

## Vietnam Opportunity Fund

**NAV per share (31 Jul 07)\* US\$3.10**

*Change*  
 Jul 2007 -3.9%  
 YTD: 22.0%  
 Since inception (30 Sep 03) 220.4%

Issued shares 250,648,414  
 Total net asset value (31 Jul 07, US\$m) 777  
 Market cap (31 Jul 07, US\$m) 783

Reuters VOF.L  
 Bloomberg VOF LN

## VinaLand

**NAV per share (29 Jun 07)\* US\$1.26**

*Change*  
 Since inception (22 Mar 06) 26%

Issued shares 499,967,622  
 Total net asset value (30 Jun 07, US\$m) 632  
 Market cap (31 Jul 07, US\$m) 743

Reuters VNL.L  
 Bloomberg VNL LN

## Vietnam Infrastructure Limited

**NAV per share (5 Jul 07) US\$0.967**

Issued shares 402,100,000  
 Total net asset value (5 Jul 07, US\$m) 389

Reuters VNI.L  
 Bloomberg VNI LN

\* Unaudited

## Economy

Vietnam's trade deficit grew to a record US\$5.45 billion for the first seven months of 2007, as imports increased 29.8%, while exports rose only 19.6%. Inflation continued to exceed targets, with the July CPI up 0.94% from June; an increase of 8.39% over 2006. Food prices led the way, with a 2.29% month-on-month rise. While most observers see the trade deficit as a natural symptom of Vietnam's stage of development, there is real concern that it will conspire with inflation to limit GDP growth in the second half of 2007.

July FDI approvals of \$2.02 billion brought the year-to-date total to \$7.473 billion, an increase of 54.8% in registered capital over the same period in 2006. Vietnam received 343,000 foreign visitors in July, an increase of 2.4% over July 2006. For the first seven months of 2007, visitors totalled 2.46 million, a 16.2% year-over-year increase.

## Capital markets

The downtrend in stocks continued in July, with the Vietnam Index finishing at 907.95, its lowest level since 12 January 2007 and down 11.4% from 30 June 2007. After an indifferent start, the index ended the month with five consecutive down sessions. This slide was accompanied by two research reports that expressed concern over valuations, dilution, and delays in the IPO schedule.

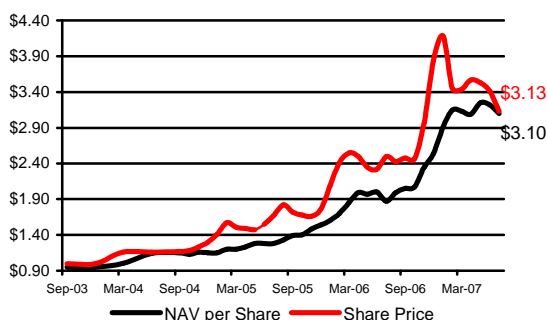
## Government and politics

As expected, President Nguyen Minh Triet and Prime Minister Nguyen Tan Dung were re-elected by the National Assembly, confirming that the government's priorities will continue to be economic reform and the fight against corruption. This was followed shortly by the appointments of two relatively young deputy prime ministers, notable for their strong economic credentials and fluency in English.

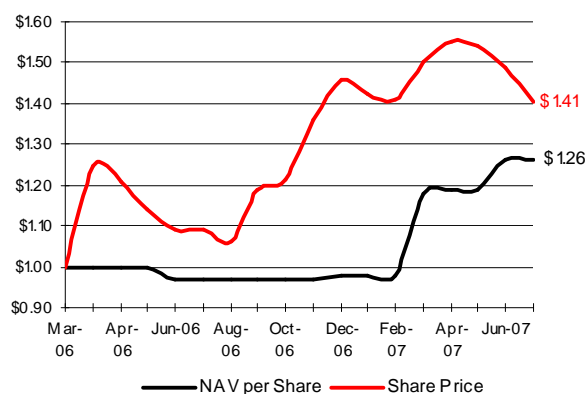
## Investment strategy

In recent weeks, there has been a sell-off in equities that has spanned the globe and helped to dampen share prices in VinaCapital funds. As our focus is on the medium to long term, we view the correction in Vietnamese share prices as a healthy sign for the market, and a chance to accumulate shares at reasonable prices. In fact, during this time, we've taken the opportunity to realise profits, rebalance our portfolios, and accumulate shares in quality companies.

