



## Message from Investment Manager

Dear Shareholders,

We are pleased to present the quarterly report of the VinaCapital Vietnam Opportunity Fund (VOF), VinaLand Limited (VNL) and Vietnam Infrastructure Limited (VNI) for the period ending 31 March 2009.

Vietnam's GDP growth rate over the first quarter of 2009 was 3.1 percent annualised. This is a substantial slowdown from the 7.5 percent rate achieved during the same period last year, and is due to the impact of the global financial crisis and economic slowdown. Vietnam's prospects for the year are nonetheless considered somewhat stronger than other regional countries, with the IMF and World Bank recently estimating Vietnam's GDP growth for 2009 at 4.5-5.5 percent, versus an Asia-wide average forecast of 3-3.5 percent growth.

The quarter saw the government initiate an important stimulus plan, starting with an interest rate subsidy for enterprises. The initial impact of this supply side stimulus mostly benefited large companies, but the prime minister has more recently announced steps to shift the impact of the stimulus to small- and medium-size enterprises and low- income earners.

VOF over the past quarter saw its NAV decrease 3.3 percent to USD585 million, or USD1.80 per share, compared to USD1.86 per share at the end of December 2008. The VN Index decreased 11.1 percent over the same period. VOF sold its equity stake in Masan, a food products company, generating over USD20 million for a return of over 2.5x. This excellent result is indicative of VOF's ability to continue to build a strong cash position and best position itself for a market rebound.

VNL over the past quarter saw its NAV decrease to USD1.45 per share, down 5.2 percent from the previous quarter's NAV of USD1.53 per share. The decline is due to markdowns (unrealised losses) that reflect the impact of the economic slowdown on Vietnam's real estate market, with the office and hospitality sectors particularly affected due to their more direct connection to international business. The quarter saw VNL secure construc-

tion loans for the Sheraton Nha Trang and Vinh Thai Nha Trang projects, and proceed with construction on projects in Hanoi and Danang.

VNI's NAV declined slightly to USD0.63 per share at the end of March from USD0.65 per share at the end of December 2008. On 16 January 2009, VNI paid out a special capital distribution of USD0.10 per share (recorded in the December NAV). VNI continues to have a strong cash balance and given low asset prices in the infrastructure sector, the fund manager is in a good position negotiate investments going forward. The current strategy remains 'wait-and-see' given that infrastructure asset prices are expected to fall further.

With the first quarter of 2009 behind us, we believe the worst phase of Vietnam's economic correction and crisis may be ending. We do not expect a rapid market recovery, but believe there are good investment prospects for our funds in the current environment. Vietnam's relative stability throughout this difficult period has been remarkable. While businesses dependent on exports have suffered, the pace of economic activity on the streets of Vietnam's cities has not slowed, and the Vietnamese sense of optimism toward the future continues to prevail.

We look forward to updating you further on our investment results throughout 2009.

Very truly yours,

**Don Lam**  
 CEO  
 VinaCapital Group

## Performance summary

Most recent NAV:	VOF (31 Mar 09)	VNL (31 Mar 09)	VNI (31 Mar 09)
NAV per share (USD) <sup>1</sup>	<b>1.80</b>	<b>1.45</b>	<b>0.63*</b>
Change (%)	(from Dec 08)	(from Dec 08)	(from Dec 08)
Previous NAV	-3.3	-5.2	-3.1
YTD	-3.3	-5.2	-3.1
Since inception	85.6 (30 Sep 03)	54.7 (22 Mar 06)	-35.1 (5 Jul 07)
Issued shares <sup>2</sup>	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	585	726	251
Market cap (USDm)	305	160	76
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN

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

<sup>2</sup> VNI holds 930,700 shares in a treasury facility.

\* Note: VNI paid a USD0.10 per share capital distribution to shareholders on 16 January 2009.

## Market update

### Capital markets

Vietnamese equities fell 11.1 percent over first quarter with the Vietnam Index closing March 2009 at 281 from 316 at the end of December 2008. This performance lagged the MSCI Emerging Market Index, which gained 2.3 percent in the same period. Notable during the quarter however was the 20 percent jump off a four-year low of 235 as investors focused on the low valuations and joined the rally in global equity markets. Vietnamese investors were encouraged by the government's economic stimulus, rapidly falling inflation and an improved global economic outlook underpinned by the US government's financial sector rescue plan, and the USD1 trillion funding initiative announced at the G-20 economic summit.

## Operating profits up 27.5 percent

Well over 90 percent of Vietnam's listed firms have reported their 2008 audited results, and notably, aggregate operating profits grew in 2008 by 27.5 percent relative to 2007. However, the high interest rate environment and provisions booked at year-end took much of the shine away at the net-income level. In addition, a few blue-chip stocks took the year-end opportunity to clean their balance sheets and mark to market substantial segments of their investment books. In one case, a prominent executive publicly apologised for the losses incurred from non-core investments. This reporting, in addition to some realistic earnings guidance for 2009 by several companies, has helped convince long-term investors that Vietnam's capital market may have reached a bottom.

