hong Kong, Singapore, the United States or any other regulated markets worldwide, with the aim mainly to capture the benefits that arise from any changes of government policies, market reforms, merger and acquisition activities, corporate actions, initial public offerings and other opportunities which result from governmental or enterprise changes and development.

The Sub-Funds are therefore exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk. The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below:

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Sub-Funds' investment activities expose the Sub-Funds to various types of market risks which are associated with the markets in which they invest. The Sub-Funds' equity securities, debt securities and trading derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(b) Market price risk (Continued)

The Sub-Funds' market risks are managed through (i) securities selection, and (ii) diversification of the investment portfolio. The overall market exposures as at year end are detailed in note 8.

In the management of the portfolio of the Sub-Funds, the Manager expects to perform fundamental analysis of listed companies in the relevant investment universe using the following factors:

- (a) management quality: assessment made on corporate governance track record, long-term management strategy, market focus and adaptability to changes in the economic and political environment;
- (b) balance sheet: working capital, long-term ratio, earnings volatility, free cashflow, net debt ratio and inventory and account receivables are considered;
- (c) operational efficiency: profit margins, Return on Equity and financial and tax burdens are key areas of focus;
- (d) industry prospects: A long-term specific sensitivity analyses, the impact on deregulation and any new technological advancement are evaluated here; and
- (e) growth analyses: volume/capacity expansion, pricing power, merger and acquisition activity, new product pipeline, cost control measures and Earnings Per Share (EPS).

The Manager expects to monitor market price risk on a daily basis, supplemented with weekly stock selection meetings and monthly investment strategy meetings. During the weekly stock meetings, views on stocks and sectors are discussed. The monthly investment strategy meetings are held to decide on the appropriate allocation between individual country weightings. Country analysis, macro-economic outlook and market valuations are used to establish the investment strategy for the Sub-Funds.

In addition, every month and on an ex-post basis, the Manager will verify the sources of risks in the Sub-Funds identified through performance and risk attribution systems, and ensure that there is no anomaly with the intended investment process as disclosed in the explanatory memorandum.

For the SGAM Vietnam Opportunities Fund, as the underlying Vietnamese companies that are linked to the participatory notes may not be able to provide sufficient relevant information due to the emerging nature of the market, the Manager may also assess growth-value relative indicators, the market's demand and supply, market sentiments, specific factors, flow of foreign direct investments and governmental developmental policies as additional data to monitor market price risk.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures

The table below shows the net market exposures the Sub-Funds have to various markets, incorporating the underlying market risks through all financial assets and liabilities held by the Sub-Funds.

	SGAM Asian Real Estate		SGAM Bonus		SGAM Vietnam		SGAM China
	Dividend Fund		Builder China Fund		Opportunities Fund		Active Events Fund
	2008	2007	2008	2007	2008	2007	2008
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$
Australia	2,122,814	10,449,535	-	-	-	-	-
China	92,127	-	-	-	-	-	649,628
Hong Kong	6,218,766	27,687,766	8,500	275,400	2,644,122	9,973,424	14,219,067
India	71,280	-	-	-	-	11,607,381	-
Indonesia	-	-	-	-	-	2,371,642	-
Japan	5,733,218	13,009,068	-	-	-	-	-
Korea	-	-	-	-	-	2,365,262	-
Malaysia	135,995	1,259,099	-	-	924,624	8,157,242	-
The Philippines	109,426	769,897	-	-	-	3,055,583	-
Singapore	2,118,594	4,900,259	-	-	6,380,497	31,933,586	-
Taiwan	132,019	-	-	-	-	7,130,040	-
Thailand	171,568	-	-	-	5,391,548	18,540,300	-
Vietnam	-	-	-	-	45,765,309	120,303,104	-

There are no individual investments with market value exceeding 10% of each of the Sub-Funds' net asset value at 31st December 2008 and 31st December 2007 except for SGAM Bonus Builder China Fund which invests in treasury bills issued by the Hong Kong Government.

The table below summarises the impact on the Sub-Funds' net assets attributable to unitholders as a result of increases/decreases of the key indices to which the Sub-Funds are exposed. The analysis is based on the assumption that the indices had increased/decreased by the respective percentage with all other variables held constant and the fair value of the Sub-Funds' investments moved according to the historical correlation with the indices.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures (Continued)

	2008		2007	
	Change in market index % +/-	Impact +/-	Change in market index % +/-	Impact +/-
<u>SGAM Asian Real Estate Dividend Fund</u>				
MSCI AC Asia Pacific Ex Japan Real Estate Index (Net Dividend)/ MSCI AC Asia Pacific Real Estate Index (Net Dividend) ¹	51	US\$7.7 million	18	US\$9.6 million
<u>SGAM Bonus Builder China Fund</u>				
Hang Seng China Enterprises Index	49	HK\$0.4 million	57	HK\$0.2 million
<u>SGAM Vietnam Opportunities Fund</u>				
50% Ho Chi Minh Stock Index and 50% MSCI AC Asia Pacific Ex Japan Index ³	59	US\$32 million	4	US\$ 5.8 million
<u>SGAM China Active Events Fund</u>				
MSCI China (Net Dividend) Index ²	43	HK\$5.9 million	Not applicable	Not applicable

The Manager has used their judgement of what would be a “reasonable shift” in each key market in order to estimate the percentage change used in the market sensitivity analysis above with reference to historical information.

¹The benchmark for SGAM Asian Real Estate Dividend Fund was MSCI AC Asia Pacific Ex Japan Real Estate Index (Net Dividend) prior to September 2006. With effect from 1 September 2006, MSCI AC Asia Pacific Real Estate Index (Net Dividend) was used.

²SGAM China Active Events Fund is managed on an absolute return basis and hence has no official benchmark. For the purpose of disclosure in accordance with applicable accounting standard for market price risk, a reference market index MSCI China Index is used as it best reflects the investment management of the Sub-Fund’s portfolio.