**Vietnam Opportunity Fund  
NAV and share price performance**



**VinaLand Fund  
NAV and share price performance**



### ★ Vietnam Opportunity Fund



VinaCapital Investment Management  
Don Lam, Andy Ho, Cuong Nguyen

<b>NAV per share (31 Jul 07)*</b>	<b>US\$3.10</b>
<i>Change</i>	
Jul 2007	-3.9%
YTD:	22.0%
Since inception (30 Sep 03)	220.4%

Issued shares	250,648,414
Total net asset value (31 Jul 07, US\$m)	777
Market cap (31 Jul 07, US\$m)	783

Reuters	VOF.L
Bloomberg	VOF LN

\*Unaudited

#### Portfolio by asset type

Capital markets	<b>74.6%</b>
Listed	42.8%
OTC	31.8%
Real estate	<b>13.8%</b>
Private equity	<b>7.0%</b>
Cash, deposits, other	<b>4.6%</b>

#### Performance history (% change on NAV)

	2007	2006	2005	2004
Jan	14.6%	3.9%	0.0%	0.0%
Feb	8.2%	6.3%	4.3%	0.0%
Mar	-0.6%	8.8%	0.8%	5.5%
April	-1.3%	7.6%	1.7%	0.0%
May	5.2%	-1.0%	4.1%	0.0%
June	-0.8%	1.5%	0.0%	13.8%
July	-3.9%	-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	<b>22.0%</b>	<b>64.9%</b>	<b>33.9%</b>	<b>21.1%</b>

#### Portfolio developments

During July VOF's NAV decreased from US\$3.22 per share to US\$3.10 per share or down by 3.9%. The VN-Index dropped 11.4% (from 1,024.68 points on 29 June to 907.95 points on 31 July). However, during the same period, the listed component of the VOF portfolio only decreased 2.9%. Including the unlisted (but OTC traded) shares, the combined capital market component of the VOF portfolio decreased 5.5%.

The listed component of the VOF portfolio outperformed the VN-Index mainly due to the purchase of 2.5 million ITA shares at a discount rate of 30% compared to its market price as of 31 July 2007, and partly from some stock dividends and rights received for VOF's holdings in companies like ABT, DMC, DHG and TRI. These gains represented a marked to market value of almost US\$10 million.

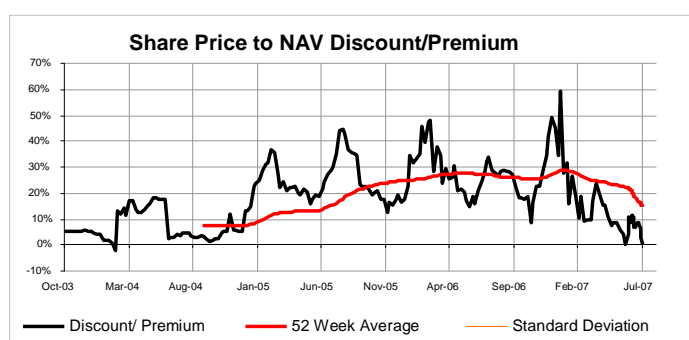
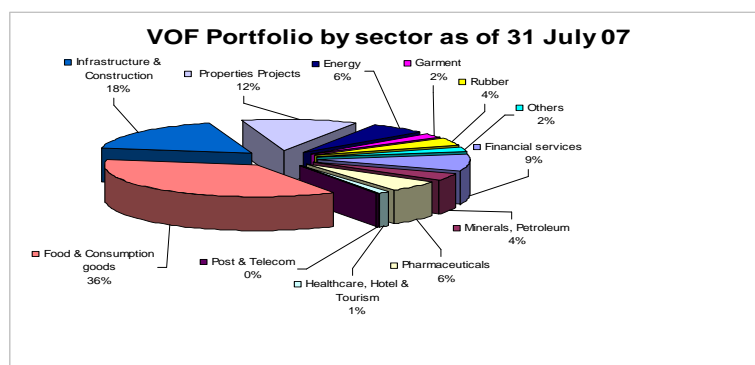
Share prices within the financial services and property development sectors continued to lose value. This significantly contributed to a decrease of 9.6% in the OTC component of the VOF portfolio. As expected, the market continued the downtrend in July. However, some investors are optimistic about the market towards the end of 2007 and the beginning of 2008 based on the current GDP growth, new government policies/commitments and the significant amount of cash available for investments.