## Market P/E 12.6x

Valuations in Vietnam remain firmly anchored in value territory. Vietnam stocks (HOSE and HaSTC) trade at trailing P/E multiple and P/B multiples of 12.6x and 1.6x, respectively. Guidance on earnings growth for 2009 is fairly conservative, with many firms citing weaker domestic demand, soft commodity prices and export trends. However, this is offset somewhat by significant growth in commercial bank lending, underpinned by loan interest subsidies under the government's export and fiscal stimulus (estimated at USD6 billion of direct spending and indirect support). The stimulus is expected to extend into infrastructure and public works in the coming months.

### Real estate market

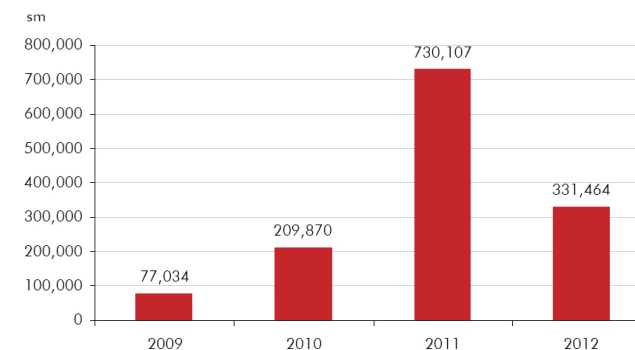
The retail sector is now open to international brands under WTO commitments but Q1 2009 did not see an increase in activity due to the economic slowdown, with international retail brands now expected to wait until 2010 to enter the market. Local brands continue to drive the market and are investing more in retail outlet design and services in expectation of rising competition and more sophisticated consumer tastes. Retail sales growth remained healthy during the quarter, at USD15.9 billion, a 21.9 percent increase over the same period in 2008. In HCM City the quarter saw one major shopping centre open, Saigon Paragon, bringing 12,000sq.m of high-end retail space onto the market, which now totals 201,00sq.m of shopping centre and 258,000sq.m of modern supermarket space -- very low by regional standards. Retail rents in CBD areas remained flat, with only a slight decline in non-central areas as the retail occupancy rate dropped 3 percentage points during the to 95 percent.

### Capital market indicators

VN Index	31-Mar	31-Dec	52 wk low	52 wk high
Close	245.7	315.6	234.7	575.7
Change (%)	14.2	(11.1)	(4.5)	(51.2)
Trailing PER (x)	12.6		1.6	
Trailing P/B (x)	1.6			
Govt Bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	8.6	9.0	9.2	9.5

### Real estate market indicators

#### Retail space growth, HCM City



Source: CB Richard Ellis

#### Hotel 5-star market in Q1 2009, Hanoi

Existing supply (rooms)	3,005
New supply (rooms)	154
Average occupancy rate	52.3%
Change y-o-y	-10.7%
Average room rate (USD)	140
Change y-o-y	-13.9%

Source: CB Richard Ellis

### New housing market regulations

The residential real estate market saw higher transaction volumes as numerous apartment projects in both Hanoi and HCM City neared completion; bringing 24,000 new units online in Vietnam's two major cities. Domestic developers lowered prices 30 percent or more on new launches in the low to mid-range market, spurring sales. New or proposed regulatory changes were announced that will improve the residential market for home buyers. These include: penalties for developers who deviate from master plans or who do not trade via a trading floor; tax incentives for developers of low-end housing projects; and new regulations for management fees and the definition and use of common space in residential buildings.

### Office and hotel sectors hit hardest

The office and hospitality sectors have been hit hardest by the economic slowdown. Grade A office rents in HCM City dropped 20 percent quarter-on-quarter in Q1 2009 to an average of USD57/sq.m (still a much higher rate than office rents in 2006 and 2007). Some 13 new buildings with 77,893sq.m came online during the quarter, with only 46 percent of this new area taken up by end of March, leading to oversupply concerns and a three-year low occupancy rate of 86.8 percent, down from 92.5 percent the previous quarter. Hotel occupancy has also dropped, with Hanoi 5-star hotels seeing a 10 percent drop in occupancy from Q1 2008. This however is a relative improvement over Q4 2008 which saw a 20 percent drop year-on-year. Foreign visitors in Q1 2009 are down 16.1 percent over Q1 2008, a situation not likely to change soon as the second quarter is not a high season for Vietnam's hospitality industry.

