



## Message from the Investment Manager

Dear Shareholders,

We are pleased to present the quarterly report for the VinaCapital Vietnam Opportunity Fund Limited (VOF), VinaLand Limited (VNL) and Vietnam Infrastructure Limited (VNI) for the three-month period ending 31 March 2011.

At the end of March 2011, VOF's NAV was USD724 million, or USD2.23 per share, compared to USD773 million, or USD2.38 per share, at the end of December 2010 (as per the interim result announced on 28 March). The 6.3 percent drop in NAV was due to the 7.2 percent devaluation of the VND announced on 11 February, and the subsequent drop of the VN Index. During the quarter, VOF announced the sale of a 23.6 percent equity stake in Halico to international drinks firm Diageo, for USD51.6 million in cash. The price represents an exit multiple of 5.3x, or an IRR of 67.4 percent over four years.

VNL's NAV was USD1.37 per share at the end of March 2011, up one cent per share from the end of December 2010 (as per the interim result announced on 31 March 2011). VinaCapital's total residential sales were USD20.9 million in Q1 2011, a significant increase over the USD7.4 million in sales recorded during the same period in 2010. For 2010 full year, USD73.8 million in contracts were signed. During 2011, at least two major launch events are planned for large-scale residential developments in Ho Chi Minh City.

VNI's NAV was USD214 million at the end of March 2011, or USD0.53 per share, a 6.9 percent drop from USD230 million, or USD0.57 per share, at the end of December 2010 (as per interim result announced on 28 March). During the quarter, VNI entered into agreement with Saigon Infrastructure Real Estate Investment JSC (SII), a holding company for the operating assets of CII, to buy USD6.7 million of convertible bonds. The bonds have a term of two years and an interest rate of 12 percent per year with a right to convert after the first year at par value.

Vietnam continues to fight high inflation with a series of fiscal and monetary tightening measures. There are indications that

these policies have slowed the economy, as GDP growth over the first quarter was a relatively low 5.4 percent annualised. Stability has returned to the foreign exchange market, with the open market and official rates now trading almost at parity. With a time lag of about six months for monetary policy actions to be fully effective, we expect the CPI to peak at mid-year and begin to moderate from Q3 onwards.

Despite the challenging economic environment, the private equity deal environment remains positive, and several deals involving our funds are currently under negotiation. KKR's recent investment into Masan Group was Vietnam's largest ever private equity transaction. We hope to see more deals of this nature in the near future.

Very truly yours,

**Don Lam**  
 CEO  
 VinaCapital Group

Performance summary			
Most recent NAV:	VOF	VNL	VNI
	(31 Mar 11)	(31 Mar 11)	(31 Mar 11)
NAV per share (USD) <sup>1</sup>	<b>2.23</b>	<b>1.37</b>	<b>0.53</b>
Return (%) <sup>2</sup>	(from Feb 11)	(from Dec 10)	(from Feb 11)
Previous NAV	-0.5	0.1	-1.3%
2011 YTD	-6.3	0.1	-6.3%
Since inception	130.0	45.4	-36.3%
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares <sup>3</sup>	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	724	687	214
Market cap (USDm)	552	465	154
Reuters	VOF.L	VNLL	VNLI
Bloomberg	VOF LN	VNL LN	VNI LN
ISIN	KYG9361Y1026	KYG936361016	KYG936121022

<sup>1</sup> Unaudited. VOF and VNI NAVs are updated monthly, VNL NAV is update quarterly.

<sup>2</sup> Adjusted for dividends/distributions (see VNI, page 5).

<sup>3</sup> VNI holds 930,700 shares in a treasury facility.

## Market update

### Capital markets and economy

The Vietnam Index lost 4.9 percent over Q1 2011, closing at 461 points after briefly reaching 522 points in February. In USD terms, the Index lost 11.3 percent, due to the 7.2 percent devaluation of the Vietnam dong in February. Meanwhile, the MSCI Asia ex-Japan and Emerging Markets indices saw gains of 0.9 percent and 1.7 percent, respectively.

Q1 2011 saw GDP growth slow to 5.4 percent year-on-year, from 7.3 percent in Q4 2010. Economic growth in Vietnam depends heavily on the availability of credit, and Q1 saw credit growth slow to five percent, in line with the government's full-year target of 20 percent credit growth.

## F/X market stabilises as SOEs sell dollars

The foreign exchange market stabilised following the February devaluation and subsequent government actions to limit the trade in USD and support the local currency. The State Bank ordered major SOEs, who hold USD1.86 billion in foreign currency deposits at domestic banks, to sell USD in exchange for VND in order to support the domestic currency. At the same time, the refinancing and overnight lending rates were raised to 13 percent, up 100 basis points, to catch up to the market, where deposit rates are at 14-15 percent. The State Bank actions were successful, as the open market and official rates for the VND remained within 1-2 percent of each other well into April.

If macro stability depends largely on controlling inflation, however, there is still a way to go before the impact of the fiscal and monetary tightening is felt. Price hikes in March (of 30 and 15 percent for gasoline and electricity, respectively) caused the CPI that month to increase by 2.2 percent, and April inflation is anticipated at an even higher 3.3 percent month-on-month as the indirect impact of the price hikes works its way through to many consumer items in the CPI basket. Keeping 2011 inflation under 10 percent for the year seems untenable, and current estimates predict full-year inflation at 12-14 percent.

## SSC mulls merger of two VN stock exchanges

In April, the State Securities Commission (SSC), Vietnam's stock market regulator, said it was considering a merger of the Ho Chi Minh City and Hanoi stock exchanges into a single stock exchange. The plan, considered reasonable given the country's small market cap to GDP ratio, was discussed at a conference on restructuring the stock market. In addition to the HOSE and HNX, Vietnam has a clearing and depository service centre. The three government-run bodies have no central clearing platform, which result, among other inefficiencies, in higher trading costs than in regional countries. The conference discussed several solutions, from merging the two exchanges into a single bourse, to creating a holding company that would operate the two stock exchanges.

