



## Message from the Investment Manager

Dear Shareholders,

We are pleased to present the quarterly report for the VinaCapital Vietnam Opportunity Fund Limited (VOF), VinaLand Limited (VNL) and Vietnam Infrastructure Limited (VNI) for the three-month period ending 31 March 2010.

The past quarter saw VinaCapital announce two important initiatives that we believe will have a positive impact for our investment funds with direct real estate holdings (VNL and VOF).

The first initiative is VinaProjects, a construction and project management joint venture with inProjects of Hong Kong. The JV will offer project management, urban planning and facilities management services to a range of clients including VinaCapital. With the prospect of enhanced project delivery, VinaProjects will ensure our real estate assets are developed to the highest standard.

The second initiative is VinaLiving, a branded sales vehicle for all residential projects owned by VNL and VOF. The first brand of its kind in Vietnam, VinaLiving is expected to lower costs for sales and marketing while creating a loyal clientele and achieving higher margins.

VOF's NAV rose slightly to USD789 million, or USD2.43 per share, from USD780 million, or USD2.40 per share, at the end of December 2009. The VN Index during the quarter rose by 0.9 percent, with the flat performance due largely to the tight credit environment that prevailed during the quarter.

VNL's NAV rose 3.0 percent to USD1.37 per share at the end of March 2010, from USD1.33 per share at the end of December 2009.

VNL's progress during the quarter included the sale of its equity stake in the Oasis mixed-use project in District 7, Ho Chi Minh City, and the launch of two residential projects – The Norman Estates at the Danang Beach Resort, and The Azura Apartments at the World Trade Center Danang. These were among the first

projects launched under the VinaLiving brand, with particularly high demand coming from Hanoi buyers.

VNI's NAV declined slightly to USD0.64 per share at the end of March 2010, from USD0.66 per share at the end of December 2009. The decline is due mainly to the February 3.25 percent devaluation of the VND.

During the quarter, VNI announced its investment in Tay Bac Hydropower JSC, owner of three small-sized hydro plants in northern Vietnam. The investment follows VNI's strategy of acquiring a portfolio of small-sized, 'run of the river' hydro plants that can be aggregated for a future IPO or trade sale.

The investment climate in Vietnam has improved greatly over 2009, due to greater clarity on the country's economic prospects over 2010. The currency has stabilised, and there are indications that credit growth may resume as loan interest rates moderate. Although the VN Index has been flat so far this year, some upside is expected as a large number of companies prepare to IPO within the next few quarters. In real estate, many of our projects are reaching the development and sales phases at the right time, with particularly high demand for mid-range residential properties.

We feel 2010 has strong prospects for all our funds, and look forward to updating you on our investment results. Please note that going forward, VNL and VNI will announce NAVs monthly instead of quarterly.

Very truly yours,

Don Lam  
 CEO  
 VinaCapital Group

Performance summary			
Most recent NAV:	VOF	VNL	VNI
	(31 Mar 10)	(31 Mar 10)	(31 Mar 10)
NAV per share (USD) <sup>1</sup>	<b>2.43</b>	<b>1.37</b>	<b>0.64</b>
Return (%) <sup>2</sup>	(from Feb 10)	(from Dec 09)	(from Dec 09)
Previous NAV	1.9	3.0	-3.0
YTD	0.5	3.0	-3.0
Since inception	150.5 (30 Sep 03)	41.2 (22 Mar 06)	-23.0 (5 Jul 07)
Issued shares <sup>3</sup>	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	789	685	258
Market cap (USDm)	510	445	166
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN
ISIN	KYG9361Y1026	KYG936361016	KYG936121022

<sup>1</sup> Unaudited. NAVs are updated monthly.

<sup>2</sup> Adjusted for dividends/distributions (see VNI update for details).

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

## Market update

### Renewed confidence as currency remains stable

### Balancing act required to keep inflation in check

#### Capital markets and economy

The Vietnam Index rose 0.9 percent over Q1 2010, with liquidity restricted by the tight credit environment. Vietnamese equities underperformed the MSCI Asia ex-Japan Index (up 2.0 percent) and the MSCI Emerging Markets Index (up 4.0 percent). The quarter saw average daily trading of only USD136 million, down from USD222 million per day in Q4 2009.