### Exports falling slower than imports

#### Economy

Real GDP rose by 3.1 percent annualised over the first quarter of 2009, compared to 5.5 percent the previous quarter and 7.5 percent in Q1 2008. Imports fell sharply by 45 percent year-on-year to USD11.8 billion, reflecting lower demand for raw materials, and machinery and equipment required for export production, as well as slightly weaker domestic consumption. Exports declined at a slower 30 percent year-on-year rate, once gold exports (considered a financial transaction) are excluded. Only agricultural exports are performing well, up 10 percent over Q1 2008. FDI commitments and disbursements have slowed compared to last year. Only USD1.44 billion was disbursed during the quarter, down 14 percent year-on-year and 13 percent of this year's target of USD11 billion. MPI now anticipates that total FDI commitments may fall to USD20 billion in 2009.

The economic bright spot is a sharp decline in inflation as a result of both the tighter monetary policy since mid-2008 and the reduction in commodity prices. The CPI change was negative for March 2009 at -0.17 percent month-on-month, bringing year-on-year inflation down to 11.25 percent, the lowest rate since December 2007. The government now targets 6 percent inflation by the end of 2009; a target that will help guide future fiscal and monetary policies. Another positive is the continued high level of consumer demand, with 30 percent retail revenue growth for foreign-invested enterprises, and 23.9 percent growth for domestic private sector enterprises. As domestic consumption accounts for two-thirds of GDP, the continued growth of retail spending will support GDP growth in 2009 even as exports decline.

### Macroeconomic indicators and forecast

	2008E	Mar-09	YTD	Y-o-Y change
GDP growth	6.18%		3.10%	
Inflation	19.89%	-0.17%	1.32%	11.3%
FDI (USDbn)	64.00	0.70	5.99	-40.0%
Imports (USDbn)	80.66	4.30	11.82	-45.0%
Exports (USDbn)	62.69	3.85*	11.18	-15.3%
Trade deficit (USDbn)	17.96	0.45	0.64	-92.3%
Exchange rate (USD/VND)	17,486	17,802	1.8%	6.2%
Bank deposit rate (VND, %)	7-8.5%	7.6-7.9%	n/a	n/a

Note: GDP figure updated quarterly. Exchange rate is Vietcombank ask rate at end of period.

\* Excludes gold.

**Performance update**

During the quarter ending 31 March 2009, VOF's total net asset value decreased 3.3 percent to USD585 million, or USD1.80 per share, compared to USD1.86 per share at the end of December 2008. The VN Index decreased 11.1 percent over the same period. At the end of March 2009, VOF was 84.7 percent invested with USD89.6 million in cash and cash equivalents available, up from USD59.2 million at the end of December.

During the quarter, VOF continued to aggressively restructure its capital market portfolio, with sales of USD11 million and purchases of USD4 million in listed shares, plus the sale of VOF's stake in the OTC-traded Masan Group, a food products company that owns well-known fish, chili and soy sauce brands. The sale of the equity stake was at a price 81 percent above the book value of the position in the VOF portfolio at the time of sale, generating over USD20 million for a return of over 2.5x.

**PNJ IPO results in 24.8 percent gain**

In March, private equity investee Phu Nhuan Jewelry (PNJ) successfully listed 30 million shares on the Ho Chi Minh Stock Exchange. VOF holds an 11.7 percent equity stake in PNJ, which performed well in 2008 despite fluctuations in the gold price, with year-on-year revenue and profit growth increasing 56.7 percent and 9.1 percent, respectively. PNJ is targeting earnings growth of 15 percent in 2009 (see page 10 for more details). VOF held its shares through the IPO, which resulted in a 24.8 percent increase in the value of the holding to the end of March.

In March, the real estate and hospitality projects in the VOF portfolio were written down by 5 percent. These are unrealised markdowns due to the impact of the economic slowdown on office rents, residential projects, and hotel occupancy and room rates.

VOF's share price rose 28.8 percent to USD0.94 per share at the end of March, from USD0.73 per share at the end of December 2008. The discount to NAV at 31 March stood at 47.8 percent, down from 60.8 percent at the end of December (and down further to 37.8 percent as of 28 April 2009, as the share price continues to perform well given the gradual recovery of world equities markets and increased clarity on Vietnam's economic prospects going forward in 2009).

**Regulatory announcements and press releases**

31 March 2009	<a href="#">Interim results</a>	26 February 2009	<a href="#">Company update posted</a>
24 March 2009	<a href="#">PNJ lists on HOSE</a>	10 February 2009	<a href="#">January NAV</a>
13 March 2009	<a href="#">Masan exit</a>	13 January 2009	<a href="#">December NAV</a>
11 March 2009	<a href="#">February NAV</a>	6 January 2009	<a href="#">Sofitel update</a>

**Fund summary**

VinaCapital Vietnam Opportunity Fund Ltd ("Vietnam Opportunity Fund" or "VOF") is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM). 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 (Vietnam)

**Nominated advisor (Nomad)**

Grant Thornton UK LLP

**Custodian**

HSBC Trustee

**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 March 2009

### Top 5 listed investments

Name of investee	Stake (%)	Number of shares '000	Book value 31/12/08 (USD '000)
VNM	2.9	5,099	22,589
HPG	5.8	11,399	19,748
DPM	1.7	6,493	11,579
PNJ	11.7	3,496	9,845
REE	7.7	6,203	8,507