³SGAM Vietnam Opportunities Fund is managed on an absolute return basis and hence has no official benchmark. For the purpose of disclosure in accordance with applicable accounting standard for market price risk, a reference market index comprised of 50% Ho Chi Minh Stock Index and 50% MSCI AC Asia Pacific Ex Japan Index is used as it best reflects the investment management of the Sub-Fund’s portfolio.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

SGAM Asian Real Estate Dividend Fund, SGAM Vietnam Opportunities Fund and SGAM China Active Events Fund

The above Sub-Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates as:

- (a) the majority of the above Sub-Funds' financial assets and financial liabilities are non-interest bearing. Both SGAM Asian Real Estate Dividend Fund and SGAM China Active Events Fund invest mainly in listed equities whereas SGAM Vietnam Opportunities Fund invests in both equities and participatory notes which are linked to listed equities.
- (b) the above Sub-Funds' bank deposits and bank balances are exposed to interest rate risk which is considered by the Manager to be minimal as they have maturities of less than one month and these balances are mainly the residual balances from trade settlement arising from the active management of the Sub-Funds.

SGAM Bonus Builder China Fund

The SGAM Bonus Builder China Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

The table below summarises the exposure of SGAM Bonus Builder China Fund to interest rate risks. It includes the Sub-Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(c) Interest rate risk (Continued)

At 31st December 2008

	Up to 1 year HK\$	Non-interest bearing HK\$	Total HK\$
Assets			
Cash at banks	33,492,633	-	33,492,633
Financial assets at fair value through profit or loss	109,974,280	-	109,974,280
Other assets	210,103	20,000	230,103
Total assets	<u>143,677,016</u>	<u>20,000</u>	<u>143,697,016</u>
Liabilities			
Other liabilities	166	560,164	560,330
Liabilities (excluding net assets attributable to unitholders)	<u>166</u>	<u>560,164</u>	<u>560,330</u>
Net assets attributable to unitholders	<u>143,676,850</u>	<u>(540,164)</u>	<u>143,136,686</u>
Total interest sensitivity gap	<u>143,676,850</u>		

At 31st December 2007

	Up to 1 year HK\$	Non-interest bearing HK\$	Total HK\$
Assets			
Cash at banks	105,146,885	-	105,146,885
Financial assets at fair value through profit or loss	49,946,100	-	49,946,100
Other assets	4,380,948	513,620	4,894,568
Total assets	<u>159,473,933</u>	<u>513,620</u>	<u>159,987,553</u>
Liabilities			
Other liabilities	-	2,496,538	2,496,538
Liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>2,496,538</u>	<u>2,496,538</u>
Net assets attributable to unitholders	<u>159,473,933</u>	<u>(1,982,918)</u>	<u>157,491,015</u>
Total interest sensitivity gap	<u>159,473,933</u>		

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(c) Interest rate risk (Continued)

The Sub-Fund holds cash in bank and bank deposits primarily for liquidity purposes. Majority of cash balances is held in the Sub-Fund's denominated currency, with maturity periods of less than three months in order to meet the Sub-Fund's liquidity needs.

At 31st December 2008, the debt securities held by the Sub-Fund amounted to HK\$109,965,780 (2007: HK\$49,670,700). Should interest rates have lowered/risen by 25 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately HK\$76,156 (2007: HK\$42,127), arising substantially from the increase/decrease in market values of portfolios investing in debt securities.

The Sub-Fund's bank deposit and margin account balances' exposure to interest rate risk is considered to be minimal by the Manager as their contractual repricing or maturity days (whichever dates are earlier) fall mainly within 1 year after the balance sheet date.

(d) Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty or guarantor will be unable or unwilling to pay amounts in full when they fall due.

The Sub-Funds' financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and balances, assets held with the custodian and outstanding futures contract positions with counterparties. The table below summarises the assets placed with banks, custodians and counterparties as at 31st December 2008 and 2007:

SGAM Asian Real Estate Dividend Fund

	Amount	Credit rating	Source of credit rating
As at 31st December 2008			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	US\$16,905,807	AA	Fitch
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation	US\$543,490	AA	Fitch
As at 31st December 2007			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	US\$58,075,624	AA	Fitch
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation	US\$1,956,525	AA	Fitch

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

SGAM Bonus Builder China Fund

	Amount	Credit rating	Source of credit rating
As at 31st December 2008			
<u>Custodian</u>			
Société Générale	HK\$109,974,280	AA-	Fitch
<u>Banks</u>			
The Hongkong and Shanghai Banking Corporation	HK\$724,294	AA	Fitch
Société Générale	HK\$32,768,339	AA-	Fitch
<u>Counterparty</u>			
Newedge Group ¹	HK\$210,103	unrated	Not applicable

As at 31st December 2007

<u>Custodian</u>			
Société Générale	HK\$49,670,700	AA-	Fitch
<u>Banks</u>			
The Hongkong and Shanghai Banking Corporation	HK\$4,793,542	AA	Fitch
Société Générale	HK\$100,353,343	AA	Fitch
<u>Counterparty</u>			
Newedge Group	HK\$4,656,348	unrated	Not applicable

The Sub-Fund invests in Hong Kong Treasury Bills with credit rating A-1+ by Standard & Poor's as at 31 December 2008 and 2007.

The Sub-Fund invests in futures contracts as at 31st December 2008:

<u>Contracts</u>	<u>Notional</u>	<u>Description</u>	<u>Position</u>	<u>Counterparty</u>	<u>Fair value</u>
2	50	H S CHINA ENTERPRISES INDEX FUT JAN2009	Long	Newedge Group	HK\$8,500

The Sub-Fund invests in futures contracts as at 31st December 2007:

<u>Contracts</u>	<u>Notional</u>	<u>Description</u>	<u>Position</u>	<u>Counterparty</u>	<u>Fair value</u>
36	50	H S CHINA ENTERPRISES INDEX FUT JAN2008	Long	Newedge Group	K\$275,400

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

SGAM Vietnam Opportunities Fund

	Amount	Credit rating	Source of credit rating
As at 31st December 2008			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	US\$61,106,100	AA	Fitch
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation	US\$8,785,131	AA	Fitch
As at 31st December 2007			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	US\$215,437,564	AA	Fitch
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation	US\$13,659,465	AA	Fitch

All transactions in listed equities are arranged under a delivery versus payment process using pre-approved and reputable brokers. The risk of default is considered minimal since the delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. In addition, brokers are pre-approved by an internal risk committee half yearly after completion of a due diligence exercise which takes into account amongst various factors their financial strength or credit rating and whether they are regulated by recognised stock exchanges which impose minimum financial terms and conditions.