Vietnam's economic prospects brightened in April as several factors worked together to stabilise the currency. During March, Fitch Ratings placed Vietnam's debt rating on a negative watch, citing lack of confidence in the VND and the gap between the official and open market exchange rates. This proved to be overly negative sentiment and the VND now trades at parity on both official and open markets, at just under VND19,100 per USD. In a further sign of stability, the price of gold has declined notably following the close of gold trading floors, and at one point gold traded below the international price.

The renewed confidence in the VND follows the release of Q1 2010 statistics that show the trade deficit of USD3.5 billion is covered by FDI and remittance flows. The USD1 billion raised by bond sales in January 2010 has also been disbursed. Inflationary pressures remain significant, but manageable. March CPI growth was 0.75 percent month-on-month, compared to 1.5 and 2.0 percent for January and February, respectively. Month-on-month CPI may have peaked for the year, and if the downward trend continues it will allow for full-year inflation between 8-9 percent.

Monetary policy over Q1 2010 helped keep inflation in check. The State Bank maintained the base rate at eight percent, and the resulting liquidity squeeze sent interest rates on business loans to 16-18 percent in March. Many companies refused loans at these rates and borrowed instead in USD at 6-8 percent, which seems a wise decision now that the currency has stabilised. The slow growth of credit overall, however, was seen as a threat to the government's target of 6.5 percent GDP growth for 2010.

On 26 April, domestic media reported that banks have lowered deposit rates to comply with a cap of 11.5 percent imposed by the Vietnam Banks Association. The deposit rate was 12 percent in the week prior to this report. Lending rates have fallen at the end of April to 13.5-15 percent, with the three percentage points between deposit and lending rates seen as sufficient for banks to earn profits. Furthermore, banks should have an easier time raising new deposits given the close of gold trading floors and subdued trading on the stock markets.

GDP growth of 5.8 percent annualised for Q1 2010 has put the target of 6.5 percent for the year within reach. The challenge will lie in balancing monetary policy to stimulate growth while containing inflation. If inflation was to spike in mid-2010, it would have two negative effects: a) causing another round of monetary tightening; and b) renewing pressure on VND to depreciate, possibly leading to another devaluation. Most analysts believe this can be avoided.

VN Index	31 Mar 10	31 Dec 09	52 wk low	52 wk high
Close	499.2	494.8	304.5	633.2
	<i>M-o-M</i>	<i>YTD</i>		
Change (%)	0.5	0.9	64.0	(21.2)
Trailing PER (x)	11.6	Est. PER 2010 (x)	11.7	
Trailing P/B (x)	2.2			

Govt bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	11.5	12.1	12.3	12.4

Source:  VinaSecurities

#### Macroeconomic indicators and forecast

	2009E	Mar-10	YTD	Y-o-Y change
GDP growth	5.3%			
Inflation	6.9%	5.8%	3.4%	8.0%
FDI (USDbn)	21.5	0.4	2.5	-71.0%
Imports (USDbn)	68.8	6.5	17.5	27.5%
Exports <sup>1</sup> (USDbn)	56.6	5.2	14.0	-1.6%
Trade deficit (USDbn)	12.2	1.4	3.5	-334.0%
Exchange rate <sup>2</sup> (USD/VND)	18,479	19,100	3.4%	3.4%
Bank deposit rate (VND %)	9.8-10.5%	10.4-10.5%	n/a	n/a

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

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



## Performance update

During the quarter ending 31 March 2010, VOF's NAV rose slightly to USD789 million, or USD2.43 per share, from USD780 million, or USD2.40 per share, at the end of December 2009. The VN Index during the quarter rose by 0.9 percent, with the flat performance due largely to the tight credit environment that prevailed during the quarter. VOF's share price meanwhile rose to USD1.57 per share at the end of March, from USD1.51 per share at the end of December. The discount to NAV at the end of March stood at 35.4 percent, down from 37.1 percent at the end of December.

## Funds available as PE market heats up

At the end of March, VOF was 86.2 percent invested with USD108.9 million in cash and cash equivalents available, up from USD102.8 million at the end of December 2009. VOF's strategy for 2010 will be to continue to find exits from select real estate properties and holdings that have low liquidity, while focusing new investments in the OTC and private equity asset classes. Although no new investments were announced during the quarter, the investment manager was very active in negotiating private equity placements to take advantage of the current deal environment, which has many SMEs looking for capital injection and strategic investors as they prepare to IPO. VOF has finalised an investment in ceramics manufacturer Prime Group, as announced on 29 April.

