

## 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 30 September 2009.

Vietnam saw GDP growth strengthen to 5.8 percent annualised for the third quarter of 2009, up from 4.5 percent in the second quarter. The strength of the domestic economy continued to outweigh the impact of the global slowdown. This is very reassuring for foreign investors in Vietnam, many of whom continue to be surprised by the strong performance and development of the market here. In the past quarter, VinaCapital and other real estate developers learned this first hand with the strong sales to domestic buyers of vacation homes in beach and resort areas (in our case, at The Ocean Villas in Danang). Previously, it was felt the second home market would belong to overseas buyers.

The third quarter of 2009 saw continued improvement in the traded prices of our funds. VOF's share price rose 21.7 percent to USD1.74 per share at the end of September, from USD1.43 per share at the end of June 2009. The discount to NAV at 30 September stood at 28.4 percent, down from 31.9 percent at the end of June. The NAV gain matched the share price performance, as VOF's NAV over the quarter increased 20.9 percent to USD823 million, or USD2.53 per share, from USD681 million, or USD2.10 per share, at the end of June 2009. The VN Index increased 29.6 percent over the same period, while VOF's capital market investments returned 44.0 percent.

VNL's NAV at the end of September 2009 was USD1.31 per share, down 2.2 percent from USD1.34 per share at the end of June 2009. During the quarter, 16 VNL assets were valued by international valuation consultants, including eight hospitality assets. VNL's share price rose 33.8 percent to USD0.91 at the

end of September from USD0.68 at the end of June 2009. VNL recorded strong sales and reservations at residential projects during the quarter, and began construction on the Binh Khanh project in Ho Chi Minh City.

VNI's NAV at the end of September was USD0.66 per share, up 5.8 percent from the end of June 2009. The traded price at the end of September was at a discount of 43.2 percent to NAV, compared to 46.5 percent at the end of the quarter ending March 2009.

On 26 October in Hanoi, VinaCapital held its 2009 Investor Conference. The conference provided participants with the opportunity to learn more about the Vietnamese economy and speak directly with our fund managers about the performance and strategies of our funds. For those not able to attend the event, the conference presentations are available on our website at [www.vinacapital.com](http://www.vinacapital.com).

As the conference presentations make clear, there remain ample investment opportunities in Vietnam. We look forward to 2010 and will continue to update you on our investment results.

Very truly yours,

Don Lam  
 CEO  
 VinaCapital Group

## Performance summary

Most recent NAV:	VOF (30 Sep 09)	VNL (30 Sep 09)	VNI (30 Sep 09)
NAV per share (USD) <sup>1</sup>	<b>2.53</b>	<b>1.31</b>	<b>0.66</b>
Return (%) <sup>2</sup>	(from Aug 09)	(from Jun 09)	(from Jun 09)
Previous NAV	3.8	-2.2	5.8
YTD	36.0	-14.4	4.7
Since inception	160.8 (30 Sep 03)	35.1 (22 Mar 06)	-21.2 (5 Jul 07)
Issued shares <sup>3</sup>	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	823	655	265
Market cap (USDm)	565	455	150
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN
ISIN	KYG9361Y1026	KYG936361016	KYG936121022

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

<sup>2</sup> Adjusted for dividends/distributions (see VNI, page 5).

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

## Market update

### Capital markets and economy

The bull run in Vietnamese equities continued throughout the third quarter of 2009, with the Vietnam Index returning 29.6 percent, substantially ahead of the MSCI Asia ex-Japan and Emerging Market indices, which returned 19.4 and 21.3 percent, respectively. Against this backdrop, market trading accelerated dramatically, with an average of USD170 million in shares changing hands daily across Vietnam's two stock markets.

GDP growth, after bottoming out at 3.1 percent annualised in Q1 2009, reached 5.8 percent annualised during the third quarter. Most analysts expect full year GDP growth above 5 percent. Other macro trends that indicate the strength of Vietnam's economy include high double-digit growth in retail sales and a significant rebound in industrial production and construction. Although inflation is rising and is expected to end the year at about 7 percent, real growth looks to be accelerating.