The Manager of the Sub-Funds aims at limiting their exposure to credit risk by transacting the majority of their securities and contractual commitment activities with broker-dealers and banks through regulated exchanges with high credit ratings and that the Manager considers to be well-established through allocation of commission limits.

In instances where brokers are not on the list of pre-approved brokers, specifically in the case of a public offering or private placements, prior written approval is required.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

SGAM Vietnam Opportunities Fund (Continued)

In certain instances, the issuer of participatory notes purchased may not be the same legal entity as the list of approved brokers. In such case, the Manager expects to look at the credit rating of the issuer or the guarantor to ensure that it meets the Manager's prescribed minimum credit rating. Please refer to the following table for details:

Broker	Counterparty	Issuer/Guarantor	Rating	Amount	% to net assets of SGAM Vietnam Opportunities Fund
JP Morgan Securities Ltd	JP Morgan Securities Ltd	JP Morgan Derivatives Ltd	AA by Standard & Poor's	US\$955,200	1.36%
		JP Morgan Chase Bank N.A (Guarantor)	AA- by Fitch Inc Aaa by Moody's Investors Services		

SGAM China Active Events Fund

	Amount	Credit rating	Source of credit rating
As at 31st December 2008			
Custodian HSBC Institutional Trust Services (Asia) Limited	HK\$14,868,695	AA	Fitch
Bank The Hongkong and Shanghai Banking Corporation	HK\$2,894,945	AA	Fitch

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

SGAM Asian Real Estate Dividend Fund and SGAM China Active Events Fund

In addition, the Sub-Fund also follows the relevant provisions regulating single issuer limits, which is usually set at 10%.

SGAM Bonus Builder China Fund

All transactions in Hong Kong treasury bills are settled upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

To gain exposure to the Hang Seng China Enterprises index, the Sub-Fund invests index futures linked to the index. The clearing house ensures that margin calls are done on a daily basis (crediting or debiting our account) in order to reduce the counterparty risk.

SGAM Vietnam Opportunities Fund

Vietnamese regulatory requirements prescribed that only one local broker can be used. In view of this regulatory requirement, the Manager would ensure that enhanced due diligence has been performed before the broker was selected. Factors such as financial strength and shareholders of brokers were considered and reference was taken from local custodian.

For all the Sub-Funds, their investments and exposures have to follow the relevant provisions regulating single issuer limits, usually set at 10%. The Sub-Funds are not allowed to hold more than 10% of any ordinary shares issued by any single issuer. In addition, the value of each Sub-Fund's holding of securities that are not listed or quoted on an exchange may not exceed 15% of its total net asset value.

The system automatically monitors orders being placed prior to execution. Should the resulting exposure exceed the authorised limit, the transaction will be rejected.

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Funds will encounter difficulty in settling a liability, including a redemption request, or selling a financial asset quickly at close to its fair value.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(e) Liquidity risk (Continued)

The Sub-Funds are exposed to daily cash redemptions of units. To mitigate liquidity risk, the Sub-Funds invest the majority of their assets in investments that are traded in an active market and which can be readily disposed.

With a view to protecting the interests of unitholders, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of units in the Sub-Funds redeemed on any dealing day to 10% of the total number of units of the Sub-Funds in issue. In addition, the Manager may suspend the right of the unitholders to require the redemption of units and/or delay the payments of any moneys in respect of any such redemption during any periods in which the determination of the net asset value of the Sub-Funds is suspended pursuant to clause 3.3 of the Trust Deed.

The tables below analyse the Sub-Funds' financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

SGAM Asian Real Estate Dividend Fund

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
As at 31st December 2008			
Amounts due to unitholders	137,364	-	-
Other accounts payable and accrued expenses	172,081	-	25,227
Net assets attributable to unitholders	<u>17,262,599</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>17,572,044</u>	<u>-</u>	<u>25,227</u>
As at 31st December 2007			
Amounts due to unitholders	159,609	-	-
Other accounts payable and accrued expenses	1,101,590	-	21,999
Net assets attributable to unitholders	<u>59,248,631</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>60,509,830</u>	<u>-</u>	<u>21,999</u>

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(e) Liquidity risk (Continued)

SGAM Bonus Builder China Fund

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
As at 31st December 2008			
Amounts due to unitholders	131,244	-	-
Bank overdraft	-	-	166
Other accounts payable and accrued expenses	321,202	-	107,718
Net assets attributable to unitholders	<u>143,143,976</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>143,596,422</u>	<u>-</u>	<u>107,884</u>
As at 31st December 2007			
Amounts due to unitholders	18,460	-	-
Other accounts payable and accrued expenses	2,353,420	-	124,658
Net assets attributable to unitholders	<u>157,491,015</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>159,862,895</u>	<u>-</u>	<u>124,658</u>

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(e) Liquidity risk (Continued)

SGAM Vietnam Opportunities Fund

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
As at 31st December 2008			
Amounts due to unitholders	244,683	-	-
Other accounts payable and accrued expenses	160,082	-	4,975
Net assets attributable to unitholders	<u>70,219,015</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>70,623,780</u>	<u>-</u>	<u>4,975</u>
As at 31st December 2007			
Amount due to brokers	877,453	-	-
Amounts due to unitholders	516,431	-	-
Other accounts payable and accrued expenses	3,180,916	-	10,011
Net assets attributable to unitholders	<u>225,283,703</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>229,858,503</u>	<u>-</u>	<u>10,011</u>

SGAM China Active Events Fund

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
As at 31st December 2008			
Amounts due to unitholders	20,467	-	-
Other accounts payable and accrued expenses	393,843	-	106,873
Net assets attributable to unitholders	<u>17,310,972</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>17,725,282</u>	<u>-</u>	<u>106,873</u>

Units are redeemed on demand at unitholder's option. However, the Trustee and Manager do not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as unitholders typically retain them for the medium to long term.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(e) Liquidity risk (Continued)

The Sub-Funds may be leveraged by borrowing up to 25% of the latest available net asset value of the Sub-Funds as at the time of the borrowing should the Manager consider this necessary but only on a temporary basis for the purpose of meeting realisation requests or other expenses. The amount of interest expenses is shown on the income statement.