## Regulatory announcements and press releases

26 Mar 2010	<a href="#">Interim results</a>	4 Feb 2010	<a href="#">Khang Dien IPO</a>
10 Mar 2010	<a href="#">February NAV</a>	25 Jan 2010	<a href="#">Director shareholding</a>
1 Mar 2010	<a href="#">Formation of JV</a>	14 Jan 2010	<a href="#">Market update</a>
10 Feb 2010	<a href="#">January NAV</a>	13 Jan 2010	<a href="#">December NAV</a>

## Fund summary

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

### Fund launch

30 September 2003

### Term of fund

Five years subject to shareholder vote for extension

### Fund domicile

Cayman Islands

### Legal form

Exempted company limited by shares

### Structure

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

### Auditor

Grant Thornton (Cayman Islands)

### Nominated advisor (Nomad)

Grant Thornton Corporate Finance

### Custodian

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 2010**
**Top 5 listed investments**

Name of investee	Stake (%)	Number of shares '000	Carrying value 31/03/10 (USD '000)
EIB	5.0	44,002	53,993
VNM	2.6	9,029	40,246
HPG	4.8	9,352	30,649
DIG	6.7	6,744	24,224
DPM	2.3	8,820	14,986

**Top 5 OTC investments**

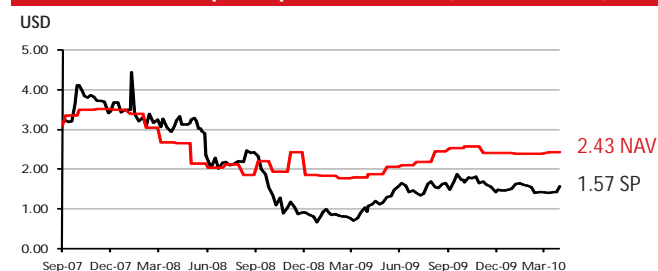
Name of investee	Stake (%)	Number of shares '000	Carrying value 31/03/10 (USD '000)
Halico	19.2	4,918	16,504
Quoc Cuong Gia Lai	16.3	2,076	15,240
An Giang Plant Protection	7.4	1,994	10,788
VinaCafe	11.0	1,546	7,069
Nam Viet Oil	11.6	2,322	6,433

**Top 5 real estate investments**

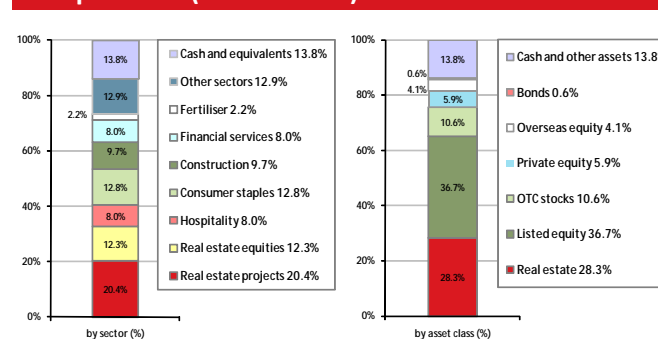
Project	Investment type	Stake (%)
Sofitel Metropole	Hotel	50.0
Dai Phuoc Lotus	Township	18.0
Century 21	Mixed use	21.0
VinaSquare Tower	Mixed use	15.5
Hung Vuong Plaza	Mixed use	30.0

**Top 5 private equity investments**

Name of investee	Investment type	Stake (%)
Hoan My Hospital	Healthcare	28.9
SSG - Saigon Pearl	Real estate	5.0
COFICO	Real estate	25.1
IBS	Construction materials	100.0
Pho 24	Food and beverage	32.5

**NAV and share price performance (31 Mar 2010)**

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

	2010	2009	2008	2007	2006
Jan	-1.1%	-1.3%	-2.9%	14.6%	3.9%
Feb	-0.3%	-3.7%	-10.2%	8.3%	6.3%
Mar	1.9%	1.7%	-11.8%	-0.6%	8.8%
Apr		4.4%	-0.8%	-1.3%	7.6%
May		9.1%	-19.5%	5.1%	-1.0%
Jun		2.2%	-4.7%	-0.8%	1.5%
Jul		3.8%	5.7%	-3.8%	-6.5%
Aug		12.2%	9.8%	0.0%	6.4%
Sep		3.8%	-6.7%	8.1%	3.0%
Oct		1.2%	-12.4%	4.2%	1.0%
Nov		-6.5%	-1.9%	0.6%	13.5%
Dec		0.8%	-2.1%	-0.6%	8.1%
YTD	0.5%	29.7%	-46.6%	37.4%	64.9%
VN Index	0.9%	56.7%	-66.0%	23.3%	144.5%

**VOF portfolio (31 Mar 2010)**


### Performance update

VNL's NAV rose 3.0 percent to USD1.37 per share at the end of March 2010, from USD1.33 per share at the end of December 2009 (unaudited). The gain over the quarter is due to revaluations carried out on nine assets in the portfolio. VNL's share price increased 9.9 percent to USD0.89 at the end of March 2010, from USD0.81 per share at the end of February 2010. The discount to NAV at the end of March was 32.1 percent.