VN Index	31-Mar-11	28-Feb-11	52 wk low	52 wk high
Close	461.1	461.4	423.9	549.5
	<i>M-o-M</i>	<i>YTD</i>		
Change (%)	(0.1)	(4.9)	8.8	(16.1)
Trailing P/E (x)	10.4	Est. P/E 2011 (x) 9.8		
P/B (x)	1.8			

Govt bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	11.4	11.6	11.8	11.5

## Macroeconomic indicators and forecast

	2010	Mar-11	YTD	Y-o-Y change
GDP growth <sup>1</sup>	6.8%			5.4%
Inflation	11.8%	2.2%	6.1%	13.9%
FDI (USDbn)	18.6	0.8	2.4	-23.9%
Imports (USDbn)	84.0	8.2	22.3	23.8%
Exports <sup>2</sup> (USDbn)	71.6	7.1	19.2	33.7%
Trade deficit (USDbn)	12.4	1.1	3.1	11.4%
Exchange rate <sup>3</sup> (USD/VND)	19,500	20,870	7.0%	7.0%
Bank deposit rate VND (%)	12.0-14.0%	12.0-14.0%	n/a	n/a

Note: GDP figure updated quarterly. Exchange rate is Vietcombank ask rate at end of period. Sources: GSO, SBV, VCB.

<sup>1</sup> Annualised rate. <sup>2</sup> Includes gold. <sup>3</sup> State Bank central rate.

## HCM City residential market slows; Hanoi heats up

### Real estate market

Vietnam's residential real estate market in Q1 2011 was subdued due to tight credit and high inflation, as well as the normal slowdown in home buying after the Tet lunar new year holiday. Nonetheless, new launches in Ho Chi Minh City rose a substantial 64 percent over the previous quarter, with prices dropping an average of four percent quarter-on-quarter. Only five new projects started construction during the quarter, down 53 percent quarter-on-quarter. Most new buildings coming to market are in the affordable sector, although CT Plaza Nguyen Dinh Chieu, with 200 luxury units, was launched and attracted strong interest from buyers.

Hanoi saw substantial new supply during the quarter, some 8,200 condo units, equal to half of the total new launches in 2010. Secondary market asking prices were stable, and sales of high-end apartments were strong. Even though mortgage interest rates are up to 20 percent, capital continues to flow into real estate as a hedge against inflation and devaluation of the dong.

## Retail sales strong despite high inflation

Retail sales growth was solid at 8.7 percent for Q1 2011, a good result given high inflation. Only sales of luxury goods at major shopping centres fell near the end of the quarter as the inflation impact began to be felt. Retail rents decreased slightly compared to the previous quarter. Some expected Ho Chi Minh City retail centre openings were delayed, including the centres at Bitexco Financial Tower and the Vista (District 2). Food and beverage, fashion and electronics remained hot sectors, with US-based Subway, a fast food outlet, opening its first branch in central Ho Chi Minh City. The chain targets 25 shops throughout Vietnam by 2015.

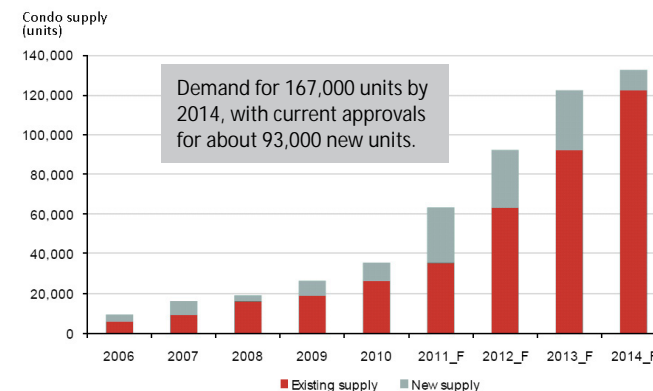
## Hotels see boost from rising tourism numbers

Performance of the hotel sector in Q1 2011 improved considerably over the last quarter of 2010, due to increased numbers of international tourists and demand for conference and event facilities. Foreign visitors to Ho Chi Minh City in the first quarter numbered 900,000, an increase of six percent year-on-year. However, hotels that cater to a large Japanese clientele saw sudden drop-offs in business as a result of the earthquake and its aftermath. Overall, five-star hotel average room rates (ARR) showed a slight drop of 0.5 percent quarter-on-quarter, while ARR for three- and four-star hotels have increased 6.8 and 8.8 percent quarter-on-quarter, respectively.

The current high interest rates and inflation are expected to slow down new and under-construction developments. Nonetheless, the substantial demand for affordable modern housing will continue to drive the real estate market, as well as investors continuing to look at property to reduce currency and inflation risks.

## Real estate market indicators

### Condominium supply, HCM City



### HCM City condominium market, Q1 2011

	High-end	Mid-end	Affordable
Total supply (units)	13,595	11,795	10,935
New completion (units)	580	336	489
New launch (units)	1,389	575	3,863
Primary market average asking price (USD/sq.m)	USD1,460	USD1,200	USD674
Q-o-q change (%)	-23.2%	30.3%	-3.7%
Y-o-y change (%)	-14.6%	26.3%	3.7%
Secondary market average asking price (USD/sq.m)	USD1,851	USD965	USD727
Q-o-q change (%)	-1.8%	-1.9%	0.0%
Y-o-y change (%)	-1.4%	-3.3%	1.0%

Source: CBRE Vietnam.

## Performance update

At the end of March 2011, VOF's NAV was USD724 million, or USD2.23 per share, compared to USD773 million, or USD2.38 per share, at the end of December 2010 (the interim result as announced on 28 March). The 6.3 percent drop in NAV was due to the 7.2 percent devaluation of the VND announced on 11 February and the related drop in the VN Index. VOF's share price also declined, falling to USD1.70 at 31 March, after reaching a 52-week high of USD2.00 in February. This represents a 23.7 percent discount to the NAV. At the end of March, the fund had cash and equivalent holdings of USD67 million, most of which is allocated for disbursement into listed blue chips and private equity deals, given the current low market valuations.

