QUARTERLY REPORT 31 March 2008

VIETNAM OPPORTUNITY FUND

VinaLand

Vietnam Infrastructure Limited

INVESTMENT MANAGER
VINACAPITAL INVESTMENT MANAGEMENT LTD.

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Table of Contents

Message from Investment Manager

Dear Valued Shareholders:

We are pleased to present the Quarterly Report of the Vietnam Opportunity Fund (VOF), VinaLand Limited (VNL) and Vietnam Infrastructure Limited (VNI) for the period ending 31 March 2008.

The past quarter has been very difficult for the Vietnamese market, with the benchmark Vietnam Index (VN Index) dropping over 44 percent from the end of December 2007 to the end of March 2008. The market reacted strongly to the monetary tightening initiatives the Government enacted to deal with rampant high inflation. After 2007 saw the CPI rise 12.6 percent, by March the year-on-year CPI rise was 19.4 percent. The Government has recently announced a comprehensive policy package that should help alleviate the risks associated with high inflation.

After declining throughout the quarter, only near the end of March did the market rebound slightly. The Government imposed a strict trading band on both the nation's stock exchanges, in Hanoi and HCM City, and while this is a 'band-aid' not a long-term solution, it seems to have helped stop the downward slide. The Government has since widened the trading band slightly and hopefully normal trading patterns will begin again soon.

VOF performance has obviously been influenced by the market decline, with its Net Asset Value falling by 23.2 percent. This is substantially better than the VN Index performance as the decline is limited to the listed and OTC portion of the portfolio, whereas VOF real estate investments increased in value and several important private equity placements were made during the quarter.

Scenes from the 27 March 2008 ground-breaking ceremony of the World Trade Center mixed-use project in Danang, central Vietnam.

VNL made significant progress during the quarter, with new acquisitions announced including the Romana Resort in Phan Thiet and Hai Ba Trung Court in District 1, Ho Chi Minh City. Groundbreaking ceremonies were also held for two major VNL investments in central Vietnam – the 260 hectare Danang Golf Course and Resort and the 9 hectare Danang World Trade Center project (formerly called Capital Square).

Revaluations of five key properties during the quarter helped VNL increase its NAV per share to USD 1.47, up from USD 1.31 at the end of December 2007. The revaluations represent a 70 percent increase in the book value of the five properties. Worth noting here is that the market does not seem to have fully recognised the revaluations: VNL in early April was trading below net asset value for the first time in the fund's two year existence.

VinaCapital's newest fund, VNI, continued its pioneering steps into infrastructure investment in Vietnam. At the end of March 2008, VNI's NAV per share was USD 0.90. This represents a 12.6 percent decline from the previous quarter's close of USD 1.03 per share. Like VOF this is better performance than the broader market as represented by the VN Index. Infrastructure as a sector tends to be less volatile than the broader market, and VNI is moving quickly away from the listed market in terms of its portfolio breakdown. As the fund moves toward more private placements, performance is expected to be even less correlated with the capital markets.

We have included in this quarterly report an update on the results of the VinaCapital Foundation, which at the end of its first year in operation is making important investments of another kind – in healthcare and education programs focused on Vietnam's children and youth. The VinaCapital Foundation forms an integral part of our strategy in that it enables VinaCapital and our funds to contribute back to the communities in which we invest.

Overall, our funds continue to benefit from Vietnam's strong economic growth and market fundamentals are strong despite the recent correction. All of the funds have a number of exciting prospects in their pipelines and we remain positive that current economic uncertainties will be resolved within a reasonably short time.

Very truly yours,

Don Lam
Chief Executive Officer
April 2008

The VinaCapital Foundation update

The VinaCapital Foundation (VCF) is a registered non-profit organisation established to invest in the growth and development of Vietnam. Specifically, the mission of the VinaCapital Foundation is to:

- Help to alleviate poverty and improve the status of the poor in Vietnam;
- Improve medical institutions (facilities and staff capacity) and access to quality medical care for poor patients in Vietnam; and
- To support programs that will build business knowledge and business leadership across the country to increase opportunities for investment and sustain economic development in Vietnam.

The costs of the VCF are paid by VinaCapital and so donations are not subject to programme expenses. In addition, all donations to the VCF are matched 100 percent by VinaCapital Group, and so contributions have double the impact when put into action.

In its first full year of operation, the VCF showed impressive results. In health related programs:

- **270 children's lives were saved** with funding for critical heart surgery (420 since the campaign started in 2005).
- **550** children received **free care**, diagnosis and testing at the VCF's **outreach clinics** in their home provinces, saving the families the expensive trip to HCM City.
- **50 families** received **assistance** with grants for pre and post surgical costs.
- Over **2,200 patients** were **treated with equipment donated by the VCF** to increase capacity for pediatric critical care in provincial hospitals.

In leadership and education initiatives, the VCF made progress toward its goal of attracting a major leader in graduate education to partner with it to establish a top tier business school in Vietnam. The VCF has also made a significant commitment to support the start up of the International Management Institute of Vietnam.

We are very grateful to the VinaCapital investors who gave generously to help with our programs. These include: Tan Whai Oon, Horst Geicke, N. K. Tong, Terry Mahoney, Richard Lamb, Ubbo Oltmanns, Paul M. F. Cheng, Andreas Bomann-Larsen, Brian Thomas, Yaysan Guan Gin, and Paul Gripari.