### Top 5 OTC investments

Name of investee	Stake (%)	Number of shares '000	Book value 31/12/08 (USD '000)
Eximbank	5.0	36,100	27,910
Phuoc Hoa Rubber	6.2	5,000	5,982
DIC Corp	10.9	4,015	5,211
SSG-Saigon Pearl	5.0	2,250	5,079
VinaCafe	9.9	1,391	5,014

### Top 5 real estate investments

Project	Investment type	Stake (%)
Sofitel Metropole	Hotel	50.0
Dai Phuoc Lotus	Mixed use	18.0
VinaCapital Commercial Centre	Mixed use	12.7
Vinh Thai Nha Trang	Township	17.0
Danang Beach Resort	Golf resort	25.0

### Top 5 private equity investments

Name of investee	Investment type	Stake (%)
Indochina Building Supplies	Materials	100.0
Quoc Cuong Gia Lai	Real estate equity	16.3
Khang Dien Housing	Real estate equity	15.0
Pho 24	Food and beverage	32.5
International School of HCM	Services	35.0

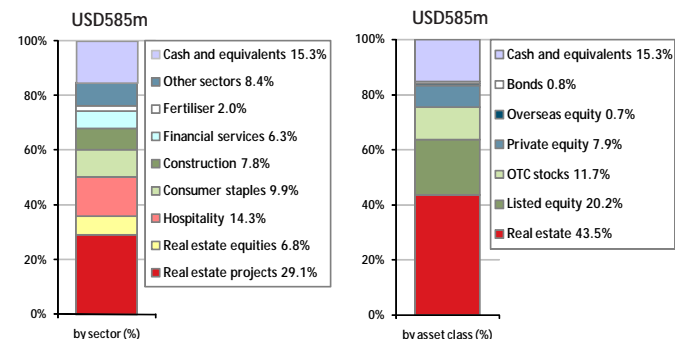
### NAV and share price performance (31 March 2009)



### Performance history (% change on NAV)

	2009	2008	2007	2006
Jan	-1.26%	-2.87%	14.57%	3.90%
Feb	-3.73%	-10.17%	8.25%	6.25%
Mar	1.68%	-11.84%	-0.63%	8.82%
Apr		-0.75%	-1.28%	7.57%
May		-19.54%	5.07%	-1.01%
Jun		-4.67%	-0.79%	1.52%
Jul		5.70%	-3.75%	-6.50%
Aug		9.76%	0.00%	6.42%
Sep		-6.66%	8.06%	3.02%
Oct		-12.40%	4.18%	0.98%
Nov		-1.88%	0.57%	13.53%
Dec		-2.05%	-0.57%	8.09%
YTD	<b>-3.33%</b>	<b>-46.58%</b>	<b>37.40%</b>	<b>64.94%</b>
VN Index	-11.07%	-65.96%	23.31%	144.48%

### VOF portfolio (31 March 2009)



### Performance update

At the end of March 2009, VNL's NAV was USD1.45 per share, down 5.2 percent from the previous quarter's NAV of USD1.53 per share. The share price traded down to USD0.32 per share at the end of March from USD0.48 at the end of December 2008, before recovering to reach USD0.46 on 27 April 2009.

As reported in the March monthly update, the decline in NAV is due to write-downs after the VNL directors approved new valuations based on the independent revaluation of 16 assets in the portfolio. In addition, the VNL Valuation Committee approved desktop revaluation adjustments for a further five projects. This follows the VNL Valuation Committee's policy of engaging external third party valuation consultants at least once yearly and undertaking further appraisals whenever there are significant events that might materially impact valuations.

Of the 16 assets revalued by independent valuers, one project increased in value by USD7 million and the remainder decreased by a total of USD24 million. The desktop revaluation involved an additional write-down of USD9 million. These write-downs are unrealised losses that reflect the impact of the economic slowdown on Vietnam's real estate market, with office and hospitality sectors particularly affected due to the business slowdown.

### Project updates

#### Sheraton Nha Trang Hotel and Spa

The Sheraton Nha Trang Hotel and Spa project received a USD30 million loan from Eximbank, with a 12-year period. The hotel will be the first major international brand on Vietnam's central coast region, and it is expected to attract conference and event-related business via cross selling with Sheraton hotels in Hanoi and HCM City. Construction is nearing completion and the loan will be used to complete the interior fittings. The hotel is expected to open during Q3 2009.

#### Vinh Thai Nha Trang township

Also in Nha Trang, the Vinh Thai township project received a USD15 million, three-year loan from Dong A Bank to finance land filling contracts for this greenfield development on a 157ha site located 5km from central Nha Trang. The township will feature an international school, hospital and shopping facilities surrounded by residential villas and apartments.