Two policy moves have underpinned these trends. The first was a liberalisation of consumer lending, which allowed banks to price unsecured consumer credit more realistically relative to the underlying risk. Second was the four percent interest loan subsidy programme that has helped to reduce financing and borrowing costs for many enterprises across the economy. Almost US\$23 billion was lent under the subsidy scheme, and credit has grown by 28 percent to the end of September 2009.

## Trade deficit expected at USD11bn for 2009

Vietnam's trade deficit has returned following a surplus in the first quarter, arguably as a result of the increased economic activity following the fiscal and monetary stimulus package. The deficit is now expected to be slightly over USD11 billion for 2009, a reasonable 12 percent of GDP. The rate of acceleration in the trade deficit, however, especially in August and September (USD3.7 billion), is clearly unsustainable.

On 30 October, the government announced some details on the extension of the current fiscal stimulus programme. The interest subsidy will be maintained, but will drop to two percent from four percent and will be applied to medium and long-term loans only (short-term loans will remain subsidised until the end of the first quarter of 2010). Domestic debt offerings by the state should accelerate with proceeds being channeled into infrastructure, long duration investments, and key industries that support medium-term growth. The need to raise interest rates and slow monetary growth to control inflation, combined with the funding requirements for an extended fiscal stimulus, means a correction in equity markets before year-end is increasingly likely.

## Continued strength in residential market

### Real estate market

Positive economic news and the strong stock market performance had an immediate impact on the residential property market as sales activity continued to be strong. A new twist on Vietnam's residential market was the successful launch of vacation or second home developments such as VinaCapital's Ocean Villas in Danang, where all sales reservations went to domestic buyers. Other vacation home launches occurred in Ho Tram and Phan Thiet/Mui Ne near Ho Chi Minh City.

### Capital market indicators

VN Index	30-Sep	31-Dec	52 wk low	52 wk high
Close	580.9	315.6	234.7	594.3
Change (%)	6.2	84.1	147.5	(2.3)
Trailing PER (x)	22.4	Est. PER 2009E (x) 18.6		
Trailing P/B (x)	2.8			
Govt bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	9.1	9.8	10.1	10.3

Source: VinaSecurities

### Macroeconomic indicators and forecast

	2008	Sep-09	YTD	Y-o-Y change
GDP growth	6.2%		4.6%	
Inflation	19.9%	0.6%	4.1%	2.4%
FDI (USDbn)	71.7	2.1	12.5	-78.0%
Imports (USDbn)	80.7	6.2	48.3	-21.8%
Exports* (USDbn)	62.7	4.7	39.2	-19.1%
Trade deficit (USDbn)	18.0	1.5	9.1	-42.8%
Exchange rate** (USD/VND)	17,486	17,841	2.0%	
Bank deposit rate (VND %)	7-8.5%	8.6-9.4%	n/a	n/a

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

\* Excludes gold. \*\* Official rate.

## PIT law expected to help limit property speculation

Market supply in the low and mid ranges increased over the quarter as the pace of construction picked up. Average asking prices in the secondary market increased by 1-3 percent, and the price of land in fringe urban areas also increased. The spike in the start of new projects is a positive signal that developers believe demand in the residential market will remain strong. Significant new supply however should keep speculators and rampant price growth in check. The Personal Income Tax (PIT) on housing transactions came into effect on 26 September, which should also help limit transactions to real buyers looking for housing. With competition set to increase, developers are increasingly focusing on issues like quality, flexible payment terms and bank support.

## Office market shows signs of a bottom

Office rents should halt their decline by the end of 2009. The market may be nearing a bottom, with asking rents during the quarter across all grades posting the lowest decline, 2.9 percent, since Q2 2008. Achieved rents were 10-16 percent below asking rents and this gap has narrowed significantly from previous quarters. Overall vacancy in Ho Chi Minh City stood at 17.5 percent, down slightly from the Q2 2009 rate of 18.1 percent. Grade A vacancy currently stands at 26.3 percent. Although the business environment has picked up, the new office space supply coming onto the market is expected to keep prices low throughout 2010.