SGAM Asian Real Estate Dividend Fund, SGAM Vietnam Opportunities Fund and SGAM China Active Events Fund

The Manager expects to monitor the number of days needed to fully liquidate the holdings of a particular stock, by comparing the holdings of the stock against its average trading volume over the past 5 days. If, at the Sub-Funds' total holdings level, this indicator exceeds 25 days, the Compliance and Control Department will inform the portfolio managers of the Manager and ask for increased attention to the situation. If the indicator exceeds 45 days, the portfolio managers of the Manager will be asked to rectify the situation. In addition, at the Sub-Fund level itself, if holdings of one particular stock exceed 8% of the Sub-Fund's net asset value, the Compliance and Control Department will inform Fund Managers and ask for increased attention to the situation. If it exceeds 10%, Fund Managers will be asked to rectify the situation and bring the indicator below the limit if necessary. These liquidity indicators are checked weekly by the Compliance and Control Department.

As at 31st December 2008, SGAM Vietnam Opportunities Fund invested in equities listed in the Vietnam stock exchange. Due to limited access of this emerging market, the equities are not traded as actively as equities listed in other stock exchanges. However, the Investment Manager considers that there is no liquidity concern for this Sub-Fund as it has no issue of paying the redemption proceeds to the investors on time.

SGAM Bonus Builder China Fund

The SGAM Bonus Builder China Fund, invests in Hong Kong Treasury bills which are bonds issued by the Hong Kong government. These are considered as one of the most liquid assets by the Manager.

The Sub-Fund also invests in futures contracts through recognised futures exchange which provides daily liquidity.

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Sub-Funds' assets and liabilities are denominated in currencies other than Hong Kong dollar or United States dollar, the Sub-Funds' functional and presentation currency. The Sub-Funds are therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(f) Currency risk (Continued)

SGAM Bonus Builder China Fund and SGAM China Active Events Fund

As the assets and liabilities held by the Sub-Funds are mainly denominated in Hong Kong Dollar, the Manager considered that there is no significant currency risk and hence it is not necessary to establish currency risk management policy.

SGAM Asian Real Estate Dividend Fund, SGAM Bonus Builder China Fund, SGAM Vietnam Opportunities Fund and SGAM China Active Events Fund

The tables below summarise the impact on net assets attributable to unitholders as a result of increases/decreases of key exchange rates to the exposures tabled above, which the Sub-Funds are exposed. The analysis is based on the assumption that the exchanges rates had increased/decreased by the respective percentage with all other variables held constant.

	Change +/-	2008 Impact +/-	Impact +/-	Change +/-	2007 Impact +/-	Impact +/-
	%	US\$ Monetary	US\$ Non - Monetary	%	US\$ Monetary	US\$ Non - Monetary
<u>SGAM Asian Real Estate Dividend Fund</u>						
Australian dollar	26	7,036	555,266	10	11,963	1,044,954
Hong Kong dollar	0.6	243	37,958	0.5	1,362	138,439
Japanese yen	19	4,636	1,092,213	6	(1,441)	780,544
Malaysian Ringgit	5	-	7,029	6	(125)	75,546
Philippine Peso	15	65	16,414	16	361	123,184
Singapore dollar	0.09	-	1,910	6	(967)	294,015
Thai Baht	3	-	5,147	Not applicable	Not applicable	Not applicable
Taiwan dollar	1	1,389	1,320	0.5	474	-
	%	HK\$ Monetary	HK\$ Non - Monetary	%	HK\$ Monetary	HK\$ Non - Monetary
<u>SGAM Bonus Builder China Fund</u>						
United States dollar	0.6	(408)	-	0.5	(434)	-

NOTES TO THE FINANCIAL STATEMENTS

13 Financial risk management (Continued)

(f) Currency risk (Continued)

	Change +/-	2008 Impact +/-	Impact +/-	Change +/-	2007 Impact +/-	Impact +/-
	%	US\$ Monetary	US\$ Non - Monetary	%	US\$ Monetary	US\$ Non - Monetary
<u>SGAM Vietnam Opportunities Fund</u>						
Hong Kong dollar	1	1	26,714	0.5	132	49,867
Indian Rupee	Not applicable	Not applicable	Not applicable	11	18,587	-
Indonesian Rupiah	Not applicable	Not applicable	Not applicable	4	(32)	94,866
Malaysian Ringgit	5	-	46,977	6	1,223	489,435
Philippine Peso	Not applicable	Not applicable	Not applicable	16	(166)	488,893
Singapore dollar	0.09	-	5,746	6	4,461	1,916,015
Taiwan dollar	1	37	-	-	-	-
Thai Baht	3	-	161,746	7	(1,155)	1,297,821
Vietnam Dong	9	134,702	4,047,051	0.5	2,329	-
	%	HK\$ Monetary	HK\$ Non - Monetary	%	HK\$ Monetary	HK\$ Non - Monetary
<u>SGAM China Active Events Fund</u>						
United States dollar	0.6	(1,278)	2,857	Not applicable	Not applicable	Not applicable

(g) Fair value estimation

As at 31st December 2008 and 2007, the carrying values of assets and liabilities are a reasonable approximation of their fair values.

14 Capital risk management

The Sub-Funds' capital is represented by the units in the Sub-Funds, and shown as net assets attributable to unitholders in the balance sheets. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-Funds endeavor to invest their capital in accordance with the investment policies as outlined in note 13(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

NOTES TO THE FINANCIAL STATEMENTS

15 Net (loss)/gain on financial assets at fair value through profit or loss

	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund	
	2008	2007	2008	2007 ¹	2008	2007 ²	2008 ³	
	US\$	US\$	HK\$	HK\$	US\$	US\$	HK\$	
Net realised (loss)/gain	(2,830,348)	9,674,396	(8,604,918)	44,289,969	(80,167,464)	(1,127,817)	(31,567,515)	
Net change in unrealised gain/loss	<u>(21,037,137)</u>	<u>1,752,324</u>	<u>413,746</u>	<u>68,433</u>	<u>(44,192,095)</u>	<u>3,308,317</u>	<u>(616,096)</u>	
Net (loss)/gain on financial assets at fair value through profit or loss	<u>(23,867,485)</u>	<u>11,426,720</u>	<u>(8,191,172)</u>	<u>44,358,402</u>	<u>(124,359,559)</u>	<u>2,180,500</u>	<u>(32,183,611)</u>	

¹ For the period from 30th November 2006 (Date of commencement) to 31st December 2007

² For the period from 8th June 2007 (Date of commencement) to 31st December 2007

³ For the period from 22nd February 2008 (Date of commencement) to 31st December 2008

NOTES TO THE FINANCIAL STATEMENTS

16 Soft commission arrangements

During the year/period, the Trustee and the Manager and its connected persons did not enter into any soft dollar arrangements with brokers (2007: nil).