For further information about the programs of the VinaCapital Foundation, please see the website at www.vinacapitalfoundation.org or contact Robin King Austin, Executive Director, at rkingaustin@vinacapitalfoundation.org

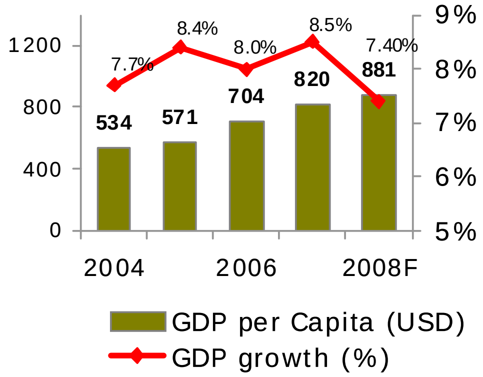
Economic review

Macroeconomics

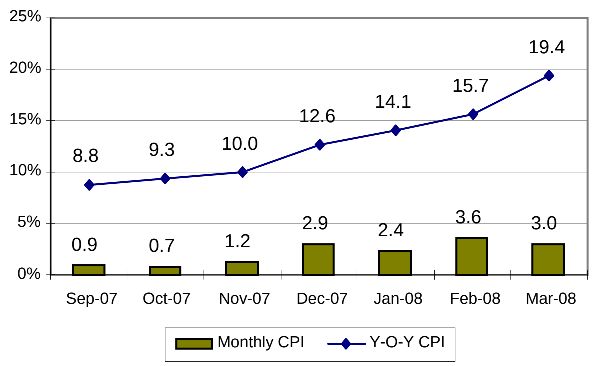
It was the best of times, it was the worst of times. The first quarter of 2008 in Vietnam saw continued rapid GDP growth of 7.4 percent annualised and new FDI commitments of USD 5.4 billion. At the same time, inflation remained a major concern as the CPI rose to a year-on-year rate of 19.4 percent for March. The resultant monetary and fiscal tightening led to the benchmark Vietnam Index falling a precipitous 44.2 percent.

On the positive side, Vietnam continues to demonstrate one of the strongest growth trajectories in Asia. GDP growth of 8.4 percent in 2007 continued into the quarter on the back of growth in the private and foreign-invested sectors of the economy (the private sector grew 11.3 percent and foreign-invested sector 24.1 percent year-on-year in Q1 2008). Manufacturing sector growth was slightly lower than the figure for last year (8.1 percent growth down from 9.1 percent in Q1 2007). FDI however remains on pace for over USD 20 billion for 2008, which if achieved will equal the record set in 2007 of USD 20.3 billion in commitments. Company earnings are expected to grow at a respectable 20 percent in 2008.

GDP growth 2004-2008F



Monthly CPI increase since Sept 2007



On the negative side, the equities market was no place to be as a result of the Government's initiatives to deal with rampant high inflation. The CPI increased 12.6 percent year-on-year in 2007 and rose again to 19.4 percent year-on-year for March 2008. Faced with an overheated economy with excess liquidity, the government imposed strict fiscal and monetary measures. This came in several initiatives, with the most complete macroeconomic package announced just after the end of the quarter in early April. Highlights of this package include:

- Tight fiscal policy with a 10 percent cut in administrative expenditures across all ministries alongside more scrutiny in selecting and approving public capital projects.
- Curtailing monetary and credit expansion to 30 percent in 2008, compared with 54 percent in 2007.
- Restore high export growth by measures such as purchase of USD by the State Bank of Vietnam and some administrative reforms. However some restraints were also announced, notably the suspension of rice exports for domestic food security reasons, as has been done by India and some other regional countries. On account of slower export growth due both to domestic factors and weakened world demand, exports are forecast to rise by only 22 percent in 2008, compared to 23 percent last year.
- Curtail imports by both higher import taxes (e.g. on cars) and administrative measures; it is forecast that imports rise by only 23 percent in 2008 compared to 37 percent last year.

The rising trade deficit, USD 7.4 billion for first quarter, is also of concern to the Government. However, this comes mostly from the country's high import requirements, at this early stage of industrial development, for raw materials, machinery and equipment that will stimulate exports and the manufacturing sector. Over time, this high import bill should pay off with new production capacity and rising exports of manufactured products, with higher terms of trade than current raw material and low value-added products.

Vietnam is currently facing negative real interest rates. The general sequence of events in the banking sector that led to this situation was:

The government raised the reserve requirement ratio for domestic banks to 11 percent on all deposits across the board, from 5-10 percent on certain liabilities. Several small (second-tier) banks raised interest rates offered on savings deposits to as high as 18 percent to attract more deposits to meet the new reserve requirements, and to purchase the new obligatory one-year State Bank (SBV) bills that paid 7.8 percent.

Deposits flowed from tier 1 banks (who had required reserves) into smaller banks offering better rates. Since the bail-out of ACB during a bank run, public perception is that all banks will be government backed. This is a hazardous situation. The Government responded by capping interest rates that all banks could offer to 12 percent, and also pumping VND 30 trillion (USD 1.875 billion) in cash into the banking system.

Banks are attempting to pass on the rate rise to corporate borrowers where rates are renegotiated (reset) every 6 or 12 months, depending on the contract. However, the default rate is maximum 150 percent of the previous rate, so it is cheaper in most cases for corporate clients to go into default. Hence, the banks have a weakened negotiating position if they want to avoid rising non-paying lenders.

The result is negative real interest rates, and money moving into gold and property (not equities because of market uncertainty). As both oil and gold reached record prices on international markets, the gold price in Vietnam followed suit and rose to VND 19.5 million per *tael* during the first quarter. This uptrend is expected to continue as long as the threat of stagflation continues in the world economy.

The capital market outlook for the remainder of 2008 is therefore unclear. Investors should not expect a rapid rebound in the VN Index. However, it is important to note that earnings are still expected to record a respectable 20 percent increase in 2008 and this puts the Vietnam stock market at a forward P/E level of 11x, on the lower end of the regional average (China is at 22x). Many Vietnamese companies are at comparatively low prices, and foreign investors have been net buyers in the market throughout the first quarter.

The outlook for the remainder of 2008 therefore remains cautious optimism. The environment for investments involving private placements is in fact very good, as decreased liquidity and the weakness of capital markets has improved the bargaining position of investment firms.

Real estate market

The real estate market in Vietnam continues to remain strong and is displaying growth in all sectors in the major cities. There are recent media reports of falling real estate prices, but it is important to put these in perspective: The falling prices really only relate to small-scale, speculative buyers who have seen their sources of capital dry up as the Government has imposed monetary tightening measures. Not wanting to be left holding property they can’t afford, many of these small buyers are dumping their investments (typically papers to as-yet unbuilt apartments, not actual land). As the price of residential apartments is now extremely high, this is probably a needed cooling-off.

Demand continues unabated for hotels, office and retail space, and land for residential developments.