## Retail sector growing as expected

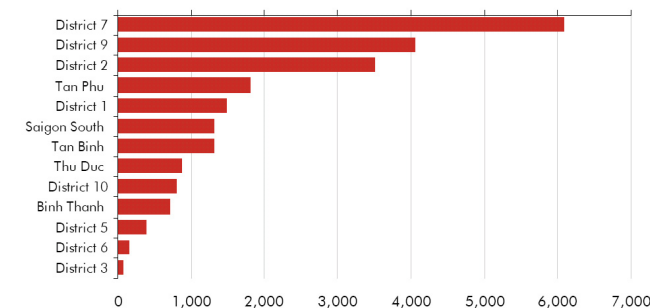
Retail sales in Q3 increased 8.0 percent quarter-on-quarter and 18.6 percent year-on-year. Though growth rates have slowed, Vietnam's retail sector has outperformed much of the rest of the world. With demand for goods and services high, rents in CBD areas have remained stable and the renovation of shophouses is a common sight in all urban centres, often involving the market entrance of new mid and high-end brands. Many non-CBD shopping centres face difficulty maintaining tenants, however. Hanoi saw its first major new CBD retail supply this quarter with the opening of Vincom Galleries (80 percent occupancy at launch) and Ho Chi Minh City will see the launch of the Kumho Asiana Plaza in Q4 2009, as well as two non-CBD centres in District 11.

## Hotel occupancy to pick up in Q4 2009

International visitor arrivals reached 745,000, down 19.8 percent year-on-year. Hotel occupancy rates have dropped as a result, the third quarter seeing declines in 3-star occupancy in addition to 4- and 5-star occupancy declines. Only in Hanoi has the trend begun to reverse. The fourth quarter should see rising occupancy extend to other markets as it includes the tourism high season in addition to the improved economic and business climate. Swine flu remains a threat to travel, but revenue is expected to begin growing again in early 2010. The most notable market trend is the popularity of branded budget hotels, with more 3-star international brands expected to enter the market.

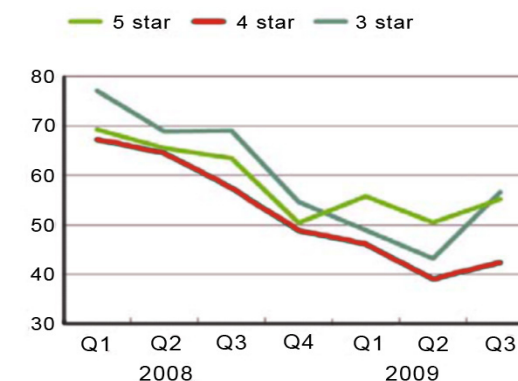
## Real estate market indicators

### HCM City apartment launches, Q4 2009 to H1 2010



- Total of 22,560 units in 9 months.
- Almost 10,000 units launched in 2008, and 13,000 expected in 2009.

### Hanoi hotel occupancy rates, by quarter



Source: CBRE Vietnam.

## Performance update

During the quarter, VOF's NAV increased 20.9 percent to USD823 million, or USD2.53 per share, from USD681 million, or USD2.10 per share, at the end of June 2009. The VN Index increased 29.6 percent over the same period, while VOF's capital market investments returned 44.0 percent. The biggest gains over the quarter were recorded by blue chips DIG, HPG, VNM, and EIB (which listed shortly after the quarter ended). At the end of September, VOF was 87.2 percent invested with USD105.3 million in cash and cash equivalents available, up from USD98.1 million at the end of June 2009. Top five holding DIC Corp listed during the quarter, under the symbol DIG, resulting in an unrealised gain of 77.8 percent compared to its original cost of investment in early 2008.

VOF's share price meanwhile rose 21.7 percent to USD1.74 per share at the end of September, from USD1.43 per share at the end of June 2009. The discount to NAV at the end of September stood at 28.4 percent, down from 31.9 percent at the end of June.