#### Real estate investments

The retail centre at Hung Vuong Plaza, Parkson Department Store, opened on 29 June and a lease has been signed with Megastar Media to open an 8-screen cinema complex. A construction permit was obtained in 28 June for the A&B Tower office building in Ho Chi Minh City's CBD, and site works commenced in July.

#### Major holdings

Vinamilk	Listed equity	10.1% (of NAV)
REE	Listed equity	6.3%
Hoa Phat	OTC	6.2%
Kinh Do	Listed equity	5.6%



## ★ Vietnam Opportunity Fund

### Investment Manager

VinaCapital Investment Management Ltd.  
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### Fund Administrator

HSBC Institutional Trust Services (Asia) Ltd.  
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979 King's Road  
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Hong Kong

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 privatization of state-owned companies.

### Fund manager

The fund is managed by a four 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

The Net Asset Value is the value of all assets of the Company less all the liabilities of the Company determined in accordance with the valuation guidelines adopted by the Directors from time to time. Under the current valuation guidelines of the Company, such values are as follows:

- the value of any cash in hand and other monetary assets is deemed to be the full amount less any discount determined as appropriate by the Directors;
- the value of quoted securities (including any securities traded on an "over the counter market") is based on the last traded prices less any discount determined as appropriate by the Directors;
- unquoted investments and real estate projects are initially valued at cost. They are subsequently revalued in accordance with international valuation guidelines when the Directors determine that there may have been a material change in the value of an investment.
- any values other than those in US Dollars are translated at officially set exchange rates at the date of revaluation.

### 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

Don Lam, David Blackhall, Anh Tran, Seth Lim

**NAV per share (29 Jun 07)\* US\$1.26**

*Change*

Since inception (22 Mar 06) 26%

Issued shares 499,967,622

Total net asset value (30 Jun 07, US\$m) 632

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Reuters VNL.L

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\* Unaudited

### Portfolio by geographic distribution\*

Hanoi 26.0%

Central provinces 15.0%

Ho Chi Minh City 59.0%

\* Currently invested projects

## Project updates

### Danang 260ha Beach and Golf Resort Project

A number of first class international design consultants have now been engaged by VinaCapital Real Estate to proceed with design concepts including: EDAW for overall master planning; Wimberly Allison Tong & Goo (WATG) for the conceptual design of the five star beach resort hotel covering 12ha; Woodhead Architects for the 21ha high-end golf and beach villas; and finally the Greg Norman Golf Course Design Team for the first of two golf courses. Investment licences have already been obtained for this project and we are now working on obtaining the final master plan approvals and construction permits. We anticipate that initial site works will commence in Q4 2007.

### Danang 9ha Project

On 28 July VinaCapital Real Estate received the investment licence from the local authorities for the entire 9ha site. The next stage is to obtain approval for the 1:500 scale master plan and then proceed with obtaining a construction permit for Phase 1. Phase 1 of the development, which covers a site area of 2.2 ha is situated in a premium location on the Han River, opposite the centre of Danang's CBD. It enjoys excellent exposure from the bridge and main roads.

Phase 1 development incorporates a high-end luxury apartment tower, hotel, office tower and the first component of a large retail centre.



## Major holdings

Century 21	Mixed-use	US\$41.2m
Hilton Hanoi	Hospitality	US\$29.9m
Danang Resort 260ha	Mixed-use	US\$24.8m
Omni Hotel	Hospitality	US\$18.6m
Hanoi Golden Westlake	Residential	US\$15.0m
Guoman Hotel	Hospitality	US\$14.5m
Central Garden	Residential	US\$10.1m
Hanoi Opera Plaza	Office & Retail	US\$9.2m
Dong Hai Hotel	Hospitality	US\$7.7m
Hoi An Royal Bay Resort	Hospitality	US\$4.5m
Danang 9ha Project	Commercial - Mixed	US\$3.2m
An Phu Apartments	Residential	US\$2.5m

## VinaLand

### Investment Manager

VinaCapital Investment Management Ltd.