### Investment manager and project updates

#### Launch of VinaProjects JV

VNL's investment manager during February announced the formation of a new project management joint venture with partner inProjects from Hong Kong. The joint venture, VinaProjects, will offer project management, urban planning and facilities management services to a range of clients including VinaCapital. VinaProjects aims to improve the standard of project delivery for all types of real estate developments, to help ensure VNL's sales brand is among the top names in the real estate marketplace. inProjects, the JV partner, provides professional project management services across the Asia-Pacific region specialising in the retail, leisure, hospitality and corporate sectors. inProjects is one of the largest and fastest growing companies in its field, with offices in Hong Kong, Beijing and Shanghai, Macau, Singapore, India and Australia.

#### Sale of stake in Oasis project

VNL in January announced the sale of its equity stake in The Oasis mixed-use residential/retail project in suburban Ho Chi Minh City. The sale of the stake in the project, to a Vietnamese company, was at a value 61 percent above the holding's carrying value at 31 December 2009. The transaction achieved an IRR of 25 percent, or a 1.6x return on capital. The Oasis is one block of a landmark development located along a major traffic artery in District 7, a suburban area of Ho Chi Minh City that enjoys high land values due to the presence of Phu My Hung – Vietnam's first planned urban township. VNL acquired a 73.26 percent interest in The Oasis project in 2007, as part of a joint venture with a Vietnamese developer. The project comprises 420 residential units and over 13,000sq.m of retail space on a 1.26ha site. The exit comes at time when a significant amount of residential stock is expected to enter the market in the immediate vicinity of the project.

#### Launch of 'VinaLiving' residential projects

During March, VNL announced the launch of two VinaLiving-branded residential projects – the Norman Estates at Danang Beach Resort, a villa enclave, and the Azura Apartments at World Trade Center Danang. The VinaLiving brand, Vietnam's first tailored living and lifestyle brand, will be the retail sales vehicle for all VinaCapital-developed residential real estate projects (VNL and VOF). VinaLiving will offer a one-stop sales interface for projects across Vietnam, building on VinaCapital's reputation for quality and project delivery. During the six months of Q4 2009 and Q1 2010, a total of almost 130 sales contracts and reservations were recorded at projects in Danang and Ho Chi Minh City, representing total contracts worth over USD36 million.

### Fund summary

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

#### Fund launch

22 March 2006

#### Term of fund

Seven years subject to shareholder vote for extension

#### Fund domicile

Cayman Islands

#### Legal form

Exempted company limited by shares

#### Structure

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

#### Auditor

Grant Thornton (Cayman Islands)

#### Nominated advisor (Nomad)

Grant Thornton Corporate Finance

#### Custodian

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.

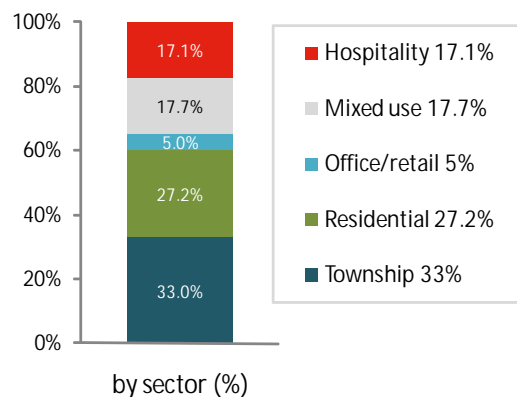
#### Investment focus by geography

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

## Regulatory announcements and press releases

31 Mar 2010	<a href="#">Interim results</a>	25 Jan 2010	<a href="#">Director shareholding</a>
17 Mar 2010	<a href="#">Board chairman appointed</a>	14 Jan 2010	<a href="#">Market update</a>
01 Mar 2010	<a href="#">Formation of JV</a>	13 Jan 2010	<a href="#">December NAV</a>
28 Jan 2010	<a href="#">Sale of Oasis project stake</a>		