Office developments are hampered by the lack of land and high prices in central business districts. In Ho Chi Minh City particularly, more grade A and B offices are being built in new urban areas in outlying districts. Occupancy rates of Grade A offices in both Hanoi and Ho Chi Minh City are near 100 percent and average rental rates are now at about USD 60 per sq.m.

The retail market is in a similar situation, with occupancy rates near 100 percent. New supply in Hanoi and Ho Chi Minh City is estimated at 30,000 sq.m per year, but demand will still not be met for at least 2-3 years.

The hotel sector is also seeing very high occupancy rates, with 4 and 5 star hotels now seeing rising profits on the back of room rates that are now among the highest in the region.

In most areas of the market, demand will not be met for another 12-18 months (as displayed in the table below). If inflation continues to be high, it will be more difficult for developers to undertake construction, and demand will not be met until even further out. Only in the unlikely case of a sharp fall in GDP would demand lessen to the extent that supply will soon catch up.

Market sector	Estimated year when demand meets supply		
	Current situation	CPI remains 10-15% (more demand)	GDP growth falls to 5% (less demand)
Office			
Hanoi	2010	2011	2009
HCMC	2011	2012	2009
Hotel			
Hanoi	2011	2011	2010
HCMC	2013	2013	2012
Retail			
Hanoi	2009	2010	2009
HCMC	2010	2011	2009
Apartment for lease			
Hanoi	2010	2011	2009
HCMC	2010	2011	2009
Apartment for sale			
Hanoi	2010	2011	2009
HCMC	2010	2011	2009

(source: VinaCapital)

Vietnam Opportunity Fund

Fund summary

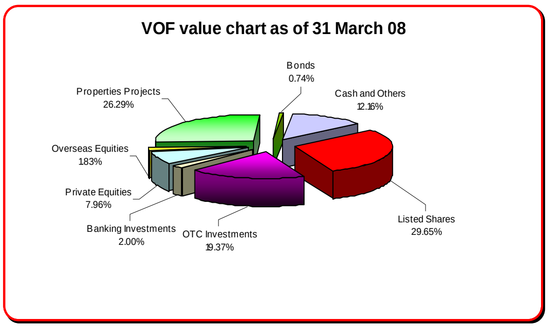
Fund launch	30 September 2003
Total value of investments	USD 764 million
Cash and cash equivalents	USD 106 million
Total NAV	USD 870 million (31 March 2008)
Fund domicile	Cayman Islands
Legal form	Exempted company limited by shares
Structure	Single class of ordinary shares listed on the AIM market of the London Stock Exchange plc
Investment manager	VinaCapital Investment Management Ltd.
Investment focus	Medium to long term capital gains with some recurring income and short term profit taking. Primary investment focus areas: • 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.

Performance update

During the quarter ending 31 March 2008, VOF total net asset value decreased 23.2 percent to USD 870 million, or USD 2.68 per share, compared to USD 3.49 at the end of December 2007.

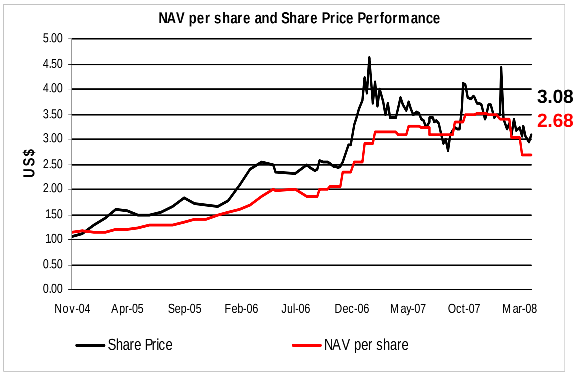
At the end of March 2008, VOF was 87.8 percent invested with USD 106 million in cash and cash equivalents available. During the quarter, the listed component of the VOF portfolio decreased 42.0 percent to USD 258 million. This compares to a VN Index decline of 44.2 percent during the same period. VOF deployed USD 23.9 million into the listed market in the quarter, mainly to acquire stakes in Sudico (SJS) and Dam Phu My (DPM).

Given the downturn in the listed market, the VOF team focused on investments in other areas during the quarter. A total of USD 70.7 million was deployed in the OTC market, mainly for shares of BCCI, Cofico, DIC Corp, Vietcombank and Phuoc Hoa Rubber. VOF also invested approximately USD 2.5 million in bonds during the quarter.



The quarter saw VOF make private equity investments in Phu Nhuan Jewelry (for a 11.6 percent equity stake) and Indochina Foods (15 percent equity stake).

VOF also invested USD 53.5 million in real estate deals, in partnership with VinaLand Ltd. These deals include the major township developments of Vinh Thai Nha Trang, Dai Phuoc Lotus and HUD Dong Tang Long.



Finally, VinaCapital, VOF's fund manager, has this quarter established a Strategy, Accounting, Finance and Legal issues team (SAFL) that will help VOF investee companies in order to better increase shareholder value.

Regulatory announcements and press releases	
31 March 2008	Interim results released (regulatory)
20 March 2008	Change to board of directors (regulatory)
29 January 2008	Full year results for 2007 (press release)
25 January 2008	Business update for 2007 (press release)

Portfolio investment update

Sudico and **BCCI** are described in the Vietnam Infrastructure Ltd. section on page 23 of this report. VOF has now acquired a 3.1 percent stake in Sudico and a 4.7 percent stake in BCCI.

Phuoc Hoa Rubber
Phuoc Hoa is one of Vietnam's top rubber companies, ranking fourth among the top five rubber producers with an output of 27,000 tons per year, almost five percent of the entire industry. Phuoc Hoa's main plantations are in Binh Duong province, with areas in Laos and Cambodia under development. VOF has 6.2 percent stake in Phuoc Hoa currently valued at USD 14.9 million.

Phu Nhuan Jewelry
Founded in 1988, Phu Nhuan Jewelry (PNJ) has grown to be one of the two leading brands in the Vietnam jewelry market, with about 16-20 percent market share. PNJ has a wide range of product lines to serve customers of different incomes: PNJ Cao Fine jewelry for high income consumers, PNJ Gold for middle incomes, and PNJ Silver for teenagers. As a strategic investor, VinaCapital expects significant potential upside in PNJ's strategic shift toward high margin products and its penetration into the diamond and gem market. Over the first quarter of 2008, PNJ recorded revenue and net income of approximately USD 70 million and USD 2.3 million, respectively, for year-on-year increases of 47.5 percent and 32.4 percent. VOF has an 11.6 percent stake in PNJ currently valued at USD 12.2 million.