### Development Adviser

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### ISIN

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### Fund background

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

### Investment manager

VinaCapital Investment Management (VCIM) comprises a team of over 130 professionals whose areas of expertise cover a full range of investment types.

A team of three experienced Deputy Managing Directors, lead by Don Lam, manage the VinaCapital Real Estate team of approximately 45 staff. The real estate team includes Mr David Blackhall (Asset Management), Mr Vu Anh Tran (Investments), and Mr Seth Lim (Development). The team brings together a wealth of both international and local property experience covering investment, development and asset management.

### 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 international valuation guidelines. 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.



## Vietnam Infrastructure Limited



Vietnam Infrastructure Limited Board and Advisors

**NAV per share (5 Jul 07) US\$0.967**

Issued shares 402,100,000  
Total net asset value (5 Jul 07, US\$m) 389

Reuters VNI.L  
Bloomberg VNI LN

## Portfolio developments

Vietnam Infrastructure was admitted to trading on the AIM market of the London Stock Exchange plc on 5 July 2007. Since then, investments by VNI totalling US\$20 million have included the following:

- A 3.8% stake in Tan Tao Industrial Park Corporation (ITA) comprising 2.5 million shares for a total value of US\$14.1 million. The purchase price of US\$5.63 per share was at a 27% discount compared to the market price of the company at 5 July 2007.

ITA is listed on the Ho Chi Minh City Securities Trading Center and is engaged in infrastructure investment and the provision of infrastructure services for industrial zones. It owns a variety of industrial parks in key growth regions surrounding Ho Chi Minh City, including the 443ha Tan Tao Industrial Park in Binh Tan District, the 535ha Tan Duc Industrial Park in Long An Province, the 348ha Tan Duc Residential area in Long An Province and the 100ha Tan Tao residential area in Binh Tan.

- A 2.4% stake in Thac Mo Hydropower Plant Company comprising 845,000 shares in Thac Mo for a total value of US\$2.0 million. The plant is located on the first stair of the Song Be River, located in the south-eastern region of Vietnam. The total designed capacity of its two electric generators is 150 MW, equivalent to an annual output of approximately 610 million kWh. The company is currently undergoing an expansion project to increase annual output by 52 million kWh. Construction will start this year and the new plant should commence operation by early 2011.
- A 5.2% stake in Ba Ria Thermal Company comprising 1.6 million shares in the company for a total value of US\$4.0 million. The plant is located in Ba Ria-Vung Tau in southern Vietnam. The total designed capacity of the turbines is 389 MW. The power plant is currently generating annual electricity output of approximately two billion kWh per annum, representing 4% of the total market output of Vietnam; making it one of the top five thermal power companies in Vietnam. Ba Ria Thermal Company is 80% owned by Electricity of Vietnam.

A number of projects are presently under review and announcements will be made at the appropriate time.

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ISIN KYG936121022

### Fund background

Vietnam Infrastructure Limited (VNI), a US\$402 million closed-end fund dedicated to investment in Vietnam's rapidly growing infrastructure sector, was admitted to trading on the AIM market of the London Stock Exchange plc under the symbol "VNI" on 5 July 2007. It is the first publicly traded fund to focus investment on key strategic infrastructure and infrastructure-related assets in Vietnam, including the energy, transport, water and telecommunications sectors.

### Fund manager

The fund is managed by VinaCapital Investment Management (VCIM) which comprises a team of over 130 professionals whose areas of expertise cover a full range of investment types. All investments are approved by a four member investment committee headed by William Lean.

### Management and performance fees

The baseline management fee is 2% of gross asset value 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

The Net Asset Value is the value of all assets of the Company less all the liabilities of the Company determined in accordance with IFRS. Under the current valuation guidelines of the Company, such values are as follows:

- the value of any cash in hand and other monetary assets is deemed to be the full amount less any discount determined as appropriate by the Investment Manager;
- the value of quoted securities (including any securities traded on an "over the counter market") is based on the last traded prices less any discount determined as appropriate by the Investment Manager;
- unquoted investments and real estate projects are initially valued at cost. They are subsequently revalued from time to time in accordance with IFRS when the Investment Manager determines appropriate.
- any values other than those in US Dollars are translated at officially set exchange rates at the date of revaluation.

### Buy-back policy

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

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