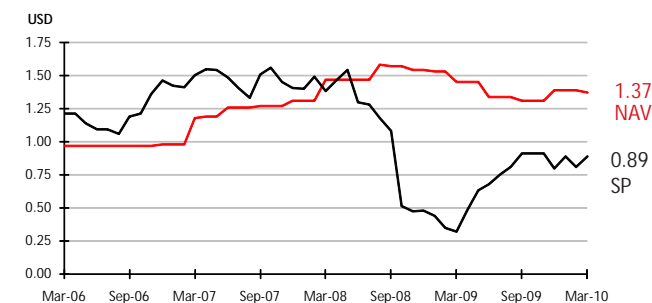
## VNL portfolio (31 March 2010)



## Portfolio by geographic location

Hanoi	17%
Central provinces	25%
Ho Chi Minh City region	58%

## NAV and share price performance (31 Mar 2010)



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

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

## Major holdings

Project	Type	Status
Aqua City (Long Hung)	Residential	Planning underway
Century 21	Mixed-use	Under construction
Danang Beach Resort	Mixed-use	Sales underway
Dai Phuoc Lotus	Mixed-use	Under construction
Fideco Binh Duong	Township	Investment licence
HUD	Township	Planning underway
Pavilion Square	Residential	Investment licence
VinaSquare Tower	Mixed-use	Investment licence
Vinh Thai Nha Trang	Township	Investment licence
WTC Danang	Mixed-use	Under construction



**Performance update**

VNI's NAV declined slightly to USD0.64 per share at the end of March 2010, from USD0.66 per share (unaudited) at the end of December 2009. The decline is due mainly to the February 3.25 percent devaluation of the VND. VNI's share price rose to USD0.42 per share at the end of March 2010, from USD0.38 per share at the end of February 2010.

**Project updates**
**Investment in Tay Bac hydro power company**

VNI has acquired a 14.9 percent stake in Tay Bac Electricity Investment and Development JSC, which owns three small-sized hydro power plants in northwestern Vietnam. One 32MW plant is operational, while two smaller plants of 9MW and 10MW will be complete in Q1 2010. Tay Bac has plans to build three more hydro plants, also in the northwest. Vietnam is experiencing electricity demand growth of 15 percent yearly, with supply shortfalls that lead to rolling black-outs around the country. To meet demand, it is projected that the energy sector requires yearly investment of USD4 billion. Hydro power supplies nearly 40 percent of Vietnam's electricity, and is generally more competitive than coal, gas or oil-fired plants due to lower operating costs.

**Partial sale of position in GLT**

VNI has sold a portion of its equity stake in GLT, following the company's November 2009 listing on the Hanoi Stock Exchange. GLT has several business lines including the manufacture of mobile network (BTS) towers. VNI originally acquired a 23 percent equity stake in GLT in November 2007, and has realised an IRR of over 50 percent on the equity stake sold. VNI is one of the largest private sector investor in mobile network infrastructure in Vietnam, via its stakes in four companies that build and lease BTS towers. Tony Hsun, Managing Director of VNI's investment manager, comments: "We believe the returns generated by GLT after the listing bode well for our other telecommunications sector holdings, particularly as the 3G network roll-out continues and overseas investment in this sector heats up."

**Fund summary**

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

**Fund launch**

5 July 2007

**Term of fund**

Ten years subject to shareholder vote for extension

**Fund domicile**

Cayman Islands

**Legal form**

Exempted company limited by shares

**Structure**

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

**Auditor**

Grant Thornton (Cayman Islands)