## Halico proceeds to be booked in April

### Sale of Halico stake to Diageo

On January 26, VOF announced the sale of a 23.6 percent equity stake in OTC holding Halico to international drinks firm Diageo, for USD51.6 million in cash. The price represents an exit multiple of 5.3x, or an IRR of 67.4 percent over four years. VOF will book the proceeds in April, not March as previously announced, due to the Halico AGM being postponed from March to April.

## Regulatory announcements and press releases

28 Mar 2011	<a href="#">Interim results</a>	8 Feb 2011	<a href="#">Notice of conference call</a>
7 Mar 2011	<a href="#">February NAV</a>	31 Jan 2011	<a href="#">Appointment of joint broker</a>
4 Mar 2011	<a href="#">Conference presentation</a>	26 Jan 2011	<a href="#">Sale of Halico stake</a>
21 Feb 2011	<a href="#">Impact of devaluation</a>	18 Jan 2011	<a href="#">Director shareholding</a>
14 Feb 2011	<a href="#">January NAV</a>	12 Jan 2011	<a href="#">December NAV</a>

## Fund summary

VinaCapital Vietnam Opportunity Fund Ltd ("Vietnam Opportunity Fund" or "VOF") is a closed-end fund trading on the AIM Market of the London Stock Exchange. Download the VOF factsheet at [www.vinacapital.com](http://www.vinacapital.com)

### Fund launch

30 September 2003

### Term of fund

Five years subject to shareholder vote for extension

### Fund domicile

Cayman Islands

### Legal form

Exempted company limited by shares

### Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

### Auditor

Grant Thornton (Cayman Islands)

### Nominated advisor (Nomad)

Grant Thornton Corporate Finance

### Custodian and Administrator

HSBC Trustee

### Brokers

LCF Edmond de Rothschild Securities (Bloomberg: LCFR)  
Numis Securities (Bloomberg: NUMI)

### Lawyers

Lawrence Graham (UK)  
Maples and Calder (Cayman Islands)

### Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark.

### Investment manager

VinaCapital Investment Management Ltd

### Investment policy

Medium to long term capital gains with some recurring income and short term profit taking. Primary investment focus areas are: Privately negotiated equity investments; Undervalued/distressed assets; Privatisation of state-owned enterprises; Real estate; and Private placements into listed and OTC-traded companies.

### Investment focus by geography

Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.

## Top holdings at 31 Mar 2011

### Top 5 listed investments

Name of investee	Stake (%)	Number of shares '000	Carrying value 31/12/10 (USD '000)
VNM	2.5	9,029	39,737
EIB	5.0	53,047	37,048
HPG	4.8	15,282	25,586
KDH	14.9	6,539	13,137
QCG	9.6	11,661	11,156

### Top 5 OTC investments

Name of investee	Stake (%)	Number of shares '000	Carrying value 31/12/10 (USD '000)
An Giang Plant Protection	15.1	9,508	19,102
Halico	23.6	4,714	18,887
Prime Group	7.0	7,091	13,697
Nam Viet Oil	11.6	2,689	5,563
Lam Thao	7.1	3,068	3,444

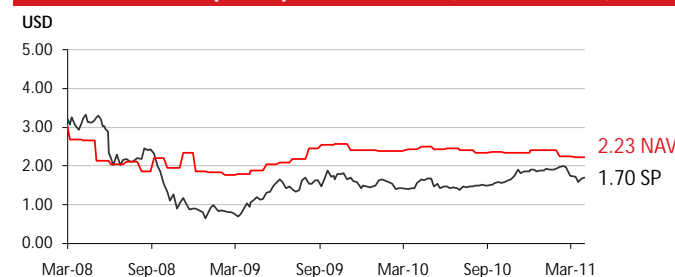
### Top 5 real estate investments

Project	Investment type	Stake (%)
Sofitel Metropole	Hotel	50.0
Project Cambridge	Mixed-use	21.0
Project Jupiter	Township	18.0
Project Nile	Mixed-use	15.5
Project Volta	Mixed-use	30.0

### Top 5 private equity investments

Name of investee	Investment type	Stake (%)
Hoan My Hospital	Healthcare	28.9
COFICO	Construction	30.4
IBS	Construction materials	100.0
SSG - Saigon Pearl	Real estate	6.2
Thang Loi Textile and Garment	Consumer goods	100.0

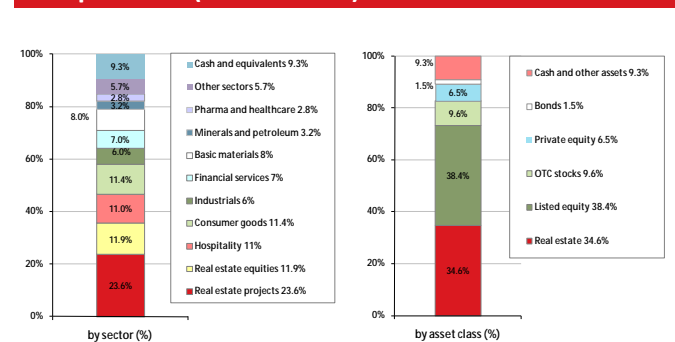
### NAV and share price performance (31 Mar 2011)



### Performance history (% change on NAV)

	2011	2010	2009	2008	2007
Jan	1.4%	-1.1%	-1.3%	-2.9%	3.9%
Feb	-7.1%	-0.3%	-3.7%	-10.2%	6.3%
Mar	-0.5%	1.9%	1.7%	-11.8%	8.8%
Apr		3.0%	4.4%	-0.8%	7.6%
May		-2.5%	9.1%	-19.5%	-1.0%
Jun		0.6%	2.2%	-4.7%	1.5%
Jul		-1.6%	3.8%	5.7%	-6.5%
Aug		-3.3%	12.2%	9.8%	6.4%
Sep		1.4%	3.8%	-6.7%	3.0%
Oct		-0.8%	1.2%	-12.4%	1.0%
Nov		-0.7%	-6.5%	-1.9%	13.5%
Dec		2.1%	0.8%	-2.1%	8.1%
YTD	<b>-6.3%</b>	<b>-1.6%</b>	<b>29.7%</b>	<b>-46.6%</b>	<b>64.9%</b>
VN Index	-4.9%	-2.0%	56.8%	-66.0%	144.5%

### VOF portfolio (31 Mar 2011)



## Performance update

VNL's NAV was USD1.37 per share at the end of March 2011, up one cent per share from the end of December 2010 (the interim result was USD1.36 per share, as announced on 31 March 2011).