During the quarter VOF continued to make progress restructuring its portfolio to take advantage of the current investment climate. In August, VOF announced its investment in shares of VNL, amounting at the end of September to a 3.5 percent stake in VNL, or 1.5 percent of VOF's NAV. The decision to invest in VNL shares has been taken as a means to enhance the liquidity of its real estate holdings while taking advantage of the substantial discount to NAV of the shares of VNL and other closed-end funds. VOF also announced the sale of its 17.5 percent stake in the Hilton Hanoi Opera Hotel, resulting in an exit at 10 percent above the carrying value of the asset. Finally, VOF has also sold its stake in the A&B Tower office project in Ho Chi Minh City. The exit resulted in an IRR of 17.5 percent over the four years the asset was held.

Also during the quarter, investee Pho 24, a popular fast-food restaurant, announced it had signed a franchise deal to open restaurants in the UK. Under the deal, the UK partner will open 30 restaurants within the next 15 years. The first of these opened on 18 October 2009 at a commercial centre in London. Pho 24 also plans to launch the brand in other European countries. In June, the enterprise signed a franchise contract to open restaurants in Hong Kong over the next ten years. The company currently has 59 restaurants in Vietnam and 11 abroad. VOF owns a 32.5 percent equity stake in Pho 24.

**VOF real estate exits:  
Hilton Hanoi IRR of 23%,  
A&B Tower IRR of 17.5%**

## Regulatory announcements and press releases

9 Sept 2009	<a href="#">August NAV</a>	19 Aug 2009	<a href="#">DIC listing</a>
7 Sept 2009	<a href="#">Sale of Hilton stake</a>	11 Aug 2009	<a href="#">July NAV</a>
4 Sept 2009	<a href="#">Investee Pho 24 update</a>	4 Aug 2009	<a href="#">Investing policy update</a>
1 Sept 2009	<a href="#">Change of website url</a>	13 Jul 2009	<a href="#">June 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 (Vietnam)

### 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 30 September 2009

### Top 5 listed investments

Name of investee	Stake (%)	Number of shares '000	Book value 30/09/09 (USD '000)
VNM	2.5	8,903	44,912
DIG	9.7	5,846	43,251
HPG	5.3	10,379	41,594
DPM	2.1	7,867	20,812
PNJ	11.8	4,728	17,490

### Top 5 OTC investments

Name of investee	Stake (%)	Number of shares '000	Book value 30/09/09 (USD '000)
Eximbank	5.0	44,000	71,245
Intresco	9.2	2,128	8,944
An Giang Plant Protection	6.3	1,129	6,029
Vinacafe	9.9	1,391	5,420
Halico	18.8	2,026	4,173

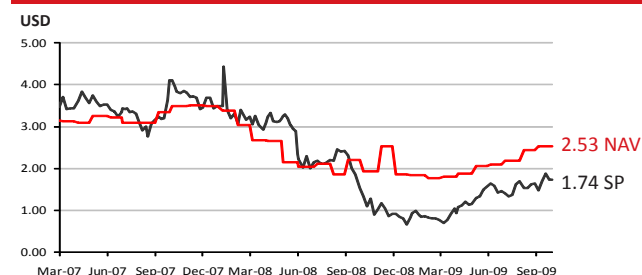
### Top 5 real estate investments

Project	Investment type	Stake (%)
Sofitel Metropole	Hotel	50.0
Dai Phuoc Lotus	Township	18.0
Danang Beach Resort	Mixed use/golf	25.0
Binh Khanh/21st Century	Mixed use	21.0
Hung Vuong Plaza	Mixed use/retail	30.0

### Top 5 private equity investments

Name of investee	Investment type	Stake (%)
Hoan My Hospital	Healthcare	28.9
Quoc Cuong Gia Lai	Real estate	14.8
COFICO	Construction	25.1
SSG-Saigon Pearl	Real estate	5.0
Khang Dien Housing	Real estate	15.0