**Nominated advisor (Nomad)**

Grant Thornton Corporate Finance

**Custodian**

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 focus**

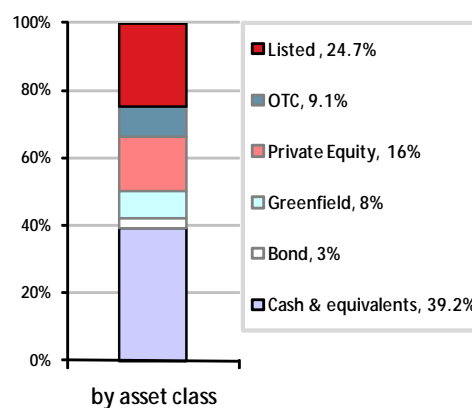
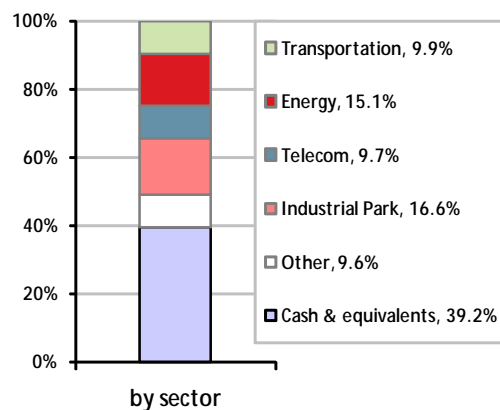
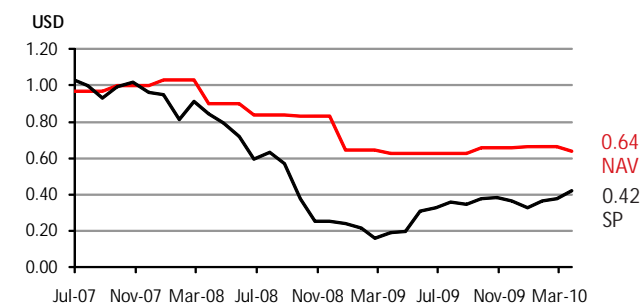
Medium to long term capital gains with some recurring income through investment in the following infrastructure and infrastructure-related sectors: Energy; Transportation; Industrial Parks; Telecommunication; and Water and environmental utilities

**Investment focus by geography**

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

**Regulatory announcements**

25 Mar 2010	<a href="#">Interim results</a>	25 Jan 2010	<a href="#">Director shareholding</a>
11 Mar 2010	<a href="#">Sale of GLT stake</a>	14 Jan 2010	<a href="#">Market update</a>
10 Feb 2010	<a href="#">Investment in Tay Bac</a>	13 Jan 2010	<a href="#">December NAV</a>

**VNI portfolio by sector (31 March 2010)**

**NAV and share price performance (31 Mar 2010)**

**Performance history**

	2010	2009	2008	2007
Q1	-3.0%	-0.5%	-12.8%	n/a
Q2		3.7%	-6.7%	n/a
Q3		1.5%	-1.0%	2.9%
Q4		0.8%	-12.0%	3.1%
YTD	-3.0%	5.5%	-29.1%	6.1%

Total return since inception: -23.0%\*

\* Assumes dividends/distributions reinvested. VNI paid a USD0.10 per share capital distribution on 16 January 2009 (ex date 17 Dec 2008).

**Major holdings**

Name	Sector	Asset class	NAV (%)
Long An S.E.A	IP	Greenfield	7.7
Tan Tao (ITA)	IP	Listed	7.2
Nam Viet Oil	Energy	OTC	4.3
Phu My Bridge	Transport	Private equity	4.3
MIDC	Telecom	Private equity	3.9
VNC-55	Telecom	Private equity	3.4%
Strata bond	Others	Bond	3.0%
PPC	Energy	Listed	3.0%
PVD	Energy	Listed	2.4%
Vietstar	Environment	Private	2.2%

As of 31 March 2010, VOF held an 3.6% stake in REE Corp worth USD7.7m

### Refrigeration Electrical Engineering Corporation (REE Corp)

REE Corp was the first state-owned enterprise in Vietnam to equitise, in 1993. REE holds sizable market shares in its main business lines – M&E engineering and contracting for industrial, commercial and civil projects; and manufacturing air-conditioners, home appliances and industrial mechanical products. REE is also involved in real estate and investment in joint stock companies and banks. The company has a strong brand name in manufacturing, and its high-tech business park E-town maintains almost 100 percent occupancy.

For FY2009, REE saw excellent performance with VND434 billion net income, 69.2 percent above the forecast. The key contributors were the core business activities of M&E and REE Tech appliances, as well as office leasing and financial investment. For FY2010, REE has targeted revenue of VND1.5 trillion and net income of VND400 billion, which would be increases of 27 and 8 percent, respectively. In Q1 2010, REE reported revenue of VND353 billion and net profit of VND82.5 billion, for a respectable 24 and 21 percent of the 2010 target.

REE was one of first companies listed on the Ho Chi Minh Stock Exchange in 2000. At the end of March 2010, REE announced a cash dividend of 7 percent and a stock dividend over 20 percent over chartered capital, with plans for a stock split (a one-for-one bonus issue) to existing shareholders in order to enhance share price performance. REE trades at forward PER FY2010 of 11.3x and at 12-month trailing PE of 9.7x.