The share price fell slightly during the quarter to close March at USD0.94, after briefly reaching 52-week high of USD1.00 in February 2011. The share prices of many Vietnam funds declined following the February devaluation of the VND and concerns over macro-economic stability. However, the devaluation had minimal impact on VNL's portfolio, as property assets in Vietnam are valued via a combination of VND, USD and gold. Furthermore, the sales prices of VNL residential assets (which are sold in VND) were increased in December and January in anticipation of the devaluation.

### Residential sales and development update

VinaCapital's total residential sales were USD20.9 million in Q1 2011, a significant increase over the USD7.4 million in sales recorded during the same period in 2010 (The projects with ongoing sales are owned by VNL and VOF in a 75:25 ratio). For 2010 full year, USD73.8 million in contracts were signed. During 2011, at least two major launch events are planned for large-scale residential developments in Ho Chi Minh City. The first, Project Mars, is a 30-hectare residential development in District 9, in the same area that saw the successful launch and sale of a 53-villa development in 2009-2010. The second, Project Nile, is a major city-centre landmark mixed-use development in District 5, in Ho Chi Minh City's Chinatown commercial area.

In Nha Trang, the first three phases launched at the Project Venus township are now 95 percent sold. Sales for the fourth phase have just commenced. In Danang, residential sales at Project Niagara continue, with Phase 1-3 now 95 percent sold. At the Project Jupiter township on the outskirts of Ho Chi Minh City, phase 1 consisting of 332 villas officially launched in early April, with sales ongoing alongside construction of the island's infrastructure and landscaping.

### Asia Pacific Property Awards

Shortly after the quarter ended, VinaCapital learned one of its luxury residential villa enclaves at Project Niagara was awarded two prizes as part of the 2011 Asia Pacific Property Awards in association with Bloomberg Television. The Bloomberg-sponsored awards are among the world's most prestigious real estate industry accolades. The villa project won in two categories: 'Best Golf Development' and 'Best Project Marketing.' The latter award reflects the success of marketing under the Vinaliving brand, Vietnam's first lifestyle-oriented residential brand.

## Fund summary

VinaLand Limited ("VNL") is a closed-end fund trading on the AIM Market of the London Stock Exchange. Download the VNL Factsheet at [www.vinacapital.com](http://www.vinacapital.com)

### Fund launch

22 March 2006

### Term of fund

Seven years subject to shareholder vote for extension

### Fund domicile

Cayman Islands

### Legal form

Exempted company limited by shares

### Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

### Auditor

Grant Thornton (Cayman Islands)

### Nominated advisor (Nomad)

Grant Thornton Corporate Finance

### Custodian and Administrator

HSBC Trustee

### Brokers

LCF Edmond de Rothschild Securities (Bloomberg: LCFR)

Numis Securities (Bloomberg: NUMI)

### Lawyers

Lawrence Graham (UK)

Maples and Calder (Cayman Islands)

### Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark

### Investment manager

VinaCapital Investment Management Ltd

### Investment policy

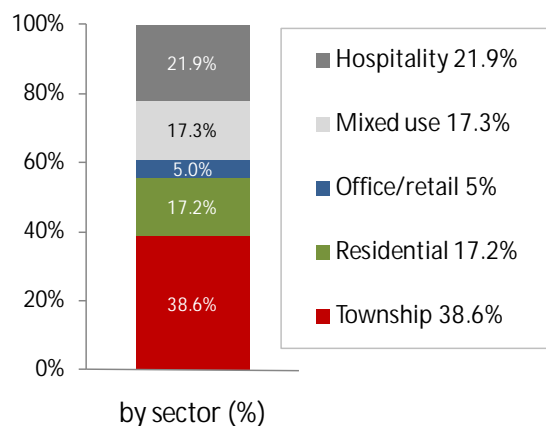
Medium to long term capital gains with some recurring income through investment in the following real estate sectors: Office; Residential; Retail; Township/Industrial (large scale); and Hospitality and Leisure.

### Investment focus by geography

Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.

**Regulatory announcements and press releases**

31 Mar 2011	<a href="#">Interim results</a>	31 Jan 2011	<a href="#">Appointment of joint broker</a>
4 Mar 2011	<a href="#">Conference presentation</a>	20 Jan 2011	<a href="#">Sale of stake in Quoc Te</a>
21 Feb 2011	<a href="#">Impact of devaluation</a>	18 Jan 2011	<a href="#">Director shareholding</a>
8 Feb 2011	<a href="#">Notice of conference call</a>	12 Jan 2011	<a href="#">December NAV</a>

**VNL portfolio (31 Mar 2011)**

**Portfolio by geographic location (% NAV)**

Hanoi	8%
Central provinces	27%
Ho Chi Minh City region	65%

**Valuation breakdown (% NAV)**

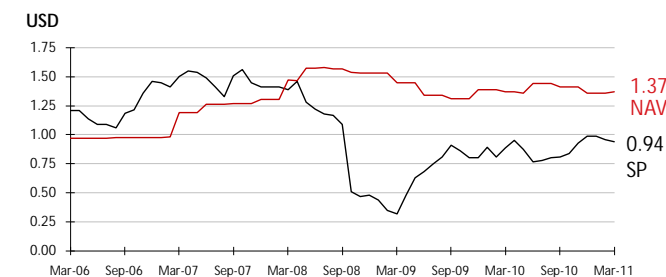
Assets held at cost	8%
Assets revalued	92%

**Holdings breakdown (% NAV)**

Top 10 assets	62%
Remaining 28 assets	38%

**Development status (% NAV)**

Landbanking assets	15%
Development stage assets	73%
Operating assets	12%

**NAV and share price performance (31 Mar 2011)**

**Quarterly performance history (% change on NAV)**

	2011	2010	2009	2008	2007
Q1	0.7%	3.0%	-5.2%	12.5%	22.0%
Q2		-0.7%	-7.6%	7.1%	6.1%
Q3		3.7%	-2.2%	-0.4%	0.2%
Q4		-3.5%	1.5%	-2.5%	3.2%
YTD	0.7%	2.3%	-11.3%	17.1%	33.8%