DIC Corporation
DIC Corp specialises in developing real estate and technical infrastructure for urban areas, industrial zones, hi-tech zones and new economic zones. In addition to its ongoing projects (in Vinh Phuc, Vung Tau and An Khanh), the sale of 67 percent of the 464.6 ha Dai Phuoc project in Dong Nai province for approximately USD 100 million (over four times DIC's current charter capital) is expected to bring about an immediate gain for DIC in 2008. Cooperation between VinaLand and DIC for 200 ha of the Dai Phuoc project will further enhance DIC's performance. DIC projects a 41 percent return on new charter capital for 2008. VOF has a 10.9 percent stake in DIC currently valued at USD 11.1 million.

Indochina Food Industries
Indochina Food Industries (ICFI) is the special purpose vehicle that holds NIVL Sugar Joint Stock Company, formerly known as Nagarjuna Sugar Company. Founded in 1995, ICFI is the second largest producer of sugar in Vietnam and operates the country's most cost-effective sugar refinery. In 2007, it launched a 10,000 litres/day alcohol plant and plans to expand this to 30,000 litres/day in 2008. In the near future, ICFI has plans to expand into bio-fuels and to build a 30 MW power plant. ICFI's incorporation is a result of a successful management buy-out (MBO). VinaCapital has been involved with and advised the management team before and after the MBO. ICFI returned 27 percent on equity for 2007. VOF has a 15.0 percent stake in ICFI currently valued at USD 11.4 million.

Cofico
Cofico was established in 1975 as a member of Saigon Construction Company, under the Ministry of Construction. It was transferred to Construction Joint Stock Company No. 1 in June 2005, with the State interest remaining at over 50 percent. Cofico is one of only two main contractors for high-rise construction (the other being Cotecon). Cofico accounts for approximately 30 percent of the HCM City construction market share, and the company is also strong in Hanoi and other cities. Cofico achieved a 46.5 percent return on equity in 2007. VOF currently has a 25.2 percent stake in Cofico.

Vietnam Opportunity Fund – Investment portfolio

Top 5 listed investments

Name of investee	Stake (%)	Number of shares '000	Book value 31/03/08 (USD '000)
HPG	8.0	10,560	43,563
VNM	3.6	6,385	43,177
KDC	7.5	3,529	23,860
DPM	2.1	8,074	24,343
ITA	4.9	5,641	25,019

Top 5 OTC investments

Name of investee	Stake (%)	Number of shares '000	Book value 31/03/08 (USD '000)
Masan	17.5	2,455	20,763
SSG – Saigon Peal	5.0	2,250	16,749
Phuoc Hoa Rubber	6.0	5,000	14,940
DIC Corp	10.9	4,015	11,125
Intresco	9.2	1,850	9,793

Top 5 real estate investments

Project	Investment type	Stake (%)	Book value 31/03/08 (USD '000)
Indotel	Hotel	72.1	38,896
Vietnam Property Holding Ltd (Golf course)	Golf course	25.0	34,185
Dai Phuoc Lotus	Mixed use	18.0	28,107
Century 21	Mixed use	19.0	13,639
Vinh Thai Nha Trang	Mixed use	17.0	13,118

Top 5 private equity investments

Name of investee	Stake (%)	Book value 31/03/08 (USD '000)
Khang Dien Housing	15.0	18,088
Phu Nhuan Jewelry	11.6	12,209
Indochina Foods	15.0	11,400
Thang Loi Garment	78.0	11,377
Paio II	n/a	6,795

VinaLand Limited

Fund summary

Fund launch	22 March 2006
Total value of investments	USD 587.5 million
Cash & cash equivalents	USD 147.5 million
Total NAV	USD 735 million (31 March 2008)
Fund domicile	Cayman Islands
Legal form	Exempted company limited by shares
Structure	Single class of ordinary shares admitted to trading on the AIM market of the London Stock Exchange plc
Investment manager	VinaCapital Investment Management Ltd.
Investment focus	Medium-term capital gains with some recurring income through investments 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.

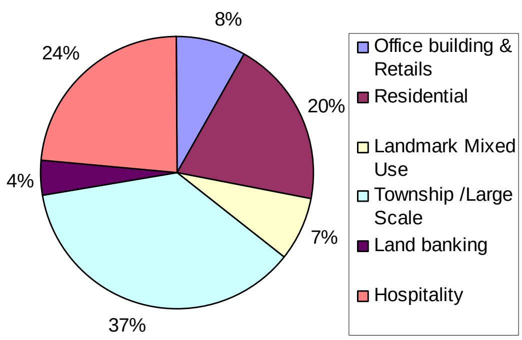
Performance update

At the end of March 2008, VinaLand's NAV was USD 1.47 per share, a 12.2 percent increase over the previous quarter's NAV of USD 1.31. VNL shares have consistently traded at a premium to NAV since fund inception, but new valuations as at 31 March 2008 now mean shares are at a slight discount.

The net valuation increase of approximately USD 83 million reflects the updated valuations of five properties during the quarter. The increase (net tax and management fees) is a 70 percent rise over the previously recorded book values of these properties. The major projects revalued include the 260 hectare Danang Golf Course and Resort, the Dai Phuoc Lotus project and the Vinh Thai Nha Trang project.

In addition to property revaluations, gross operating profits at VNL's major hotels are also up substantially in 2008. Gross operating profit (GOP) during the quarter ending 31 March at the Hanoi Hilton Hotel was up 29.9 percent over 2007. At the Omni Saigon Hotel, GOP was up 56.2 percent. These improvements come as a result of rising room rates and occupancy, and increased management efficiency.

VNL Portfolio at 31 March 2008



VNL now has 41 real estate projects in Vietnam secured or in the final stages of negotiation. The investment strategy remains focused on urban property in Vietnam, particularly in HCM City, Hanoi and cities in the central region such as Danang and Hoi An. VOF continues to hold an option over 25 percent of each VNL project, so many real estate investments are co-investments of VOF and VNL.

