

Vietnam Opportunity Fund

NAV per Share (31 Jan 07) US\$2.91

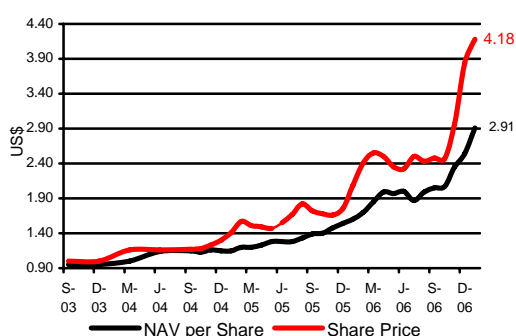
Change

Jan 2007	14.6%
YTD	14.6%
Since Inception (30 Sep 03)	191%

Issued Shares	250,648,414
Total Net Asset Value (US\$m)	730
Market Cap (31 Jan 07, US\$m)	1,049

Reuters	VOF.L
Bloomberg	VOF LN

**Vietnam Opportunity Fund
NAV and Share Price Performance**



VinaLand

NAV per Share (31 Dec 06) US\$0.98

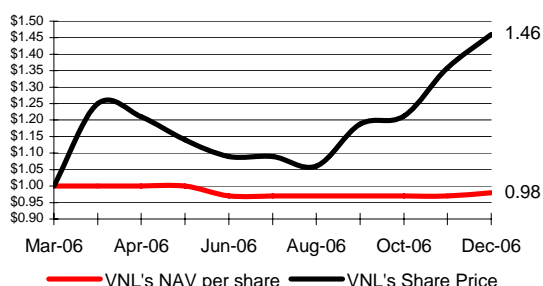
Change

Since Inception (22 Mar 06)	-2%
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Issued Shares	204,844,779
Total Net Asset Value (US\$m)	200.7
Market Cap (31 Dec 06, US\$m)	299

Reuters	VNL.L
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**VinaLand
NAV and Share Price Performance**



Economy in 2007

The economy got off to a good start in 2007 with several key indicators starting the New Year as they ended the old. January exports were US\$3.3 billion, up 7.7% y/y. FDI in the first twenty days of the year came to US\$305m which is a fairly decent pace as things generally get off to a slow start. Meanwhile industrial production set a blistering pace, rising 26% y/y in January, with the private sector coming in at zippy 35% rise y/y. January foreign visitor numbers amounted to 369,000, 9.5% up on last year.

Overall the year has started well with all cylinders burning so to speak.

Government and Politics

Following successful WTO entry the government has turned its attention to dealing with the consequences. The most immediate concern has been the surging equity markets which are up 38% in the first month and have more than doubled recently. Both the SBV (central bank) and the SSC (market regulator) are concerned. The SBV is more worried as the supply of dollars has increased dramatically. With little monetary room to maneuver and a pegged currency the SBV is hoping the capital flows will slow. The SSC for its part has concerns of its own as the overheated market threatens to come to a sorry end down the line.

Hence noises are being made about tightening the lid on existing regulations and introducing new measures. So far the measures have been restrained but if the market participants do not heed the warnings, the government may get tougher.

Capital Markets

The VN Index continued to surge after a brief pause during the holiday break, ending the month at 1042.06, up a staggering 38% on the month. A combination of foreign buyers, often through P-notes issued by several international investment banks and frenzied domestic activity fuelled what is becoming a rather over heated market. Much of the activity was concentrated in the top 10 listed stocks by market weight which is the favourite target of foreign investment banks and OTC bank stocks which have the subject of recent M&A related investments by large foreign commercial banks.

M&A is also emerging as a theme in the pharmaceutical sector which has seen some strong price moves this month.

The market quickly broke through the 1000 point barrier mod month and seemed headed much higher when official nerves began to strain a bit. The government started to cool things down. Vu Bang, chairman of the State Securities Commission, said that Investors as well as the government should remain cautious when the market was moving at a very fast rate. Because of overactive market, the Government delayed the increase of the current 49 per cent cap on share ownership by foreigners.

Further restrictions such as curbs on stock lending by banks were also announced. The market shrugged off concerns after a few sessions and seemed to want to move higher.