#### Danang Beach Resort

In Danang, marketing preparations are underway for Phase 1 of the Ocean Villas, part of the beach-front portion of the 260ha Danang Beach Resort. The June 2009 launch will include 30 villas (two, three and four bedroom units, and a single five-bedroom unit) with prices starting at a competitive USD325,000. Savills Vietnam are the exclusive marketing and sales agent. At the same time, Savills Vietnam will launch sales of an exclusive enclave of 15 villa sites on a parcel of land called The Promenade, located on an elevated position overlooking three fairways of one of the two championship golf courses being built on the Danang Beach Resort site.

### Fund summary

VinaLand Limited ("VNL") is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM). 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 (Vietnam)

#### Nominated advisor (Nomad)

Grant Thornton UK LLP

#### Custodian

HSBC Trustee

#### 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

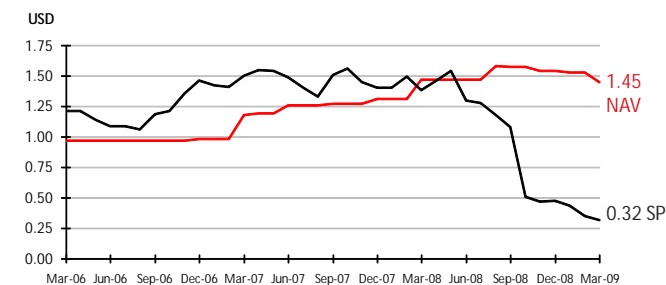
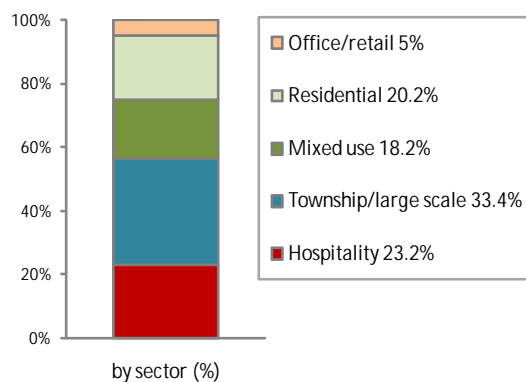
Medium to long term capital gains with some recurring income through investment in the following real estate sectors: Office; Residential; Retail; Township/Industrial (large scale); and Hospitality and Leisure

#### Investment focus by geography

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

**Regulatory announcements and press releases**

31 March 2009	<a href="#">Holding in company</a>	16 February 2009	<a href="#">Directorate change</a>
30 March 2009	<a href="#">Interim results</a>	5 February 2009	<a href="#">2008 performance</a>
17 March 2009	<a href="#">Directorate change</a>	13 January 2009	<a href="#">December NAV</a>
26 February 2009	<a href="#">Company update posted</a>		
24 February 2009	<a href="#">Holding in company</a>		

**NAV and share price performance (31 March 2009)**

**VNL portfolio (31 March 2009)**

**Portfolio by geographic location**

Hanoi	17%
Central provinces	29%
Ho Chi Minh City region	54%

**Major holdings**

Project	Type	Status
Danang Beach Resort	Mixed-use	Under construction
Dai Phuoc Lotus	Mixed-use	Investment licence
WTC Danang	Mixed-use	Under construction
Vinh Thai Nha Trang	Township	Investment licence
Century 21	Mixed-use	Investment licence
Aqua City (Long Hung)	Residential	Under construction
Hilton Hanoi	Hospitality	Operating asset
VinaSquare Tower	Mixed-use	Investment licence
Mandarin Gardens	Residential	Investment licence
Fidco Binh Duong	Township	Investment licence
Movenpick Saigon Hotel	Hospitality	Operating asset
Pavilion Square	Residential	Investment licence



**Performance update**

VNI's NAV declined slightly to USD0.63 per share at the end of March from USD0.65 per share at the end of December 2008. The traded price meanwhile declined to USD0.19 per share from USD0.24 per share over the same period. At the end of March 2009, VNI had made total marked-to-market investments of USD114.5 million, with USD136.5 million in cash and equivalents, including cash committed but not yet disbursed. The fund manager continues to carefully vet further investments with a focus on projects that are either operating assets or have debt funding in place and are close to operational status.

**Project updates**
**PetroVietnam Drilling Investment Corp**

During the quarter, VNI investee company Petrovietnam Drilling Investment Corporation (PVDI) approved its merger into its 51 percent majority stakeholder, Petrovietnam Drilling and Well Services Corporation (PVD). PVDI is an OTC oil and gas services company, while PVD is listed on the Ho Chi Minh Stock Exchange with a market capitalisation of over USD500 million. VNI's investment in PVDI amounted to a 2.3 percent equity stake. Given the share conversion ratio of 5.5:1, VNI will hold a 0.27 percent equity stake in PVD when the merger is complete in June 2009. The merger will result in greater liquidity for this VNI position.