Regulatory announcements and press releases	
31 March 2008	Interim results released (regulatory)
28 March 2008	Capital Square (WTC) groundbreaking (press release)
30 January 2008	VCIM share purchase of VNL (regulatory)
23 January 2008	Directors' shareholding update (regulatory)

Top 10 real estate investments

Project	Location	Type	Book value (USD)
Danang Resort 260ha	Danang	Mixed-use	85.3 mill
Dai Phuoc Lotus 200ha	Dong Nai	Mixed-use	72.5 mill
Century 21	HCM City	Mixed-use	41.9 mill
Vinh Thai Nha Trang	Nha Trang	Mixed-use	39.0 mill
Aqua City (Long Hung)	Dong Nai	Residential	26.5 mill
Hilton Hanoi	Hanoi	Hospitality	20.7 mill
Danang World Trade Center	Danang	Mixed-use	18.5 mill
Omni Hotel	HCM City	Hospitality	17.9 mill
Hanoi Golden Westlake	Hanoi	Residential	15.0 mill
M Hotel*	Hanoi	Hospitality	14.6 mill
Central Garden	HCM City	Residential	10.1 mill
Hoi An Royal Bay Resort	Hoi An	Hospitality	7.2 mill

* formerly the Guoman Hotel.

New investments

Hai Ba Trung Court
HBT Court in District 1, Ho Chi Minh City features 24 deluxe serviced apartments near the central business district. Occupancy is running at 100 percent. VNL owns a 55.6 percent stake in this JV project, with investment to date of USD 1.4 million.

Romana Resort
Romana Resort, located in the Phan Thiet coastal area in southern Vietnam, is a 94-room hotel on a prime 3.3 ha site with 7.7 ha of vacant land for future development. VNL owns 50 percent of this project, with a cost to date of USD 9.25 million. Romana is an operating asset, and VinaCapital Real Estate has already brought management efficiencies that have seen gross operating profit increase 132.3 percent annualised over 2007. Plans include the addition of 64 new rooms to be added in 2008.

Mercure La Gare
Mercure is a half-completed 103 room hotel project located near the Hanoi central train station which will feature budget accommodation and a 24-hour Parisian style café. The hotel will be managed by Accor when complete in late 2008.

Investment updates

Vinh Thai Nha Trang township
February 2008 saw the finalisation of VNL's USD 36.7 million purchase of 68 percent of the Vinh Thai township development in Nha Trang, an ongoing concern that will see 157 ha of cleared land close to the Nha Trang beach developed into a mixed-use community including an international school, hospital, retail and entertainment facilities.

Danang Golf Course and Resort

Early in the quarter a groundbreaking ceremony was held for the golf course portion of this 100 percent foreign-owned mixed-use beach and golf resort project on a 260 ha site. VNL holds a 75 percent stake in the investment with VOF holding the remaining 25 percent. This project will incorporate a luxury five-star beach resort hotel, 300 villas for sale, and two 18-hole golf courses designed by Greg Norman, with the first stage to be completed by 2010. The onsite marketing and project management office is completed and operational and the development team is located on-site to manage the project.

World Trade Center Danang (formerly Capital Square)

On 27 March a groundbreaking ceremony was held for this mixed-use project incorporating commercial space, a hotel, conference centre, apartments, offices, villas and an international school. Recently VNL has negotiated to use the World Trade Center designation on this project. VNL and VOF (75 percent and 25 percent, respectively) will share interests in a 100 percent foreign-owned holding company. The master plan has now been approved and an investment licence has been granted. Stage 1 now underway will see construction for the first high-end luxury landmark apartment tower fronting the Son River.

Central Garden Apartments, District 1, HCM City

Sale of 56 of a total 380 apartments in the Central Garden Apartment Complex in HCM City's central district is now underway. We are seeing strong demand for these well located and appointed apartments.

Pavilion Square

Pavilion Square is a mixed-use development located on a prime 14,000 sq.m site in District 1, HCM City. This is an excellent city-centre location that will incorporate approximately 1,300 residential apartments and a retail component with a total gross floor area (GFA) of 30,400 sq.m. The Pavilion Square project is a joint venture project between VNL and a local partner, with VNL holding a majority stake. VinaCapital Real Estate will control and manage the development process and our technical team are already well advanced with the final 1:500 master plan approval application.

Dai Phuoc Lotus 200ha Urban Project

VinaLand and Development Investment Construction Corporation (DIC) obtained an investment licence from the Dong Nai People's Committee to develop the Dai Phuoc Lotus 200ha Urban Project on 28 December 2007. The overall design of the Dai Phuoc Lotus project includes a residential area, high-end apartment buildings, commercial centres and office buildings. The public area will include a kindergarten, a school and parks. The project will be developed from 2008 to 2016. A new road bridge is currently under construction and upon completion in Q3 2008 it will provide direct access to HCM City.

Novotel Reunification Park Hanoi

The Novotel Reunification Park is a new hotel project in Hanoi. This 377-room hotel when completed will provide much sought-after high quality hotel rooms in the nation's capital. VinaLand will take a 39.38 percent investment stake while VOF will take a 13.12 percent stake for a total 52.5 percent combined investment. This hotel will be branded Novotel and managed by the Accor Hotel Management Group. The construction permit application has already been submitted and test piling and preliminary site works commenced in December 2007.

Saigon Design Centre, District 7, HCM City

VinaLand holds an 80 percent investment with a JV partner in a new office/retail development located in the new urban area of Phu My Hung. The 2,475 sq.m site can be conveniently accessed from District 1. There will be four levels of retail and eight upper levels of Grade B office space. Design development is underway and test piling has commenced.

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Quoc Te, District 9, HCM City

This 2.5 ha site is a residential apartment development in District 9, HCM City. The site is adjacent to a new 140m-wide freeway to Long Thanh. VNL holds 84 percent of the joint venture company that owns the project. VNL has received the investment licence, land compensation and allocation is complete and infrastructure is being prepared. An adjacent 1.6 ha site is being compensated for which VNL has received a first right of refusal to acquire. The 1:2,000 master plan has been approved, and the JV company is being set up. It is anticipated that the 1:500 master plan will take approximately 6 months to complete and obtain approval. Sales and marketing launch is anticipated in 2009.