17 Distribution

During the year/period, the SGAM Asian Real Estate Dividend Fund and SGAM Bonus Builder China Fund made the following distributions:

	2008 US\$	2007 US\$
<u>SGAM Asian Real Estate Dividend Fund</u>		
- US\$0.08 per unit on 3,712,363.20 units, on ex-date of 2nd January 2008 (2007: US\$0.11 per unit on 4,105,589.30 units, on ex-date of 3rd January 2007)	296,989	451,615
- US\$0.06 per unit on 3,194,041.19 units, on ex-date of 1st April 2008 (2007: US\$0.14 per unit on 5,200,052.03 units, on ex-date of 2nd April 2007)	191,642	728,007
- US\$0.06 per unit on 2,910,058.25 units, on ex-date of 2nd July 2008 (2007: US\$0.11 per unit on 5,511,814.70 units, on ex-date of 3rd July 2007)	174,605	606,300
- US\$0.06 per unit on 2,480,610.90 units, on ex-date of 2nd October 2008 (2007: US\$0.08 per unit on 4,514,446.44 units, on ex-date of 2nd October 2007)	148,837	361,155
	<u>812,073</u>	<u>2,147,077</u>

	2008 HK\$	2007 HK\$
<u>SGAM Bonus Builder China Fund</u>		
- HK\$1.25 per unit on 1,232,333.04 units, on ex-date of 2nd January 2008 (2007: HK\$0.30 per unit on 693,223.41 units, on ex-date of 2nd January 2007)	1,540,416	207,967
- HK\$1.25 per unit on 1,336,416.35 units, on ex-date of 1st April 2008 (2007: HK\$1.25 per unit on 1,771,880.36 units, on ex-date of 2nd April 2007)	1,670,521	2,214,850
- HK\$1.25 per unit on 1,393,893.54 units, on ex-date of 3rd July 2008 (2007: HK\$1.25 per unit on 1,635,672.50 units, on ex-date of 3rd July 2007)	1,742,367	2,044,591
- HK\$1.25 per unit on 1,316,013.88 units, on ex-date of 2nd October 2008 (2007: HK\$1.25 per unit on 1,220,600.38 units, on ex-date of 2nd October 2007)	1,645,017	1,525,751
	<u>6,598,321</u>	<u>5,993,159</u>

NOTES TO THE FINANCIAL STATEMENTS

18 Post balance sheet event

On ex-date of 2nd January 2009, SGAM Asian Real Estate Dividend Fund and SGAM Bonus Builder China Fund declared discretionary dividends distributions amounted to US\$134,076 and HK\$1,564,558 respectively. The financial statements for the year/period ended 31st December 2008 do not reflect these dividend distributions, which will be recorded in the income statement in the year ending 31st December 2009.

From 1st January 2009 through 22nd April 2009, the Sub-Funds have received unitholders' subscription notices and redemption notices of the following amounts which have not been accrued as at 31st December 2008 as these subscription and redemption notices were received after the year-end date. The Manager believes the Sub-Funds have sufficient liquidity to meet such redemptions.

	Subscriptions	Redemptions
SGAM Asian Real Estate Dividend Fund	US\$8,859	US\$804,649
SGAM Bonus Builder China Fund	HK\$16,597,237	HK\$11,772,637
SGAM Vietnam Opportunities Fund	US\$901,775	US\$4,758,303
SGAM China Active Events Fund	HK\$1,576,328	HK\$15,527,856

19 Approval of financial statements

The financial statements were approved for issue by the Trustee and the Manager on 24th April 2009.

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM ASIAN REAL ESTATE DIVIDEND FUND (UNAUDITED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments			
Equities (63.66%)			
<u>Australia (0.34%)</u>			
GOODMAN GROUP STAPLED SECURITY	117,720	59,504	0.34
<u>China (0.53%)</u>			
CHINA VANKE CO LTD B	120,000	92,127	0.53
<u>Hong Kong (29.85%)</u>			
CHEUNG KONG HOLDINGS LTD	163,000	1,537,418	8.91
CHINA OVERSEAS LAND & INVESTMENT RTS (DEC2008)	23,070	8,216	0.05
CHINA OVERSEAS LAND & INVESTMENT LTD	576,750	800,732	4.64
CHINA RESOURCES LAND LTD	140,000	169,802	0.98
HANG LUNG PROPERTIES LTD	293,000	635,132	3.68
HYSAN DEVELOPMENT CO LTD	99,000	157,885	0.91
KERRY PROPERTIES LTD	72,000	191,376	1.11
SINO-OCEAN LAND HOLDINGS LTD	182,000	82,191	0.48
SUN HUNG KAI PROPERTIES LTD	101,000	841,862	4.88
SWIRE PACIFIC LTD A	42,000	289,115	1.67
WHARF HOLDINGS LTD	160,000	437,666	2.54
		5,151,395	29.85
<u>India (0.41%)</u>			
HDFC BANK LTD ADR	1,000	71,280	0.41

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM ASIAN REAL ESTATE DIVIDEND FUND (UNAUDITED) (CONTINUED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments			
Equities (Continued)			
<u>Japan (23.62%)</u>			
DAITO TRUST CONSTRUCTION CO LTD	4,000	205,626	1.19
MITSUBISHI ESTATE CO LTD	98,000	1,564,326	9.06
MITSUI FUDOSAN CO LTD	97,000	1,562,273	9.05
SUMITOMO REALTY & DEVELOPMENT CO LTD	39,000	564,887	3.27
TOKYU LAND CORP	49,000	181,081	1.05
		4,078,193	23.62
<u>The Philippines (0.63%)</u>			
AYALA LAND INC	813,000	109,426	0.63
<u>Singapore (6.53%)</u>			
CAPITALAND LTD	246,000	531,015	3.08
CITY DEVELOPMENTS LTD	40,000	176,852	1.02
FRASER & NEAVE LTD	108,000	221,135	1.28
WHEELOK PROPERTIES (S) LTD	278,000	198,744	1.15
		1,127,746	6.53
<u>Thailand (0.99%)</u>			
LAND & HOUSES PUBLIC CO LTD - NVDR	1,587,000	171,568	0.99
<u>Taiwan (0.76%)</u>			
TAIWAN FERTILIZER CO LTD	83,000	132,019	0.76