★ Vietnam Opportunity Fund



VinaCapital Investment Management
Vinh Pham, Don Lam, Nguyen Pham, Cuong Nguyen(left to right)

NAV per Share (31 Jan 07)	US\$2.91
<i>Change</i>	
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Portfolio by Asset Type

Capital Markets	56%
Listed	36.5%
OTC	19.5%
Real Estate	4.0%
Private Equity	4.8%
Cash, Deposits, Other	35.2%

Performance History (% change on NAV)

	2007	2006	2005	2004
Jan	14.6%	3.9%	0.0%	0.0%
Feb		6.3%	4.3%	0.0%
Mar		8.8%	0.8%	5.5%
April		7.6%	1.7%	0.0%
May		-1.0%	4.1%	0.0%
June		1.5%	0.0%	13.8%
July		-6.5%	0.0%	0.0%
Aug		6.4%	3.9%	0.0%
Sept		3.0%	4.5%	0.9%
Oct		1.0%	0.7%	-1.7%
Nov		14.0%	5.7%	2.7%
Dec		8.1%	4.1%	-0.9%
YTD	14.6%	64.9%	33.9%	21.1%

Portfolio Developments

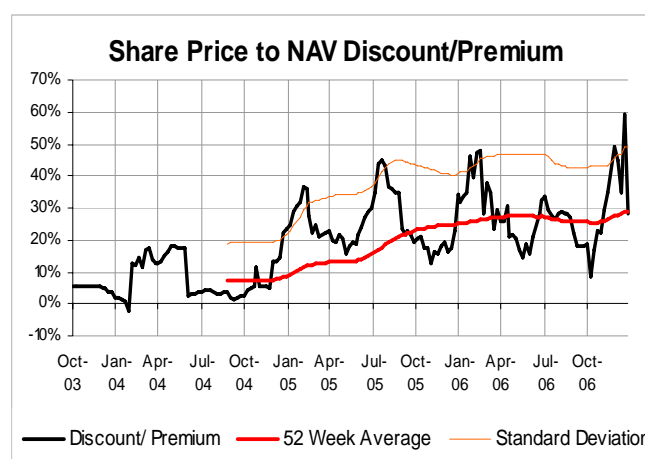
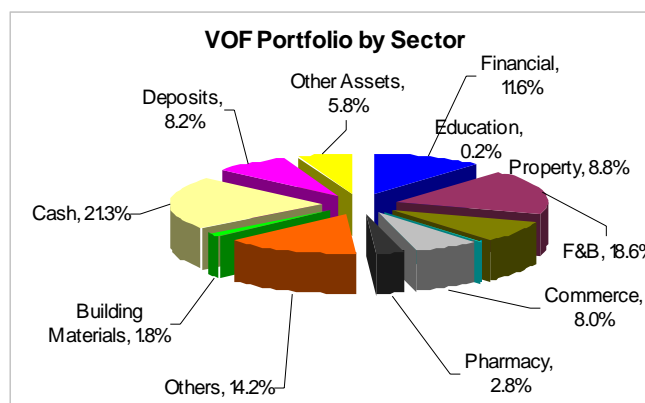
During January VOF's NAV rose 14.6% to US\$2.91. VOF made a key acquisition during the month, buying stakes in Tan Tao Industrial Park. The company also participated in the REE share issuance and added to its position in Tan Tien Plastic.

The fund also took profits in selected blue chips, taking advantage of high share prices particularly towards the end of the month to reduce exposure. At the same time the fund has been taking advantage of the current buoyant market to exit some less liquid positions that are no longer essential to the fund's long term investment strategy.

In general the fund has approached the current frenzied market with caution, participating in many auctions but refusing to pay a high premium to buy issues at IPO.

Major Holdings

Vinamilk	Listed Equity	12.3% (of NAV)
REE	Listed Equity	7.2%
Kinh Do	Listed Equity	5.0%
Bao Minh	Listed Equity	3.8%
Sofitel Metropole	Private Equity	1.5%
Hanoi Hilton	Private Equity	0.8%



Vietnam Opportunity Fund

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Fund Administrator

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ISIN KYG9361G1010

Fund Background

Launched in September 2003, Vietnam Opportunity Fund (VOF) is a closed-end fund listed on the London Stock Exchange (AIM). VOF focuses on the key growth sectors of the domestic economy including financial services, retail, consumer goods, tourism, property, infrastructure, and technology. It makes equity and debt investments in listed, OTC-traded, and private companies, and participates in the privatisation of state-owned companies.

Fund Manager

The fund is managed by a five member investment committee headed by Don Lam. The committee has representation from capital markets, private equity, and real estate divisions and approves all investment decisions. Don Lam has over a decade's worth of experience in corporate finance and distressed assets in Vietnam. The other members of the committee bring decades of investment experience to the management process.

Management and Performance Fees

The baseline management fee is 2% of funds under management and the performance fee is 20% of gains in excess of an 8% hurdle rate, with a high water mark and a catch-up.

Valuation Policy

VOF adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. This allows for revaluation only at the time of a third-party transaction or after a valuation review conducted by two independent auditors. Private equity and real estate investments are valued by an independent auditor at six-month intervals as a matter of course. VOF's valuation sub-committee, comprising two outside directors, maintains sole authority to approve or reject those valuations.