**Top holdings**

Project	Location	Type	NAV%	Current status
Cambridge	South	Township	11%	Planning underway
Niagara	Centre	Township	10%	Sales underway
Jupiter	South	Township	9%	Sales underway
Nile	South	Mixed-Use	6%	Planning underway
Mekong	South	Mixed-Use	6%	Investment licence
Tiber	South	Mixed-use	5%	Under construction
Venus	Centre	Township	5%	Sales underway
Aquarius	South	Township	5%	Planning underway
Mars	South	Township	4%	Planning underway
Leo	South	Township	3%	Planning underway



**Performance update**

VNI's NAV was USD214 million at the end of March 2011, or USD0.53 per share, a 6.9 percent drop from USD230 million, or USD0.57 per share, at the end of December 2010 (interim result announced on 28 March). The decline is due to the February devaluation of the VND. VNI's share price declined one cent per share over the quarter, to USD0.36.

During the quarter, VNI entered into an agreement with Saigon Infrastructure Real Estate Investment JSC (SII), a holding company for the operating assets of CII, to buy USD6.7 million of convertible bonds. The bonds have a term of two years and an interest rate of 12 percent per year with a right to convert after the first year at par value. VNI's OTC holding, Nam Viet Oil, completed its capacity upgrade in January from 2,000 bbl to 5,000 bbl/day. The investee, representing 4.2 percent of VNI's NAV, has been granted a petroleum import-export licence, which along with the increase in production will allow the company to diversify its products to include gasoline, fuel oil, diesel, white spirits and solvents. Nam Viet plans to list its shares in the second half of 2011.

Ba Thien 2 Industrial Park has now completed compensation on 65ha of land, with the hand-over permit received from local authorities. The IP project, representing 2.2 percent of VNI's NAV, covers a total area of 308ha in Vinh Phuc province. Development of the land parcel handed over has begun. VNI holds an 80 percent stake in the Ba Thien 2 joint venture.

In March, investee Phuoc Hoa Rubber JSC (PHR), one of Vietnam's leading rubber companies, reported Q1 2011 results. The company earned revenue of USD28.7 million and profits of USD12.0 million, the latter already 41 percent of the 2011 full-year target. Another investee, Hanoi Electrical Equipment Mechanical Engineering JSC (HNEM), reported Q1 2011 revenue at more than USD490,000, a positive result as HNEM just started operations of its first hydropower plant in October 2010.

**Regulatory announcements**

28 Mar 2011	<a href="#">Interim results</a>	21 Feb 2011	<a href="#">Impact of devaluation</a>
25 Mar 2011	<a href="#">New chairman</a>	14 Feb 2011	<a href="#">January NAV</a>
9 Mar 2011	<a href="#">February NAV</a>	8 Feb 2011	<a href="#">Notice of conference call</a>
4 Mar 2011	<a href="#">Conference presentation</a>	31 Jan 2011	<a href="#">Appointment of joint broker</a>
28 Feb 2011	<a href="#">Investment in SII</a>	12 Jan 2011	<a href="#">December NAV</a>

**Fund summary**

Vietnam Infrastructure Limited ("VNI") is a closed-end fund trading on the AIM Market of the London Stock Exchange. Download the VNI Factsheet at [www.vinacapital.com](http://www.vinacapital.com)

**Fund launch**

5 July 2007

**Term of fund**

Ten years subject to shareholder vote for extension

**Fund domicile**

Cayman Islands

**Legal form**

Exempted company limited by shares

**Structure**

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc

**Auditor**

Grant Thornton (Cayman Islands)

**Nominated advisor (Nomad)**

Grant Thornton Corporate Finance

**Custodian and Administrator**

Standard Chartered (Singapore)

**Brokers**

LCF Edmond de Rothschild Securities (Bloomberg: LCFR)

Numis Securities (Bloomberg: NUMI)

**Lawyers**

Lawrence Graham (UK)

Maples and Calder (Cayman Islands)

**Management and performance fee**

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark

**Investment manager**

VinaCapital Investment Management Ltd

**Investment focus**

Medium to long term capital gains with some recurring income through investment in the following infrastructure and infrastructure-related sectors: Energy; Transportation; Industrial Parks; Telecommunication; and Water and environmental utilities

**Investment focus by geography**

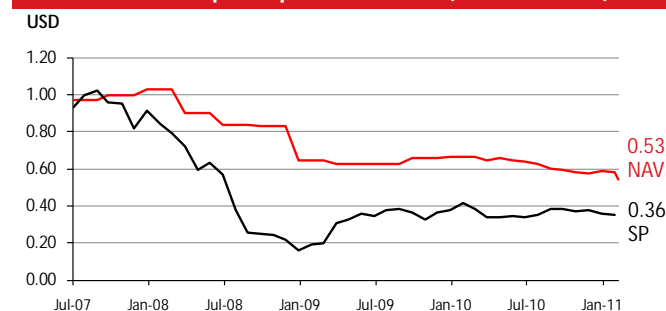
Greater Indochina comprising: Vietnam (minimum of 70 percent);

Cambodia; Laos; and southern China

## Top holdings by sector at 31 Mar 2011

Investee	Asset class	Sector	%NAV	Manager's comment
Long An IP	Greenfield	IP and township	9.0%	A major IP, port and service park project in Long An province.
Nam Viet	OTC	Oil and gas	4.5%	Owns Vietnam's first operating private oil refinery.
PVD	Listed	Oil and gas	4.4%	A PetroVietnam subsidiary that provides oil and gas drilling services.
CII	Listed	General infrastructure	4.0%	Vietnam's top domestic infrastructure investment company.
VNC-55	Private equity	Telecommunications	3.9%	One of the largest BTS companies in Vietnam.
MIDC	Private equity	Telecommunications	3.5%	A large BTS company with towers across Vietnam.
VALC	OTC	Transport and logistics	3.5%	The first aircraft leasing company in Vietnam.
Phu My	OTC	Transport and logistics	3.2%	Developer and owner of the BOT Phu My Bridge.
PVS	Listed	Oil and gas	2.6%	A leading oil and gas technical services company.
MIS	Private equity	Telecommunications	2.4%	Owns BTS towers in northern Vietnam.