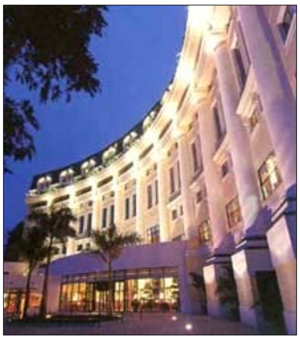
Dien Phuoc Long, District 9, HCM City

This is a residential development incorporating 55 villas and an apartment building on a 30,160 sq.m site. The site is located near the Saigon High Tech Park, home of Intel, Nidec, and HP manufacturing plants. A joint venture company between Dien Phuoc Long JSC and VNL (84 percent VNL participation) has been set up with contributed capital of USD 2.8 million. Land compensation is completed and the 1:2,000 master plan has been approved. Construction of infrastructure, with an estimated cost of USD 400,000, is now underway. Anticipated sales and marketing launch is in the second half of 2008.

Hoi An Royal Bay Resort

Located on 86,075 sq.m of beach front in Hoi An, this project comprises 89 luxury villas and 84 guestrooms, managed by a five-star hotel operator. VNL holds an 80 percent controlling interest in a JSC with a local partner. Approval for the master plan was obtained in October 2007 and the Construction Permit for the earthworks was obtained in November 2007. Bulk earthworks have already commenced on the site while the final detailed design of the resort is being fine-tuned to maximise efficiency and quality. It is anticipated that construction of the resort villa showroom will commence during Q2 2008.

Hilton Hanoi Opera Hotel



VNL (52.5 percent) and VOF (17.5 percent) currently hold a 70 percent joint stake in the Hilton Hanoi Opera Hotel. This landmark hotel has been in operation since 1999 and is situated in a prime location adjacent to the Hanoi Opera House. The 269-room, French Colonial-style hotel was voted the best hotel in Vietnam at the 2006 World Travel Awards. Gross operating profit for 2008 is up 29.9 percent to date over 2007. This is mainly as a result of average room rates that have increased from USD 120 per night in 2007 to USD 185 per night so far in 2008.

Omni Saigon Hotel

VNL currently holds a 52.5 percent stake in Omni Saigon Hotel, while VOF's stake is 17.5 percent. The Omni Saigon Hotel has been in operation since 1993 and enjoys a convenient location only minutes away from HCM City International Airport and a 15-minute drive from the central business district. The 249-room hotel is managed by Marco Polo Hotels, but in Q3 2008 will be renovated and reflagged by Moevenpick Hotel. Gross operating profit is up a substantial 56.2 percent as a result of rising room rates and management efficiency.

M Hotel Hanoi (formerly Guoman Hotel)

VNL and VOF acquired a 74.1 percent interest in the 4-star, boutique Guoman Hotel Hanoi in May 2007. VNL currently holds a 55.6 percent stake in the Guoman Hotel Hanoi, and VOF 18.5 percent. VinaCapital's Hospitality asset management team have arranged for the hotel to be renovated and reflagged by Moevenpick Hotel during 2008 to achieve both higher occupancy rates and room rates, driving revenue and returns to investors. Already in 2008 gross operating profit is up 12.4 percent over last year on an annualised basis.

Vietnam Infrastructure Limited

Fund Summary

Fund launch	5 July 2007
Total value of investments	USD 116 million
Cash, cash equivalents & net receivables	USD 245 million
Total NAV	USD 361 million (31 March 2008)
Fund domicile	Cayman Islands
Legal form	Exempted company limited by shares
Structure	Single class of ordinary shares listed on the AIM market of the London Stock Exchange plc
Investment manager	VinaCapital Investment Management Ltd.
Investment focus	Medium-term capital gains with some recurring income through investments in the following infrastructure and infrastructure related sectors: • Energy; • Transportation; • Industrial park development; • Telecommunication infrastructure; and • Water utilities.
Investment focus by geography	Greater Indochina comprising: • Vietnam (minimum of 70%); • Cambodia; • Laos; and • Southern China.

Performance update

VNI has now made total investments of USD 116 million into Vietnam's infrastructure sector as at 31 March 2008. With investments already approved but not yet dispersed amounting to approximately USD 169 million, the goal of being fully invested within two years of inception remains well on track.

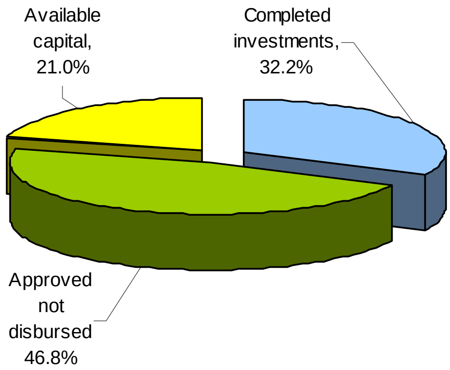
At the end of March 2008, VNI's NAV per share was USD 0.90. This represents a 12.6 percent decline from the previous quarter's close of USD 1.03 per share. As previously noted, the VN Index shed 44 percent in the same period.

VNI's NAV has now dropped 10 percent since inception. Currently, the fund has a significant portion of its portfolio in listed companies. This percentage is expected to drop notably as the fund develops and continues to follow its investment strategy of focusing on private placements in pre-listed companies. We therefore expect even less correlation between the performance of VNI and the VN Index in the future.

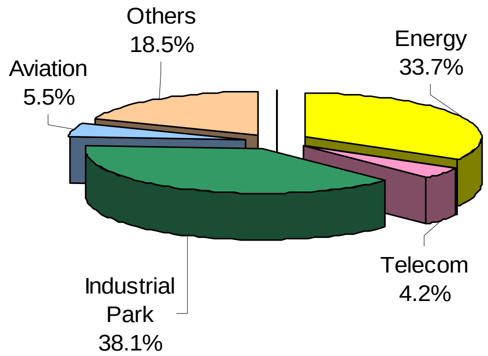
VNI has to date invested in power companies, industrial park developments and telecommunication infrastructure services. During the quarter ending March 2008 it began to diversify into other infrastructure areas such as transportation and telecommunications. The investment pipeline remains very healthy and a number of projects are now undergoing due diligence and documentation.