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM ASIAN REAL ESTATE DIVIDEND FUND (UNAUDITED) (CONTINUED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments			
REITs (34.27%)			
<u>Australia (11.95%)</u>			
CFS RETAIL PROPERTY TRUST	215,450	276,390	1.60
MIRVAC GROUP	137,477	119,811	0.69
STOCKLAND	150,980	421,053	2.44
WESTFIELD GROUP STAPLED SECURITY	138,010	<u>1,246,056</u>	<u>7.22</u>
		<u>2,063,310</u>	<u>11.95</u>
<u>Hong Kong (6.19%)</u>			
CHAMPION REAL ESTATE INVESTMENT TRUST REIT	343,000	91,169	0.53
LINK REIT	592,000	<u>976,202</u>	<u>5.66</u>
		<u>1,067,371</u>	<u>6.19</u>
<u>Japan (9.59%)</u>			
JAPAN REAL ESTATE INVESTMENT CORP	63	552,510	3.20
NIPPON BUILDING FUND INC	85	904,854	5.24
NOMURA REAL ESTATE OFFICE FUND INC	31	<u>197,661</u>	<u>1.15</u>
		<u>1,655,025</u>	<u>9.59</u>
<u>Malaysia (0.79%)</u>			
QUILL CAPITA TRUST REIT	528,700	<u>135,995</u>	<u>0.79</u>

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM ASIAN REAL ESTATE DIVIDEND FUND (UNAUDITED) (CONTINUED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments			
REITs (Continued)			
<u>Singapore (5.75%)</u>			
ASCENDAS INDIA TRUST REIT	266,000	84,005	0.49
ASCENDAS REAL ESTATE INVESTMENT TRUST REIT	513,000	487,808	2.83
CAPITAMALL TRUST	297,800	326,583	1.89
CAPITARETAIL CHINA TRUST REIT	222,000	<u>92,452</u>	<u>0.54</u>
		<u>990,848</u>	<u>5.75</u>
Total investments		16,905,807	97.93
Other net assets		<u>356,792</u>	<u>2.07</u>
Net asset attributable to unitholders as at 31st December 2008		<u>17,262,599</u>	<u>100.00</u>
Total investments, at cost		<u>25,442,809</u>	

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM BONUS BUILDER CHINA FUND (UNAUDITED)

AS AT 31ST DECEMBER 2008

	Holdings Nominal value	Fair value HK\$	% of net assets
Listed/quoted investments			
<u>Treasury Bills (76.82%)</u>			
HONG KONG T-BILLS 0% 7JAN2009 Y0885	20,000,000	19,999,860	13.97
HONG KONG T-BILLS 0% 4FEB2009 Y0886	40,000,000	39,998,720	27.94
HONG KONG T-BILLS 0% 3JUN2009 H0878	20,000,000	19,991,680	13.97
HONG KONG T-BILLS 0% 22JUL2009 Y0892	15,000,000	14,989,275	10.47
HONG KONG T-BILLS 0% 19AUG2009 Y0893	15,000,000	<u>14,986,245</u>	<u>10.47</u>
		<u>109,965,780</u>	<u>76.82</u>
<u>Futures Contracts (0.01%)</u>			
H S CHINA ENTERPRISES INDEX FUT JAN2009	2	<u>8,500</u>	<u>0.01</u>
Total investments		109,974,280	76.83
Other net assets		<u>33,169,696</u>	<u>23.17</u>
Net asset attributable to unitholders as at 31st December 2008		<u>143,143,976</u>	<u>100.00</u>
Total investments, at cost		<u>109,492,002</u>	

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM VIETNAM OPPORTUNITIES FUND (UNAUDITED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments			
Equities (85.13%)			
<u>Hong Kong (3.77%)</u>			
VIETNAM MANUFACTURING & EXPORT HLDGS LTD	12,133,000	876,684	1.25
YUE YUEN INDUSTRIAL (HOLDINGS) LIMITED	900,000	<u>1,767,438</u>	<u>2.52</u>
		<u>2,644,122</u>	<u>3.77</u>
<u>Malaysia (1.32%)</u>			
GAMUDA BERHAD	1,720,000	<u>924,624</u>	<u>1.32</u>
		<u>924,624</u>	<u>1.32</u>
<u>Singapore (9.08%)</u>			
ASCOTT RESIDENCE TRUST	2,980,000	1,199,653	1.71
CAPITALAND LTD	560,000	1,208,815	1.72
EZRA HOLDINGS LTD	1,100,000	515,357	0.73
KEPPEL CORP LTD	500,000	1,502,690	2.14
NOBLE GROUP LTD	2,760,000	<u>1,953,982</u>	<u>2.78</u>
		<u>6,380,497</u>	<u>9.08</u>
<u>Thailand (7.68%)</u>			
AMATA CORP PLC (F/R)	7,100,000	832,893	1.19
PTT EXPLORATION & PRODUCTION PLC (F/R)	1,510,000	<u>4,558,655</u>	<u>6.49</u>
		<u>5,391,548</u>	<u>7.68</u>