**Phu My Bridge Corp**

In February, Phu My Bridge Corporation (PMC) announced the Phu My Bridge is three months ahead of schedule and will open for limited traffic in September 2009 (in time for Vietnam's national day). The German-built toll bridge lies on the ring road that will link the high-traffic regions of District 2 and 9 with District 7 in Ho Chi Minh City. The roads connecting the bridge to the ring road network will be finished in 2010, allowing the bridge to be used initially for local traffic only. VNI purchased a minority stake in PMC in September 2008.

**Long An SEA Industrial Park and Port**

VNI invested in this large-scale, mixed use IP and port project in March 2008. The 396ha industrial park portion received an investment licence in March 2009, and the application for the port investment licence is underway. The project is located in Can Giuoc District, Long An Province, south of Ho Chi Minh City. VNI has a 60 percent stake in the total 635ha industrial park and service area, and an 80 percent stake in the 145ha sea port project, which lies along the Soai Rap River and is an excellent location to develop a port serving the Ho Chi Minh City industrial region.

**Ba Thien 2 Industrial Park**

VNI invested in this 308ha industrial park in March 2008, and received an investment licence for the project in March 2009. VNI has a 60 percent stake in the project, located in Binh Xuyen District, Vinh Phuc Province, 60km north of Hanoi, within the industrial region surrounding Hanoi's Noi Bai International Airport. It is also connected by the expressway to Hai Phong Port. Both Ba Thien and the Long An IP project are being reviewed carefully given prevailing economic conditions to determine the best pace of proceeding with construction and development.

**Fund summary**

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**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 (Vietnam)

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**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

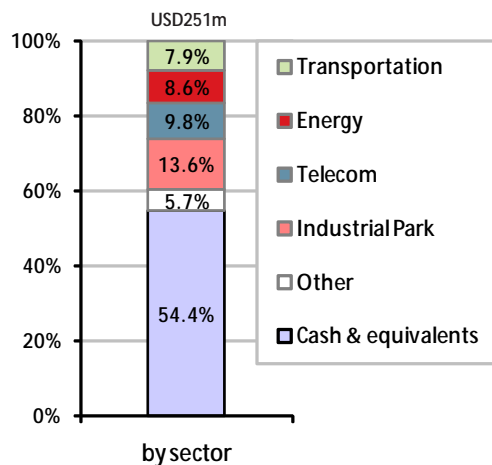
**Investment focus by geography**

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

## Regulatory announcements and press releases

30 March 2009	<a href="#">Interim results</a>	11 February 2009	<a href="#">Change in auditor</a>
18 March 2009	<a href="#">BCI listing</a>	16 January 2009	<a href="#">Capital distribution</a>
26 February 2009	<a href="#">Company update posted</a>	15 January 2009	<a href="#">December NAV</a>

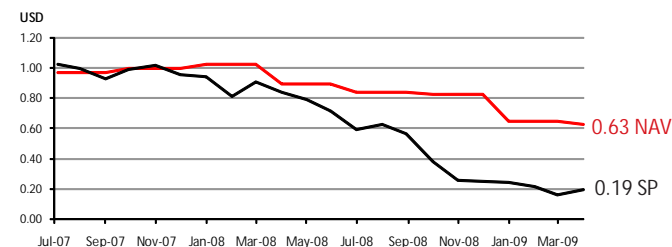
## VNI portfolio by sector (31 March 2009)



## Portfolio by Asset Class

Listed companies	14.2%
OTC	2.0%
Private equity	18.4%
Greenfield projects	7.3%
Bonds	3.1%
Cash and equivalents	54.4%

## NAV and share price performance (31 March 2009)



## Adjusted return (31 March 2009)

	Since inception	Last quarter (Dec 08)	Distribution history
NAV change	-35.1%	-3.1%	USD0.10 p/s 16Jan09
Adjusted return*	-24.7%	-2.7%	

## Major holdings

Name	Sector	Asset class	NAV (%)
Long An S.E.A.	IP	Greenfield	7.2
Pha Lai (PPC)	Energy	Listed	6.1
VALC	Aviation	Private	5.7
Tan Tao (ITA)	IP	Listed	5.4
MIDC	Telecom	Private	4.0

At 31 March 2009, VOF held an 11.6% stake in PNJ worth USD9.8m

### Phu Nhuan Jewelry (PNJ)

PNJ operates in jewelry and gemstone production as well as gold and precious metal trading. It has an extensive distribution network of 90 stores and more than 3,000 distributors across Vietnam. Gold trading has been particularly profitable recently as the metal is still widely used as a value store and transaction medium in Vietnam. In the jewelry business, apart from boosting export sales to major customers in the USA, Denmark and Germany, PNJ also aims to diversify its customer base by tapping new markets including Australia, France and the Middle East.