Portfolio structure

VNI Capital Usage
(Total USD360,989,547)



VNI Portfolio by sector



Regulatory announcements and press releases	
14 March 2008	Investment in PPC (regulatory)
27 February 2008	Interim results released (regulatory)
27 February 2008	Share purchase subsidiary (regulatory)

Top 5 investments

Project	Sector	Stake (%)	Book value 31/03/2008 (USD '000)
Tan Tao Industrial Park Corporation (ITACO)	Energy / Industrial Park Development	7.50	38,256
Pha Lai Thermal Power JSC (PPC)	Energy	3.38	25,575
Sudico – Song Da Urban and Industrial Zone Development and Investment (SJS)	Energy / Industrial Park Development	2.88	7,583
Can Don Hydro Power JSC (SJD)	Energy	14.38	5,868
Vietnam Aircraft Leasing Co. (VALC)	Aviation	16.00	6,352

New investments

Vietnam Aircraft Leasing Company

VNI has purchased a 16 percent equity stake in Vietnam Aircraft Leasing Company (VALC). At the end of March VNI had disbursed USD 6.4 million and the expected capital contribution over the next three years will exceed USD45 million.

VALC is a joint-venture between some of the biggest State-owned enterprises including Vietnam Airlines, Bank for Investment and Development of Vietnam (BIDV), Vietnam Oil and Gas Group (PetroVietnam), Vietnam Shipbuilding Industry Group (Vinashin) and Phong Phu Corp. VALC will purchase various aircraft, from passenger and cargo planes to helicopters, which will be leased both long and short term.

The company has already signed contracts with Boeing and Airbus to purchase eight B787-8 Dreamliners and ten A321-200 aircraft. This is matched by a contract with Vietnam Airlines to lease all these aircraft once they are available. The debt for this lease will be guaranteed by the Government of Vietnam. VALC's first major client will be Vietnam Airlines, but VALC also plans to target other companies in the region as well. VALC's potential projects also include investments in airport infrastructure and aviation services.

Innovative Technology Development Corporation (ITD)
VNI has invested in Innovative Technology Development Corporation (ITD). This USD 1.9 million investment represents a 15 percent equity stake in the company.

ITD is a holding group with six subsidiaries operating in various areas of infrastructure technology including telecommunications, power, electronics, toll-road equipment and information systems. It is the largest toll-road equipment provider in Vietnam. VNI had previously invested in Global Electrical Technology Corp. (GLT), a subsidiary of ITD, focused on telecommunications infrastructure development. Thus, this investment will further strengthen our position as a strategic partner of the group and enable VNI to more effectively use ITD's expertise in developing and integrating infrastructure technologies in our future projects.

Tan Binh Import Export Joint Stock Corporation (Tanimex)
VNI has successfully completed the purchase of 1.2 million shares, amounting to a 10 percent equity interest, in Tan Binh Import Export Joint Stock Corporation (Tanimex). Tanimex's key business is investment in industrial parks and construction of infrastructure for industrial parks. The company currently owns Tan Binh Industrial Park, which is one of the closest parks to Ho Chi Minh City's Tan Son Nhat airport.

Pha Lai Thermal Power Joint Stock Company (PPC)
VNI continues to acquire shares in PPC. PPC is one of the largest power plants in Vietnam with a total installed capacity of 1,040MW. It comprises 4 blocks of 110MW, and 2 blocks of 300MW. The PPC turbines have been operating above design capacity due to the current energy shortage in Vietnam. The company is planning to build new power plants, which upon completion will almost double its present capacity. PPC is presently 61 percent owned by Electricity of Vietnam (EVN). As of 31 March 2008, we had accumulated a holding in PPC for a total cost of USD 39.0 million, representing 3.39 percent of the company's total equity.

Investment updates

Tan Tao Industrial Park Corporation
VNI currently has a 7.5 percent equity stake in Tan Tao Industrial Park Corporation (ITA), which owns one Vietnam's most modern industrial parks. Tan Tao plans to branch into power generation and the Ministry of Industry and Trade has approved the potential expansion of an ITA power plant project in Long An from 600MW to 1,200-1,800MW.

Binh Chanh Construction and Investment Joint Stock Company (BCCI)
VNI has invested USD 4.5 million in Binh Chanh Construction and Investment Joint Stock Company (BCCI), for a 2.6 percent equity stake. BCCI's scope of operations includes industrial construction, construction consulting, and infrastructure development. The company has invested in Le Minh Xuan Industrial Park and Phong Phu Industrial Park, both located in Binh Chanh District, HCM City.

Sudico – Song Da Urban and Industrial Zone Development and Investment Joint Stock Company (SJS)
VNI has invested USD 16.9 million in the shares of Song Da Urban and Industrial Zone Development and Investment Joint Stock Company. Its broad range of operations includes investment, planning and design consulting of industrial zones, building contractor, and manufacturing building materials.

Global Electrical Technology Corp (GLT)
VNI has purchased a 28.5 percent equity stake in GLT. Its main business is the development, installation and leasing of the Base Transceiver Station (BTS) towers in Vietnam. The business comprises the construction of telecommunication towers and subsequent lease back to mobile phone operators. GLT has received and implemented orders for this business in Can Tho, in southern Vietnam. With more than 50 towers already in place, another 800 are projected to be deployed.

Can Don Hydro Joint Stock Company (SJD)
VNI has invested USD 10 million in the shares of SJD. It has an installed capacity of 78MW. SJD is located on the Song Be river in the Binh Phuoc province (in southeast Vietnam). This location has the fastest growth rate in the country, and is an economic, industrial and technological centre as it includes Ho Chi Minh City, Vung Tau, Bien Hoa and Binh Duong provinces. SJD plans to build more small to medium size hydro power plants. It is presently 51 percent owned by Song Da, one of the leading conglomerates in Vietnam.