INVESTMENT PORTFOLIO - SGAM VIETNAM OPPORTUNITIES FUND (UNAUDITED) (CONTINUED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments (Continued)			
Equities (Continued)			
<u>Vietnam (63.28%)</u>			
BA RIA-VUNG TAU HOUSE DEVELOPMENT JSC	260,000	312,307	0.44
BINH DINH MINERALS JOINT STOCK	210,000	822,808	1.17
CAN DON HYDRO POWER JOINT STOCK CO CORP FOR FINANCING & PROMOTING TECHNOLOGY	461,000	369,162	0.53
DHG PHARMACEUTICAL JOINT STOCK CO	727,010	2,070,895	2.95
DOMESCO MEDICAL IMPORT EXPORT JSC	360,000	2,347,447	3.34
DOMESCO MEDICAL IMPORT EXPORT JSC	456,500	1,279,456	1.82
HA TIEN TRANSPORT JOINT STOCK CO	160,000	80,536	0.11
HO CHI MINH CITY INFRAS INV JOINT STK CO	218,360	329,735	0.47
HOA PHAT GROUP JSC	840,000	1,508,681	2.15
IMEXPHARM PHARMACEUTICAL JOINT STOCK CO	319,730	1,316,753	1.88
KHANH HOA POWER JOINT STOCK CO	449,450	267,364	0.38
NORTH KINHDO FOOD JOINT STOCK CO	408,200	597,725	0.85
PETROLEUM TECHNICAL SERVICES CORP	1,360,000	2,395,952	3.41
PETROLIMEX GAS JOINT STOCK CORP	830,000	470,004	0.67
PETROVIETNAM DRILLING AND WELL SERVICES	1,256,400	6,036,645	8.61
PETROVIETNAM FERTILIZER & CHEMICALS JSC	760,000	1,499,758	2.14
PETROVIETNAM FINANCE JSC	650,000	724,997	1.03
PETROVIETNAM INSURANCE JSC	750,000	1,364,196	1.94
PETROVIETNAM TRANSPORTATION CORP	1,000,000	955,223	1.36
PHA LAI THERMAL POWER JOINT STOCK CO	1,555,250	1,645,737	2.34
SAIGON SECURITIES INC	1,150,000	1,894,431	2.70
SAIGON TELECOMMUNICATION & TECH CORP	1,000,000	1,527,213	2.17
TAN TAO INDUSTRIAL PARK CORP	1,217,082	1,872,667	2.67
TECHNO-AGRICULTURAL SUPPLYING JSC	270,000	503,466	0.72
THAC BA HYDROPOWER JSC	400,000	290,571	0.41
THANH CONG TEXTILE GARMENT INV	545,010	271,214	0.39

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM VIETNAM OPPORTUNITIES FUND (UNAUDITED) (CONTINUED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments (Continued)			
Equities (Continued)			
<u>Vietnam (Continued)</u>			
THU DUC HOUSING DEVELOPMENT CORP	90,580	148,697	0.21
TUONG AN VEGETABLE OIL JOINT STOCK CO	710,000	958,426	1.36
VIET-HAN CORP	1,000,000	360,354	0.51
VIETNAM CONTAINER SHIPPING JSC	150,000	386,093	0.55
VIETNAM DAIRY PRODUCTS JSC	700,000	3,303,242	4.70
VIETNAM ELECTRICITY CONSTRUCTION JSC	800,000	352,346	0.50
VIETNAM ITALY STEEL JSC	510,000	700,116	1.00
VIETNAM PETROLEUM TRANSPORT JOINT STK CO	1,342,740	775,714	1.10
VIETNAM TANKER JSC	1,500,000	1,003,842	1.43
VINASHIP JOINT STOCK CO	500,000	406,113	0.58
VINCOM JSC	600,000	2,728,392	3.89
VINH SON-SONG HINH HYDROPOWER JOINT STK	350,000	<u>558,548</u>	<u>0.80</u>
		<u>44,436,826</u>	<u>63.28</u>
Participatory notes (1.89%)			
<u>Vietnam (1.89%)</u>			
JPM-PETROVIETNAM TRANS WTS 12DEC2012	1,000,000	955,200	1.36
DB-VINAFCO JSC CORP CWTS 7SEP2017	906,466	<u>373,283</u>	<u>0.53</u>
		<u>1,328,483</u>	<u>1.89</u>
Total investments		61,106,100	87.02
Other net assets		<u>9,112,915</u>	<u>12.98</u>
Net asset attributable to unitholders as at 31st December 2008		<u>70,219,015</u>	<u>100.00</u>
Total investments, at cost		<u>101,989,878</u>	

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

INVESTMENT PORTFOLIO - SGAM CHINA ACTIVE EVENTS FUND (UNAUDITED)

AS AT 31ST DECEMBER 2008

	Holdings	Fair value HK\$	% of net assets
Listed/quoted investments			
Equities (85.89%)			
<u>Hong Kong (82.14%)</u>			
ALUMINUM CORP OF CHINA LTD	142,000	579,360	3.35
ANGANG STEEL CO LTD H SHS	30,000	259,800	1.50
ANTA SPORTS PRODUCTS LTD	46,000	162,380	0.94
BEIJING ENTERPRISES HLDGS LTD	20,000	632,000	3.65
C C LAND HLDGS LTD	626,000	1,214,440	7.02
CHINA CITIC BANK H SHS	310,000	815,300	4.71
CHINA COMMUNICATION SVS CORP LTD H SHS	58,000	281,880	1.63
CHINA EVERBRIGHT LTD	32,000	304,640	1.76
CHINA MERCHANTS BANK CO LTD H SHS	89,500	1,283,430	7.40
CHINA MERCHANTS CHINA DIRECT INVEST LTD	24,000	212,880	1.23
CHINA MOBILE LTD	21,500	1,672,700	9.65
CHINA MOLYBDENUM CO LTD H SHS	36,000	126,720	0.73
CHINA OILFIELD SERVICES LTD	60,000	375,000	2.17
CHINA OVERSEAS LAND & INV RTS (DEC2008)	2,080	5,741	0.03
CHINA OVERSEAS LAND & INVESTMENT LIMITED	36,000	387,360	2.24
CHINA PETROLEUM & CHEMICAL CORP-H	60,000	281,400	1.63
CHINA SHIPPING DEVELOPMENT CO LTD H SHS	48,000	362,400	2.09
CHINA TELECOM CORP LTD	138,000	397,440	2.30
CHOW SANG SANG HOLDINGS INTL LTD	100,000	400,000	2.31
GREAT WALL MOTOR COMPANY LTD H SHS	140,000	368,200	2.13
GUANGZHOU R&F PROPERTIES CO LTD H SHS	68,800	586,176	3.39
HIDILI INDUSTRY INTERNATIONAL DEV LTD	120,000	291,600	1.68
HOPEWELL HOLDINGS LTD	10,000	251,500	1.45
HUANENG POWER INTERNATIONAL INC H SHARES	56,000	310,240	1.79
KOWLOON DEVELOPMENT CO LTD	110,000	321,200	1.86
LI NING CO LTD	8,000	94,720	0.55
LONKING HLDGS LTD	176,000	696,960	4.03
MAANSHAN IRON & STEEL CO LTD H SHARES	80,000	220,000	1.27
MINTH GROUP LTD	184,000	570,400	3.30
SINOTRANS SHIPPING LTD	250,000	490,000	2.83
TEXWINCA HOLDINGS LTD	80,000	263,200	1.52
		14,219,067	82.14