For 2009, PNJ has targeted revenues of VND4.5 trillion and net income of VND176.5 billion, a year-on-year increase of 7.7 and 40 percent, respectively. In the first three months of 2009, PNJ benefited substantially from gold exports as the local gold price traded at a discount to international markets. This arbitrage opportunity boosted revenues to VND4.7 trillion and delivered net income of VND68 billion, accounting for 109 and 38 percent of the annual targets, respectively.

PNJ listed on the HOSE in March 2009, and plans to issue as many as 52.5 million shares from its share premium and retained earnings as bonus or dividend shares to existing shareholders to boost trading liquidity. PNJ trades at a prospective PER of 8.5x FY09 EPS and at a trailing P/B of 1.7x. PNJ paid VND3,000 per share in dividends in 2008 pre-listing, giving the stock a trailing dividend yield of 6.0 percent.

### Financial highlights

Profit and loss (VND bn)	FY06A	FY07A	FY08A
Revenue	1,788.8	2,379.6	4,178.8
Gross profit	169.8	202.1	350.0
Gross margin	9.49%	8.5%	8.4%
Net income	30.1	114.4	125.6
Net margin	1.7%	4.8%	3.0%
EPS	3,014	3,833	4,185
DPS	0.0	0.0	3,000
Balance Sheet (VND bn)	FY06A	FY07A	FY08A
Total assets	560.9	1,415.7	1,683.1
Shareholders' equity	119.3	966.8	964.3
ROE (%)	n.a.	21.0%	13.2%
Book value per share	n.a.	32,227	32,143
Valuations (VND bn)	FY06A	FY07A	FY08A
PER (x)	n.a.	n.a.	12.2
P/B (x)	n.a.	n.a.	1.7
Dividend yield (%)	n.a.	n.a.	5.9

At 31 March 2009, VOF held a 4.7% stake in BCI, while VNI held a 2.5% stake

### Binh Chanh Construction and Investment (BCI)

BCI's main business lines include industrial zone and property development, land acquisition and clearance, investment, office leasing, and real estate services. The company's land bank is over 7.7 million sq.m across 12 projects, including two industrial zones and 10 residential developments.

For 2009, BCI plans to generate VND569.6bn in revenue and expects earnings of VND199.3bn implying year-on-year increases of 17.5 percent and 50 percent, respectively. In addition, the company expects a material increase in profitability with forecasted net margins improving to 35 percent, an increase of 9 percent over FY2008. To achieve its profitability targets, BCI plans to carefully control project development costs, and speed up the sales associated with their residential projects. The company also indicates they will focus on the Dam Sen Theme Park and An Lac Plaza, (recreational and upscale residential/retail developments), to affirm their status as the leading property developer in Vietnam.

BCI trades on a prospective PE multiple of 6.4x guidance and 0.95x trailing book value. The stock has a historical dividend yield of 8 percent. Net asset value per share is around VND60,000, which implies that shares currently trade at a discount of 60 percent.

### Financial highlights

Profit and loss (VND bn)	FY06A	FY07A	FY08A
Revenue	216.5	233.7	484.9
Gross profit	75.3	87.7	215.8
Gross margin	34.8%	37.5%	44.5%
Net income	40.8	69.0	125.4
Net margin	18.8%	29.5%	25.9%
EPS	n.a.	3,095	3,389
DPS	n.a.	n.a.	2,000
Balance sheet (VND bn)	FY06A	FY07A	FY08A
Total assets	1,445.9	2,475.8	2,470.3
Shareholders' equity	133.6	1,141.0	1,078.8
ROE (%)	n.a.	11.9%	17.0%
Book value per share	n.a.	21,051	19,904
Valuations (VND bn)	FY06A	FY07A	FY08A
PER (x)	n.a.	n.a.	6.61
P/B (x)	n.a.	n.a.	0.95
Dividend yield (%)	n.a.	n.a.	8.0%

At 31 March 2008, VOF held a 7.7% stake in REE Corp worth USD8.5m

### Refrigeration Electrical Engineering Corporation (REE)

REE Corp was established in 1977, and was the first equitised SOE in 1993. The company has four principal business segments; M&E (mechanical and electrical engineering), manufacturing and retailing, and real estate and financial investment. The M&E division is the leading contractor in civil and industrial projects in Vietnam. In manufacturing, REE Tech (appliances) has strong brand recognition in the domestic market. In property, the company has office and residential projects and the group's high-tech business park E-Town has over 90 percent occupancy (and is held at historical cost, potentially a source of hidden value). In January 2009, the company established a majority-owned asset management subsidiary to manage its VND872.4 billion investment portfolio.

REE expects 2009 revenues of VND1.2 trillion, in-line with 2008. Pre-tax profit guidance is forecasted to be at least VND250 billion. The recovery is due to the expected absence of investment provisions in 2009, given the VND520 billion provision taken against the total investment portfolio in December 2008. REE may well recover some of the provisions over 2009, should the market valuations recover in the second half of this year. In 2009, the company will continue to focus on core businesses like M&E and appliances, which are expected to contribute 80 percent of sales. The M&E segment is expected to achieve sales of VND600 billion, based on an existing order book of VND1.2 trillion carried forward from 2008. REE trades at a prospective PER of 10.9x FY09 EPS and at a trailing P/B of 0.95x. The company has not paid cash dividends since 2006, given its substantial capex and investment expenditures.