Media Highlights

Developers get retail wake up
Thanh Nien
7 April 2008

Ho Chi Minh City is in dire need of more retail space given greater demand for new products and the penetration of leading foreign retailers, claim property consultants.

Developers need to hit the ground running if they are to find new retail space. Retail stocks in the southern economic hub currently stand at 0.02 square metre per capita, much lower than regional cities such as Manila and Bangkok, which have 0.46 and 0.59sqm per capita respectively. Although Vietnam's monthly disposal income per capita is around $38, or just half the Philippines and a fourth of Thailand, Ho Chi Minh City's figure is much higher than the national average, hitting $160 a month.

Rik Mekkelholt, head of CB Richard Ellis retail consultancy, said taking into account the retail space available per capita in cities like Manila and Bangkok the retail space in Ho Chi Minh City could rise at least five times more than current limited stock of 150,000sqm when World Trade Organization rules take effect.

Foreign retailers are now allowed to team up with local partners, but their stake should not exceed 49 per cent of a joint venture's registered capital. However, from early next year, foreign retailers are permitted to establish 100 per cent, foreign-owned business.

The second city currently has a retail stock of 150,000sqm spanning 13 shopping centres and department stores. Average occupancy rate reached 92 per cent and monthly average rental rates are hovering at around $40. Yet, central business district shops are often fully occupied and super prime rents have gone beyond $200 per sqm a month. Street stalls and shop houses are still dominant, but potential for modern retail outlets such as supermarkets and shopping malls is high. There are opportunities to build more in the second city as the new stock under construction will hit 150,000sqm over the next three years.

According to CB Richard Ellis, greater demand for new products and entertainment is translating into a need for larger-sized shopping centres to feed demand and enhance the shopping experience. As consumers having less time to travel for their shopping needs, retailers expand to be more accessible and each district can easily host a large hypermarket.

More international experienced retail developers are active in the market, including Koreans, Taiwanese, Singaporeans and Malaysians bringing a new dimension to shopping in Vietnam.

Some of the larger shopping malls are the 25,000sqm Saigon Palace and the 22,000sqm Everich in District 11, the 12,000sqm Royal Centre in District 1 and the $30,00sqm Sunrise in District 7, which are expected to open in the next two years.

Retailers such as Parkson and Lotte Mart are aggressively expanding. Parkson has opened two department stores in the city and is expected to launch on more in the 18,000sqm CT Plaza in the second quarter this year. Lotte Mart is building a 33,000sqm mall in District 7, which is expected to open early next year and will anchor another in the Everich late next year.

Cap on foreign workers lifted
Thanh Nien
8 April 2008

Enterprises in Vietnam can now hire an unlimited number of foreigners. In late March, the Vietnamese Government issued Decree 34/2008/ND-CP replacing all the previous regulations on the employment and management of foreigners working in Vietnam, which removes the 3 per cent cap on foreigners to the number of local employees in an enterprise.

Under the new rule, chief representatives, heads of foreign branches and employees of foreign contractor will receive work permit exemption. Gannon's chief executive officer Walter Blocker praised the new regulation as it would allow more foreign experts and skilled workers to come to Vietnam.

"The 3 per cent cap on foreign employees was introduced several years ago and the American business community responded with a letter and position challenging the logic of such law. Vietnam needs valuable training from foreign experts and should encourage foreign skilled workers to live in Vietnam," Blocker said.
"As Vietnam works to overhaul its education system, the supply of experienced, well trained middle, upper middle and senior management of Vietnamese origin is being well outstripped by demand. The result of this shortage is costly for everyone," he added.

Government statistics show the largest number of foreigners is working in education and training, financial and banking, stock, hi-tech, legal consulting, real estate and construction sectors.
"The removal of the 3 per cent cap is a positive move and one that allows companies to make decisions on the employment of foreigners based on their business needs. It also shows the Vietnamese Government's willingness to comply with its World Trade Organization (WTO) commitments," said Phan Thi Thuy Duong, PricewaterhouseCoopers' Ho Chi Minh City-based expert.

PricewaterhouseCoopers lawyers, however, said that Decree 34 still came along with more stringent procedures for obtaining and extending a work permit. "The requirement to obtain a work permit makes sense and foreigners coming to Vietnam expect that they will need to do so. However, the documentation requirements continue to be overly onerous, particularly the need to have all documents notarised and legalised," Duong said.

Under the company's judgment, the new criteria would not affect those currently working under a valid work permit but those wishing to extend the work permits. The new rule also requires an employer to be able to show that at least 20 per cent of the total number of its managers, executives and specialists are Vietnamese citizens.

"Although this provision is in line with Vietnam's WTO commitments, it would not seem consistent with the general removal of the foreign employee ratio limitations," according to PricewaterhouseCoopers. Blocker, meanwhile, said even though more foreigners were allowed to work in Vietnam, poor infrastructure and the high cost of housing, educating, and providing medical service made their living in Vietnam difficult. "Vietnam has chipped away at its cost advance in the region because of poor urban planning, unfocused infrastructure development, and cumbersome licencing of projects that will bring great benefit to the nation," Blocker said.

"As a result, Vietnam is again returning to a hardship posting for foreign families adding cost to employers and deterring the attractiveness of bringing the best trainers in to best benefit the nation," he added.

Blocker stressed that in the situation that Vietnam was in a severe lack of experts and skilled workers, the country needed to be a place that was open and attractive to foreign experts who could help "train the trainers" and prepare the next generation of leaders.

By Lien Huong

HCMC to replace banned three-wheelers with Chinese vehicles
Vietnam News

HCM City authorities are considering a plan to replace the soon-to-be-banned modified three-and four-wheel vehicles in the city with imports from China.

The ban on the modified vehicles - modified from motorbikes or sometimes just a rough frame built around an engine - will come into effect on July 1.

A committee set up by the People's Committee to deal with the issue has suggested importing three-wheelers from China and offering current owners interest-free loans to buy them.

The Chinese vehicles can be registered and legally driven on the streets.

The committee also recommended offering the owners interest-free loans if they chose to buy trucks instead.

Nearly 1,000 people in the city earn their living by using the modified vehicles to transport goods.

A survey by the committee found 50 percent of them wished to buy either the Chinese vehicles or trucks.

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