Buy-back Policy

VOF's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VOF at a price equal to the NAV per share at year end.

VinaLand



VinaCapital Real Estate
Tran Vu Anh, Peter Dinning, Don Lam

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Portfolio by Geographic Distribution*

Hanoi	42%
Central Provinces	19%
Ho Chi Minh City	39%

*Currently invested projects

New Investments

Sai Thanh, Hoi An – During January VinaLand received a JV license for the construction of a 240-room beach hotel and 56 resort villas near Hoi An. The 7.3-hectare development site is located nearby the historic city centre of Hoi An, a UNESCO World Heritage Site. Initial conceptual designs are now completed and have been presented to the Local Planning Authority who has provided verbal approval with formal approval expected during February. VinaLand's total equity contribution is estimated at US\$5 million.

Hanoi Opera Plaza – An agreement was reached last month to purchase the 70% stake available to foreign investors in the joint venture company with rights to develop a 1,900-square-meter site opposite the Hilton Hanoi Hotel and the Hanoi Opera House. The project, subject to planning approval, would provide nearly 8,000 square meters of net area of mixed-use retail and office space spread over ten floors. A redesign of the current concepts is now underway with soil testing now completed for the site in preparation for detailed structural design. The piling package is expected to start during the second quarter of this year. VinaLand's total equity contribution to the project is estimated at US\$10 million.

Saigon Port – At the end of last month, VinaLand signed a preliminary investment agreement with the Saigon Port Company to redevelop the 23-hectare site that currently houses the main port in HCMC's District 4. The Saigon Port Company will be responsible for relocating the port, and VinaLand will be responsible for the conceptualisation of the development in consultation with the city planning authorities.

Dong Hai Hotel, Nha Trang – During the month VinaLand completed the purchase of a 51% stake in the 289-room Dong Hai Hotel, which will also contain ten serviced apartments. The main structure of the building has been completed, and VinaLand has begun the process of redesigning the M&E and interior fit-out to meet international standards. Discussions are now taking place with a shortlist of three hotel operators who will manage the hotel on completion who will also have input into the redesign of the interior concepts.

Selected Existing Investments

Danang Golf Course and Resort – The People's Committee of Danang granted two investment licenses governing this project last month. Under the terms of the MOU, city authorities now have six months to compensate occupants and clear the property for commencement of construction.

Short-listed architectural and golf course design firms including EDAW and WATG from Hawaii were presented to our board for approval to begin conceptual design work on phase one of the development. The first phase will include construction of the 350-room five-star resort, approximately ten hectares of residential property for sale, and the first eighteen holes of the golf course.

The first phase of the development will also provide between 10 – 15 hectares of residential properties for sale which have now been master planned and designed for incorporation with the entire development. The expected commencement for marketing will begin during the third quarter of this year subject to the authorities handing over the site.

Major Holdings

An Phu Apartments	Residential	US\$2.3m
Central Garden	Residential	US\$3.9m
Century 21	Mixed-use	US\$22.5m
Danang Golf Course and Resort	Hospitality and Residential	US\$3.1m
Dong Hai Hotel	Hospitality	US\$8.6m
Hilton Hanoi	Hospitality	US\$32.5m

VinaLand

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Fund Background

Launched March 2006, VinaLand (VNL) is a closed-end property fund listed on the London Stock Exchange (AIM). The fund focuses on the key growth sectors of Vietnam's emerging real estate market including residential, office, industrial, and leisure projects. The fund is managed by VinaCapital Investment Management, with VinaCapital Real Estate acting as development adviser.

Investment Manager

VinaCapital Investment Management (VCIM) comprises a team of over 35 professionals whose areas of expertise cover a full range of investment types.

Peter Dinning is managing director of VinaCapital Real Estate, which acts as development adviser to VCIM. Mr. Dinning is the founder of Dinning & Associates, a real estate consultancy based in Ho Chi Minh City, and was formerly director of Chesterton Petty in Vietnam and the Philippines. He has over eight years of experience in Vietnam as a chartered surveyor and real estate consultant and has been actively involved in property valuation, project appraisal, property marketing and management, and other consultancy works.

Management and Performance Fees

The baseline management fee is 2% of funds under management and the performance fee is 20% of gains in excess of an 8% hurdle rate, with a high water mark and a catch-up.

Valuation Policy

VNL adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. The investment manager presents two independent valuations to the VNL board of directors' valuation sub-committee twice yearly. The valuation sub-committee will accept or reject the valuation reports and may require the investment manager to obtain other third-party valuation reports if deemed necessary.

Buy-back Policy

VNL's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VNL at a price equal to the NAV per share at year end.

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