## NAV and share price performance (31 Mar 2011)

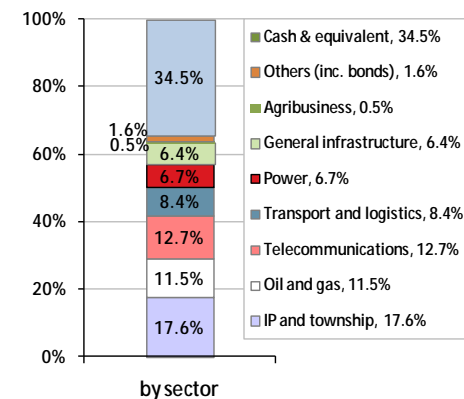


## Performance history (total return)\*

	2011	2010	2009	2008	2007
Q1	-6.3%	-3.2%	-0.5%	-12.8%	na
Q2		-0.6%	3.7%	-6.7%	na
Q3		-7.5%	1.5%	-1.0%	2.9%
Q4		-3.7%	0.8%	-12.0%	3.1%
YTD	-6.3%	-14.3%	5.5%	-29.1%	6.1%

\* Return since inception: -36.3% (assumes distributions reinvested).

## VNI portfolio by sector (31 Mar 2011)



VOF at 31 Mar 2011 held a 6.0% stake in PHR valued at USD8.0 million, while VNI held a 0.7% stake worth USD1.1m.

### Phuoc Hoa Rubber (PHR)

Phuoc Hoa Rubber Company (PHR) is located in Binh Duong province in southern Vietnam. Formerly a state-owned entity, PHR was equitised in late 2007 and listed on the Hanoi Stock Exchange in June 2009. The company's core business is cultivating and preliminary processing of rubber latex for export. PHR ranks fourth among local peers in terms of rubber estates with an exploitable area of about 12,000ha.

PHR's annual output is about 20,000 tons of rubber latex, which will decrease 3-5 percent yearly until new trees enter production. Currently, PHR is developing a 9,184ha plantation in Cambodia, which will begin generating income in 5-7 years. Besides their core business, PHR has also invested in industrial park development and hydroelectric plants.

In 2010, PHR outperformed its targets with revenue of USD95.3 million and net income of USD23.9 million, year-on-year increases of 87 and 88 percent, respectively. This is attributable to strong demand from the international markets, particularly China. For 2011, the company targets revenue and net income of USD90.5 million and USD22.9 million, respectively, due to strong competition from Thailand and Malaysia.

### Financial highlights

Profit and loss (VND bn)	FY09A	FY10A	FY11E
Revenue	1,068	2,002	1,900
Gross profit	283	684	570
Gross margin (%)	26%	34%	30%
Net income	267	503	480
Net margin (%)	25%	25%	25%
EPS (VND)	3,450	6,610	6,307
DPS (VND)	n/a	n/a	n/a
Balance sheet (VND bn)	FY09A	FY10A	FY11E
Total assets	1,869	2,300	2,552
Shareholders' equity	1,163	1,280	1,532
ROE (%)	23%	39%	31%
Book value per share (VND)	15,026	16,820	20,127
Valuations (VND bn)	FY09A	FY10A	FY11E
PER (x)	9.8	5.1	5.3
P/B (x)	2.2	2.0	1.7
Dividend yield (%)	6%	9%	9%

VOF at 31 Mar 2011 held a 9.6% stake in QCG valued at USD11.2 million, and held USD6.7 million in 2-yr convertible QCG bonds with a 15-percent coupon rate

### Quoc Cuong Gia Lai JSC (QCG)

QCG is one of Vietnam's leading residential real estate developers. Established in 1994 as a private company, QCG listed on the Ho Chi Minh Stock Exchange in August 2010 with a chartered capital of USD 28.7 million, which later doubled to USD57.9 million through new stock issuance.

QCG's residential properties target the low-to-mid range market, the segment expected to see the greatest demand over the next 5-10 years. The company has a total cleared land area in Ho Chi Minh City of 76ha, available for sale as lots or for residential development. The majority of QCG's projects are already under development, and will be the company's key earnings drivers over the next five years.

For the fiscal year 2010, QCG earned net revenue of USD35.2 million and net profit of USD14.7 million, respectively, for year-on-year growth of 120 percent and 140 percent. In 2011, the company expects to see a more conservative growth of 10 percent for both revenue and profit after tax, due to the high interest rates environment. In addition to real estate development, QCG also has substantial investment in rubber production and hydropower development.

### Financial highlights

Profit and loss (VND bn)	FY09A	FY10A	FY11E
Revenue	328	721	793
Gross profit	44	267	294
Gross margin	13%	37%	37%
Net income	123	301	331
Net margin	38%	42%	42%
EPS	3,705	2,477	2,725
DPS	n/a	2,392	2,631
Balance Sheet (VND bn)	FY09A	FY10A	FY11E
Total assets	2,632	4,946	5,277
Shareholders' equity	745	2,347	2,678
ROE	17%	13%	12%
Book value per share (VND)	22,440	19,317	22,042
Valuations (VND bn)	FY09A	FY10A	FY11E
PER (x)	4.6	6.9	6.2
P/B (x)	0.8	0.9	0.8
Dividend yield	n/a	n/a	n/a

VOF at 31 Mar 2011 held a 7.1% stake in Lam Thao worth USD3.4m

### Lam Thao Fertiliser JSC

Lam Thao Fertiliser is the leading NPK fertiliser producer in Vietnam, with annual production of 800,000 tons. The company holds a 35-40 percent market share overall, with a near monopoly in the NPK and superphosphate fertiliser segments, given a significant capacity difference compared to the second-tier players. Lam Thao has over 50 fertiliser products marketed under their registered trademark and a strong distribution network of 100 agents nationwide.