### Financial highlights

Profit and loss (VND bn)	FY08A	FY09A	Q1 10A
Revenue	1,154	1,174	353
Gross profit	330	409	110
Gross margin	29%	35%	31%
Net income	(154)	432	82.5
Net margin	-13%	37%	23%
EPS	n.a	5,300	n.a
DPS	n.a	2,700	n.a
Balance Sheet (VND bn)	FY08A	FY09A	Q1 10A
Total assets	2,608	3,382	n.a
Shareholders' equity	2,088	2,463	n.a
ROE	-7%	18%	n.a
Book value per share	25,800	30,400	n.a
Valuations (VND bn)	FY08A	FY09A	Q1 10A
PER (x)	n.a	9.3	11.3
P/B (x)	2.0	1.7	n.a
Dividend yield	n.a	5%	n.a

At 31 Mar 2010, VOF held a 7.8% stake in Lam Thao worth USD2.5m

### Lam Thao Fertiliser JSC (OTC traded)

Established in 1959, Lam Thao Fertiliser Company is the top producer of NPK and superphosphate fertilisers in Vietnam, with dominant market share of almost 40 percent for NPK and 60 percent for superphosphate products. Lam Thao has a strong brand and reputation, with a considerable customer base. Lam Thao products are distributed nationally via 100 agents, with about 50-60 percent penetration in northern Vietnam and 30-40 percent in the south. The Lam Thao factory sits on an 80ha site in Phu Tho Province, with a total capacity of 800,000 tons of superphosphate and 680,000 tons of NPK per year.

Lam Thao privatised in H1 2009 and immediately achieved strong results, with 2009 earnings almost double compared to 2008. Continuing this performance, 2010 earnings are forecast to grow 108 percent over 2009, due to management efforts to cut production costs and reduce other expenses. In Q2 2010, a new NPK production line, with an additional capacity of 200,000 tons per year, will begin operations. Net margin from this new line is estimated at 12-15 percent, compared to the current 2 percent, due to the new technology applied. The company is also undertaking a total of USD100 million in expansion plans to replace old production lines with new technology.

Lam Thao shares currently trade at VND18,000, equivalent to a 2009 PE of 10.9x and 2009 P/B of 1.4x. Looking forward, 2010 PE is estimated at 5.5x and 2010 P/B at 1.2x.

### Financial highlights

Profit and loss (VND bn)	FY08A	FY09A	FY10E
Revenue	147.8	177.2	184.2
Gross profit	22.7	29.7	35.0
Gross margin	15.3%	17.0%	19.0%
Net income	1.9	3.6	7.5
Net margin	1.3%	2.0%	4.0%
EPS	1,244	1,658	3,276
DPS	n.a	n.a	1,000
Balance Sheet (VND bn)	FY08A	FY09A	FY10E
Total assets	115.1	116.2	131.6
Shareholders' equity	28.4	28.9	34.2
ROE	11.4%	13.0%	21.8%
Book value per share	11,835	12,720	15,032
Valuations (VND bn)	FY08A	FY09A	FY10E
PER (x)	14.5	10.9	5.5
P/B (x)	2.3	1.4	1.2
Dividend yield	n.a	n.a	5.8%

At 31 Mar 2010, VOF held a 15.0% stake in KDH worth USD11.5m

### Khang Dien Housing (KDH)

Khang Dien Housing is a one of largest real estate companies in Ho Chi Minh City, with 13 projects on over 80ha of cleared land in Districts 2 and 9. The company listed during the past quarter on the Ho Chi Minh Stock Exchange under the ticker KDH. As reported in February, VOF recorded an unrealised gain of 25 percent in its KDH holding as a result of the IPO.

For FY2010, KDH has targeted revenue and net income of VND550bn and VND202bn, respectively, which would be year-on-year increases of 280 and 350 percent. For Q1 2010, KDH reported revenue of VND86.5bn and net profit of VND31.5bn, only 16 percent of the 2010 targets. However, the company expects both revenue and net profit to pick up over the remainder of the year as several projects will soon launch, including the 241-unit Villa Park in District 9. Villa Park and other projects now recording sales are well-regarded by the market for their quality infrastructure and landscaping.

KDH plans to increase its charter capital from VND332bn to VND439bn through new issues to current shareholders at a 10:3 ratio, at 2.5x par value, in order to finance development of its current projects. KDH trades at forward 2010 PE of 10.0x and 2010 P/B of 2.1x.