### Financial highlights

Profit and loss (VND bn)	FY06A	FY07A	FY08A
Revenue	824.1	977.1	1,154.4
Gross profit	216.6	297.8	330.1
Gross margin	26.3%	30.5%	28.6%
Net income	222.4	291.0	(153.8)
Net margin	27.0%	29.8%	-13.3%
EPS	3,630	3,724	(1,912)
DPS	761.9	0.0	0.0
Balance sheet (VND bn)	FY06A	FY07A	FY08A
Total assets	1,512.6	2,891.1	2,608.3
Shareholders' equity	1,085.4	2,255.7	2,099.3
ROE (%)	27.9%	17.5%	-7.1%
Book value per share	13,121.8	28,002.4	25,849.9
Valuations (VND bn)	FY06A	FY07A	FY08A
PER (x)	17.4	26.3	n.m.
P/B (x)	4.8	3.5	0.95

At 31 March 2009, VOF held a 1.9 percent stake in DHG worth USD2.3m

### Hau Giang Pharmaceutical (DHG)

DHG holds a leading position in the domestic pharmaceutical market with a 5 percent national market share. Antibiotics and painkillers remain their core products, accounting for 60 percent total revenue in 2008. However, medical supplements and traditional medicines are now diversifying the product mix. The company launched 42 new OTC products last year and many DHG products are now sold in hospitals and in retail supermarkets. DHG targets VND1.5 trillion in revenue from production and a net income of VND135bn in 2009, 3 and 1 percent lower than 2008, respectively. This target takes into account the economic downturn, given that low-end customers may forgo use of medical supplements due to lower disposable incomes.

DHG plans to double capacity to over five billion units by starting construction of a new factory this year, due for operation by early 2011. The existing factory will be used for production of liquid medicines and food/medical supplements. For product distribution, another six branches in central and southern Vietnam are scheduled to open in 2009. DHG has one of the largest distribution networks in the country. Like competitors, DHG faces challenges including government price monitoring on prescription drugs and stiffer competition as the pharmaceutical sector opens to competition as a result of WTO accession. DHG plans to mitigate these challenges through cost control and a stronger distribution network. DHG trades at a prospective PER of 15.7x FY09 EPS and at a trailing P/B of 2.9x. DHG paid out 37 percent of profits last year, giving the company a dividend yield of 2.2 percent.

### Financial highlights

Profit and loss (VND bn)	FY06A	FY07A	FY08A
Revenue	868.2	1,269.3	1,513.2
Gross profit	465.4	668.0	795.5
Gross margin	53.6%	52.6%	52.6%
Net income	87.1	127.1	135.9
Net margin	10.0%	10.0%	9.0%
EPS	5,080	6,355	6,795
DPS	2,500	2,500	2,500
Balance sheet (VND bn)	FY06A	FY07A	FY08A
Total assets	482.8	942.9	1,133.5
Shareholders' equity	170.4	650.4	756.9
ROE (%)	0.0%	31.0%	19.4%
Book value per share	9,946	32,522	37,678
Valuations (VND bn)	FY06A	FY07A	FY08A
PER (x)	23.6	36.8	17.5
P/B (x)	12.1	7.2	3.2
Dividend yield	n.a.	n.a.	2.2%

**Media highlights****Vietnam foreign debt below 45% of GDP: govt**

27 April 2009

Intellasia - Reuters

Vietnam's foreign debt is less than 45 percent of its gross domestic product and the country will aim to keep it at a "safe and sustainable level" below 50 percent in the medium term, the government said on Friday. [Read more.](#)

**Vietnam OEMs stoked by 'China plus one' strategy**

20 April 2009

Ian Putzger - Cargonews Asia

In late March, DB Schenker opened a logistics centre in Song Than Industrial Park near Ho Chi Minh City. [Read more.](#)

**WB forecasts Vietnam 2009 economic growth at 5.5%**

8 April 2009

Intellasia

The World Bank forecast that Vietnam's economic growth in 2009 would be 5.5% and the government's fiscal policies will play an important role, the WB said at a press briefing held in Hanoi Tuesday April 7. [Read more.](#)

**Ho Chi Minh City office rents continue to tumble**

9 March 2009

Saigon Times

Office rents in Vietnam, particularly in HCMC, keep going down and have started to fall faster due to new developments in the city and as the global crisis deepens, according to Cushman & Wakefield. [Read more.](#)

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## VinaCapital Group

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VinaCapital Real Estate Ltd (VCRE) is the development and advisory service for VOF and VNL-owned real estate assets.

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