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND (SUB-FUNDS OF SGAM HARVEST FUNDS)

**INVESTMENT PORTFOLIO - SGAM CHINA
ACTIVE EVENTS FUND (UNAUDITED) (CONTINUED)**

AS AT 31ST DECEMBER 2008

	Holdings	Fair value HK\$	% of net assets
Listed/quoted investments			
Equities (Continued)			
<u>China (3.75%)</u>			
SHANGHAI ZHENHUA PORT MACHINERY CO B SHS	91,979	476,188	2.75
YANTAI CHANGYU PIONEER WINE CO LTD 'B'	6,400	<u>173,440</u>	<u>1.00</u>
		<u>649,628</u>	<u>3.75</u>
Total investments		14,868,695	85.89
Other net assets		<u>2,442,277</u>	<u>14.11</u>
Net asset attributable to unitholders as at 31st December 2008		<u>17,310,972</u>	<u>100.00</u>
Total investments, at cost		<u>15,484,791</u>	

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO -
SGAM ASIAN REAL ESTATE FUND (UNAUDITED)**

FOR THE YEAR ENDED 31ST DECEMBER 2008

	Percentage holdings of net assets 2008 %	Percentage holdings of net assets 2007 %
<u>Listed/quoted investments</u>		
Australia	12.29	17.63
China	0.53	-
Hong Kong	36.04	46.73
India	0.41	-
Japan	33.21	21.96
Malaysia	0.79	2.13
The Philippines	0.63	1.30
Singapore	12.28	8.27
Thailand	0.99	-
Taiwan	0.76	-
Total listed/quoted investments	<u>97.93</u>	<u>98.02</u>
Other net assets	<u>2.07</u>	<u>1.98</u>
Net asset attributable to unitholders as at 31st December	<u>100.00</u>	<u>100.00</u>

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO -
SGAM BONUS BUILDER CHINA FUND (UNAUDITED)**

FOR THE YEAR ENDED 31ST DECEMBER 2008

	Percentage holdings of net assets 2008 %	Percentage holdings of net assets 2007 %
<u>Listed/quoted investments</u>		
Treasury bills	76.82	31.54
Futures contracts	<u>0.01</u>	<u>0.17</u>
Total listed/quoted investments	76.83	31.71
Other net assets	<u>23.17</u>	<u>68.29</u>
Net asset attributable to unitholders as at 31st December	<u>100.00</u>	<u>100.00</u>

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO - SGAM VIETNAM OPPORTUNITIES FUND (UNAUDITED)

FOR THE YEAR ENDED 31ST DECEMBER 2008

	Percentage holdings of net assets 2008 %	Percentage holdings of net assets 2007 %
<u>Listed/quoted investments</u>		
<u>Equities</u>		
Hong Kong	3.77	4.43
Indonesia	-	1.05
Malaysia	1.32	3.62
Singapore	9.08	14.17
Thailand	7.68	8.24
Philippines	-	1.36
Vietnam	63.28	-
	85.13	32.87
<u>Participatory notes</u>		
Korea	-	1.05
India	-	5.15
Taiwan	-	3.16
Vietnam	1.89	53.40
	1.89	62.76
Total listed/quoted investments	87.02	95.63
Other net assets	12.98	4.37
Net asset attributable to unitholders as at 31st December	100.00	100.00

SGAM ASIAN REAL ESTATE DIVIDEND FUND, SGAM BONUS BUILDER CHINA FUND, SGAM VIETNAM OPPORTUNITIES FUND AND SGAM CHINA ACTIVE EVENTS FUND
(SUB-FUNDS OF SGAM HARVEST FUNDS)

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO -
SGAM CHINA ACTIVE EVENTS FUND (UNAUDITED)**

FOR THE PERIOD FROM 22ND FEBRUARY 2008 (DATE OF COMMENCEMENT)
TO 31ST DECEMBER 2008

	Percentage holdings of net assets 2008 %
<u>Listed/quoted investments</u>	
Hong Kong	82.14
China	<u>3.75</u>
Total listed/quoted investments	85.89
Other net assets	<u>14.11</u>
Net asset attributable to unitholders as at 31st December	<u><u>100.00</u></u>

PERFORMANCE TABLE (UNAUDITED)

AS AT 31ST DECEMBER 2008

Net asset value

Year	SGAM Asian Real Estate Dividend Fund		SGAM Bonus Builder China Fund		SGAM Vietnam Opportunities Fund		SGAM China Active Events Fund	
	Total net asset value US\$	Net asset value per unit US\$	Total net asset value HK\$	Net asset value per unit HK\$	Total net asset value US\$	Net asset value per unit US\$	Total net asset value HK\$	Net asset value per unit HK\$
31st December 2008	17,262,599	7.725	143,143,976	114.364	70,219,015	4.174	17,310,972	6.282
31st December 2007	59,248,631	15.960	157,491,015	127.799	225,283,703	10.056	-	-
31st December 2006	56,846,407	13.846	-	-	-	-	-	-

Performance record

Financial year

	Highest issue price per unit US\$	Lowest redemption price per unit US\$	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Highest issue price per unit US\$	Lowest redemption price per unit US\$	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
2008	15.831	6.296	126.558	114.592	10.053	3.927	10.286 ⁴	4.54 ⁴
2007	17.675	13.108	141.736 ²	100.025 ²	11.261 ³	9.041 ³	-	-
2006	13.857	10.424	-	-	-	-	-	-
2005	10.646 ¹	9.857 ¹	-	-	-	-	-	-

¹ Since inception on 30th June 2005.

² Since inception on 30th November 2006.

³ Since inception on 8th June 2007.

⁴ Since inception on 22nd February 2008.