### Financial highlights

Profit and loss (VND bn)	FY08A	FY09A	Q1 10A
Revenue	41.6	145.9	86.5
Gross profit	5.3	77.6	52.8
Gross margin	12.7	53.2%	61.0%
Net income	22.7	45.8	31.5
Net margin	54.6%	31.4%	36.4%
EPS	650	1,380	960
Balance sheet (VND bn)	FY08A	FY09A	Q1 10A
Total assets	1,080	1,167	1,748
Shareholders' equity	722	764	796
ROE	3.1%	6.0%	4.0%
Valuations (VND bn)	FY08A	FY09A	Q1 10A
PER (x)	N/A	29.0x	10.0x
P/B (x)	N/A	1.7	2.1
Dividend yield	0%	0%	4%

At 31 Mar 2010, VOF held a 0.16% stake in VCB worth USD4.5m

### Vietcombank (VCB)

Vietcombank was Vietnam's first state-owned bank to equitise, with 10 percent of its shares floated in December 2007. VCB is among the top three largest commercial banks in Vietnam, with consolidated total assets of VND255 trillion and total shareholder equity of VND16 trillion. In 2009, despite the global financial crisis, VCB managed to record net profits of VND3.9 trillion, up 30 percent over 2008, due largely to Vietnam's stimulus package. The majority of earnings were from interest received on loans, with overall credit growth of 25 percent. Proprietary trading and equity investment also saw strong results. VCB is also active in the interbank market, providing liquidity to other banks due to its relatively low cost of funding. With 90 percent of equity still in state hands, VCB has a strong customer base of SOEs in addition to one of the largest retail networks, covering 60 cities nationwide. Asset quality improved in 2009, with the non-performing loan ratio declining to 2.5 percent in 2009, from 4.6 percent in 2008.

For 2010, VCB targets after-tax profit of VND3.5 trillion, 10 percent lower than 2009. This conservative projection is based on the tighter monetary policy in 2010, and expected higher NPL provisions due to new State Bank requirements on loan classifications (a positive step toward international standards). Despite the conservative projection, many analysts predict VCB will be able to maintain 2010 profits at the 2009 level. In Q1 2010, VCB recorded net profit of VND1.1 trillion. Vietcombank listed on the Ho Chi Minh Stock Exchange on 30 June 2009 at VND59,000 per share, or P/B of 4.2x, well above the banking sector average of 2.0x. By the end of Q1 2010, VCB traded at VND43,000 per share, 25 percent below its IPO price, with a P/B of 3.1x and P/E of 13.2x.

### Financial highlights

Profit and loss (VND bn)	H2 08A	FY09A	Q1 10A
Interest income	3,695	6,498	1,727
Service income	468	989	247
Other income	1,330	1,797	515
Net income	1,497	3,921	1,112
EPS (VND)	1,237	3,240	919
Balance sheet (VND bn)	H2 08A	FY09A	Q1 10A
Total assets	222,089	255,495	238,066
Shareholders' equity	13,945	16,710	16,810
ROA	0.7%	1.5%	0.5%
ROE	10.7%	23.5%	6.6%
Book value per share	11,520	13,800	13,890
Valuations (VND bn)	H2 08A	FY09A	Q1 10A
PER (x)	34.7	13.2	
P/B (x)	3.7	3.1	

**Media highlights****Dong could be stable, VinaCapital's brokerage says**

28 April 2010 – Intellasia

VinaSecurities, the securities arm of VinaCapital, expects that dong will rise against the US dollar in the near future, which eased the worry on the depreciation of the dong. [Read more.](#)

**Vietnam among cheapest stocks, Mark Mobius says**

26 April 2010 – Bloomberg

Vietnam is one of the world's 'cheapest' stock markets and Templeton Asset Management Ltd. is 'finding lots of bargains,' Chairman Mark Mobius said. The benchmark index rose the most in three months. [Read more.](#)

**Singer photo auction raises funds for charity**

26 April 2010 – Saigon Times

VinaCapital Foundation's Heartbeat and VAA The Fund collected USD340,000 at the fundraising auction of photos, teddy bears and picture books of famous Vietnamese actors. [Read more.](#)

**Economic rebound to accelerate, says ADB**

14 April 2010 – VBN

Vietnam's rebound from the global economic recession is projected to gain pace this year, but inflationary pressures will require special attention, the Asian Development Bank said yesterday. [Read more.](#)

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## VinaCapital Group

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

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

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