Lam Thao effectively used the privatisation process to restructure itself from a state-owned company into a considerably more efficient business. In 2010, the company achieved net profit after tax of USD13.7 million, quadruple the 2009 figure and 91 percent above the yearly target, due to management efforts to restructure short-term debts and cut operating costs. In 2011, management targets earnings of USD14.3 million after tax profit, despite rising material costs.

Lam Thao has an aggressive investment expansion pipeline which includes a new fused superphosphate factory with a capacity of 400,000 tons yearly, and a new SA factory with a capacity of 800,000 tons yearly, both expected to complete by 2013. Total investment from 2010-2015 is expected to reach USD100 million, which will be financed largely by the company's retained earnings.

### Financial highlights

Profit and loss (VND bn)	FY09A	FY10A	FY11E
Revenue	3,366	3,609	4,000
Gross profit	2,801	2,884	800
Gross margin	16.7%	20.1%	20.0%
Net income	71	287	300
Net margin	2.1%	8.0%	7.5%
EPS	1,643	6,643	6,944
DPS	1,000	1,200	1,200
Balance sheet (VND bn)	FY09A	FY10E	FY11E
Total assets	2,208	1,861	2,000
Shareholders' equity	471	720	850
ROE	15.0%	39.8%	35.2%
Book value per share (VND)	10,902	16,666	19,675
Valuations (VND bn)	FY09A	FY10E	FY11E
PER (x)	15.2x	3.8x	3.6x
P/B (x)	2.3x	1.5x	1.3x
Dividend yield	4.0%	4.8%	4.8%

VOF at 31 Mar 2011 held a 5.0% stake in EIB worth USD37.0m

### Eximbank JSC (EIB)

Eximbank is among the leading commercial banks in Vietnam with total assets in 2010 of USD6.2 billion. In recent years, the bank has diversified from its original focus of financing import/export operations to become a retail bank, with branches across major cities in Vietnam.

In 2010, Eximbank recorded revenue of USD174.7 million and net profits of USD85.7 million, up 42 and 60 percent year-on-year, respectively. Despite a low ROE ratio of 13.4 percent due to the high capital reserve requirement, the bank still delivered impressive growth in 2010. Total assets doubled, driven by a strong growth of customer deposits and lending of 60-65 percent, much higher than the sector average of 30 percent growth. At the same time, non-performing loans (NPLs) decreased to 1.4 percent from 1.8 percent the previous year, much lower than sector average of 2.5 percent.

Given the current high book value of EIB's equity (USD642.9 million) and CAR ratio (18 percent), Eximbank offers significant room for growth in the coming years. Its strategy to expand aggressively into the retail market, while maintaining a low NPL ratio, will help Eximbank continue to deliver robust growth.

### Financial highlights

Profit and loss (VND bn)	FY09A	FY10A	FY11E
Net interest income	1,975	2,882	--
Non-interest income	601	787	--
Total income	2,576	3,669	--
Net income	1,132	1,814	2,250
Net margin	44%	49%	--
EPS (adjusted)	1,290	1,720	1,820
DPS	1,200	1,350	1,500
Balance sheet (VND bn)	FY09A	FY10E	FY11E
Total assets	65,450	131,110	180,000
Shareholders' equity	13,353	13,510	15,000
ROE (%)	8.5%	13.4%	15.0%
Book value per share	15,170	12,800	12,150
Valuations (VND bn)	FY09A	FY10A	FY11E
PER (x)	18.6	9.0	--
P/B (x)	1.6	1.2	--
Dividend yield	5.0%	8.7%	--

**The manager update section provides investors with information on the policies and practices of VinaCapital Investment Management Ltd (VCIM), as well as updates on VinaCapital Group relevant to the performance of our investment funds.**

## Changes to VinaCapital Board of Directors and Advisory Committee

VinaCapital on 14 April announced changes to its Board of Directors and its Advisory Committee. The VinaCapital Board of Directors and Advisory Committee now have the following members:

### Board of Directors of VinaCapital Group:

Mr Terence Mahony (Chairman and Non-executive Director)  
 Mr Albert Theodore Powers (Non-executive Director)  
 Mr Michael Choi (Non-executive Director)  
 Mr Horst F. Geicke (Non-executive Director and Founder)  
 Mr Don Lam (Executive Director and CEO)

### Advisory Committee of VinaCapital Group:

Mr Pham Phu Ngoc Trai (Co-chairman)  
 Mr Doan Minh Cuong (Co-chairman)  
 Mr Ernst Zimmermann (Member)

Mr Terence Mahony has succeeded Mr. Horst F. Geicke as Chairman of VinaCapital.

Commenting on the appointments of Mr Terence Mahony and Mr Albert Theodore Powers to the VinaCapital Board, VinaCapital co-founder Horst Geicke said: "The appointment of Terry Mahony and Ted Powers to the VinaCapital Board affirms our continuing commitment to strong corporate governance, our desire to broaden the experience and expertise of our Board, and our focus on professionalism and long-term growth – both for our shareholders and for the funds we manage. Our two new Board members are extremely knowledgeable professionals with decades of experience in fund management and the investment industry generally. We look forward to working closely with them to continue the growth of VinaCapital as the leading investment manager and real estate developer in the Mekong region."

Incoming Chairman Mr Terry Mahony has over 35 years of experience in fund management, including operational and board roles in Vietnam, Cambodia, and other emerging markets.

Commenting on his appointment as Chairman of VinaCapital, Terry Mahony said: "I am delighted to accept the role of Chairman of VinaCapital, which has established itself as the leading asset manager in Vietnam and has recently opened offices in Singapore and Cambodia. Our mission is to continue to generate superior returns for shareholders through the highest and most professional standards in fund management. I look forward to contributing to this mission and feel VinaCapital has the management team in place to continue to achieve these goals."

Regarding the appointments of Mr Pham Phu Ngoc Trai, Mr Doan Minh Cuong, and Mr Ernst Zimmermann to the VinaCapital Advisory Committee, VinaCapital CEO Don Lam said: "Messrs Trai and Cuong have extensive experience in business and government relations in Vietnam, and we look forward to their advice in our business activities and in formulating our corporate strategy. Mr Zimmermann has over 35 years experience in the hospitality industry in Asia and we expect to benefit from this experience in our current and future hospitality investments."

## Profiles of new VinaCapital board members



**Terence F. Mahony**

Non-executive Chairman, VinaCapital

Terence Francis Mahony is a recognised leader and pioneer in emerging market investing, with an extensive global financial career spanning over 40 years. Terry first worked with the Bank of London and South America in London and Zurich, followed broking positions at White Weld and Paine Webber. Terry's fund management experience began in Boston with the highly successful Baring Puma Latin American fund which he launched in 1991 for Barings as Director and CIO for Latin America. After Barings, he returned to Hong Kong in 1993 as the first CIO of HSBC's new Global Emerging Markets strategy. At HSBC he built a new global Emerging Markets team from scratch and launched

HSBC's first Global Emerging Markets Fund. From 1996 to 1999 he was Managing Director for Emerging Markets Equities, CIO of Global Emerging Markets Equity strategy and President of Trust Company of the West (TCW) Asia Limited. From 2000 to 2008, he was a director and member of the investment committee of Investment Manager Selection (IMS) Limited in London. In 2008, as a member of the Board, he was asked to fill in as interim CIO for Indochina Capital. Terry is based in Hong Kong and serves on the boards of various investment funds as a non-executive director, namely: Advance Emerging Markets Trust plc., Pacific Assets Trust plc., Impax Asian Environmental Markets plc., CITIC Capital Investment Management, JOHIM Global Investments Funds plc., and Vietnam Azalea Fund. He is also a director of Ranhill Berhad.



**Albert Theodore ('Ted') Powers**

Non-executive Director, VinaCapital

Albert Theodore 'Ted' Powers is a noted senior lawyer, investor, and business executive, with over 35 years of professional experience in a vast range of corporate, commercial, finance, and tax matters. He has particular expertise in investment transactions in Greater China and Southeast Asia, and has resided in Hong Kong for the past 28 years. Mr. Powers is Chairman and Chief Executive Officer of the Allied Pacific Group, a diversified investment and advisory group. Before becoming a full-time investment professional, Mr. Powers practiced law in New York City, San Francisco, and Hong Kong. He served as Asian Managing Partner for several of the world's leading law firms, including Shearman &

Sterling, and Gibson, Dunn & Crutcher. He is admitted to practice law in Hong Kong and in various states and federal courts in the United States, including the United States Supreme Court. Mr. Powers holds a Bachelor of Arts from the University of Denver; a Masters in Business Administration from Imperial College London; a Juris Doctorate from the University of Pennsylvania Law School; and a Masters of Law in Taxation from the New York University Law School.

**Media highlights****MOF plans to lower PIT on income from securities investments**

23 April 2011 – Intellasia

The Ministry of Finance is going to submit to the National Assembly the plan to reduce the personal income tax (PIT) imposed on the earnings from securities investments. [Read more.](#)

**Vietnam has 90 investment projects in Cambodia**

22 April 2011 – Intellasia/TBKT

Addressing an invitation of Cambodian President Hun Sen, Nguyen Tan Dung, Vietnamese prime minister has decided to lead Vietnamese delegates desiring to visit and work in Cambodia, and co-chair the second Vietnam-Cambodia Investment Promotion Conference to be held on April 23-24. [Read more.](#)

**KKR buys 10% of Masan in Vietnam's largest PE deal**

13 April 2011 – Livemint/Reuters

Kohlberg Kravis Roberts & Co LP will pay USD159 million for 10% of Vietnam's Masan Consumer Corp in the country's largest ever private equity investment, underscoring buyout funds' increasing appetite for Asian consumer-linked plays. [Read more.](#)

**Vietnam hikes key rates in inflation fight**

2 April 2011 – Tuoi Tre/Reuters

Vietnam's central bank raised two key interest rates on Friday as it battles soaring inflation, which economists expect to be exacerbated by rising fuel prices. [Read more.](#)



## Important Information

This document, and the material contained therein, is not intended as an offer or solicitation for the subscription, purchase or sale of securities in Vietnam Opportunity Fund Limited, VinaLand Limited or Vietnam Infrastructure Limited (each a "Company"). Any investment in any of the Companies must be based solely on the Admission Document of that Company or other offering document issued from time to time by that Company, in accordance with applicable laws.

The material in this document is not intended to provide, and should not be relied on for accounting, legal or tax advice or investment recommendations. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in either of the Companies and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Companies have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

No undertaking, representation, warranty or other assurance, express or implied, is given by or on behalf of either of the Companies or VinaCapital Investment Management Limited or any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise.

No warranty is given, in whole or in part, regarding the performance of either of the Companies. There is no guarantee that investment objectives of any of the three Companies will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the addressee and recipient only and should not be relied upon by any persons and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of VinaCapital Investment Management Limited.

## VinaCapital Group

VinaCapital Investment Management Ltd (VCIM) is the BVI-registered investment manager of VinaCapital's three AIM-traded funds.

**Don Lam** Chief Executive Officer, VinaCapital Group  
**Brook Taylor** Chief Operating Officer, VinaCapital Group

**Andy Ho** Managing Director, Head of Investment  
**Tony Hsun** Managing Director, Infrastructure  
**David Henry** Managing Director, Real Estate  
**Stephen O'Grady** Managing Director, Hospitality

**Nguyen Viet Cuong** Deputy Managing Director, Capital Markets  
**Dang P. Minh Loan** Deputy Managing Director, Private equity  
**Kenny Low** Deputy Managing Director, Infrastructure  
**David Blackhall** Deputy Managing Director, Real estate  
**Anthony House** Deputy Managing Director, Real estate

Contact  
**Michael L. Gray** Investor Relations/Communications  
ir@vinacapital.com  
+848-3821-9930  
[www.vinacapital.com](http://www.vinacapital.com)

**Internal auditor** PricewaterhouseCoopers (Vietnam)