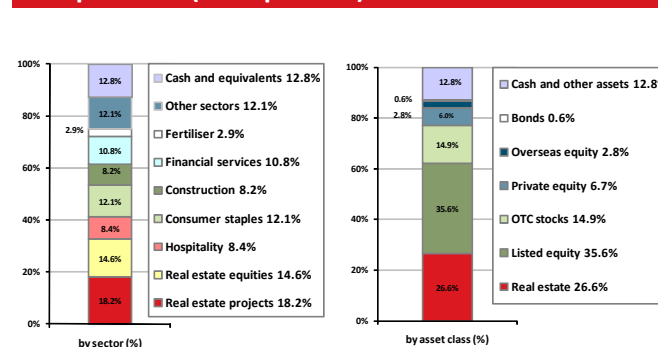
### NAV and share price performance (30 Sept 2009)



### Performance history (% change on NAV)

	2009	2008	2007	2006
Jan	-1.3%	-2.9%	14.6%	3.9%
Feb	-3.7%	-10.2%	8.3%	6.3%
Mar	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		-12.4%	4.2%	1.0%
Nov		-1.9%	0.6%	13.5%
Dec		-2.1%	-0.6%	8.1%
<b>YTD</b>	<b>36.0%</b>	<b>-46.6%</b>	<b>37.4%</b>	<b>64.9%</b>
<b>VN Index</b>	<b>84.1%</b>	<b>-66.0%</b>	<b>23.3%</b>	<b>144.5%</b>

### VOF portfolio (30 Sept 2009)



**Performance update**

VNL's NAV at the end of September was USD1.31 per share, down 2.2 percent from USD1.34 per share at the end of June 2009. During the quarter, 16 VNL assets were valued by international valuation consultants, including eight hospitality assets. While some assets increased in value, the net result was a decline of USD0.03 per share. The share price rose 33.8 percent to USD0.91 at the end of September from USD0.68 at the end of June 2009.

**Project updates**
**Binh Khanh/21st Century**

During September a groundbreaking ceremony was held for the 4,200-unit Binh Khanh resettlement project, which is part of a larger project to resettle people living in the Thu Thiem section of District 2, Ho Chi Minh City (being cleared as part of construction on the Long Thanh Highway and the development of the Thu Thiem new urban area). The Binh Khanh project is owned by 21st Century International Development Co, majority-owned by VNL and VOF. The 30.2 ha project will comprise ten apartment blocks to be built in two phases. Both phases will be completed by 2012, with total investment capital of USD350 million.

**Hilton Hanoi Opera Hotel**

On 7 September, VNL announced the sale of its 52.5 percent equity stake in the Hilton Hanoi Opera Hotel. The sale of the equity stake will result in an IRR of 23 percent over the three years since the stake was acquired, with an exit at 10 percent above the carrying value of the asset. The sale follows VNL's strategy of adjusting its hospitality sector holdings to take advantage of future growth areas in the market. VNL still holds two hospitality assets in Hanoi (Movenpick Hanoi and Mercure La Gare Hanoi), in addition to one in Ho Chi Minh City (Movenpick Saigon), one in Phan Thiet (Romana Resort), and several hospitality projects under development in the central coastal region (Danang, Hoi An and Nha Trang).

**World Trade Center Danang**

On 31 August, VinaCapital Commercial Centre Ltd signed a USD23.9 million loan agreement with the Bank for Investment and Development of Vietnam (BIDV) for the development of a luxury apartment tower, the first phase in the WTC Danang project. The WTC Danang will be the most spectacular mixed-use real estate development in Danang, a top tourism destination on Vietnam's central coast. The nine-hectare WTC project broke ground in early 2008, with piling work for the luxury apartment tower now completed and construction expected to finish in two years. The 225-apartment tower will be followed by retail shopping and commercial centres, a conference centre and hotels. VNL holds a 38.25 percent equity stake in Phase 1 of the WTC Danang project (and 75 percent in Phase 2).

**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 (Vietnam)

**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**

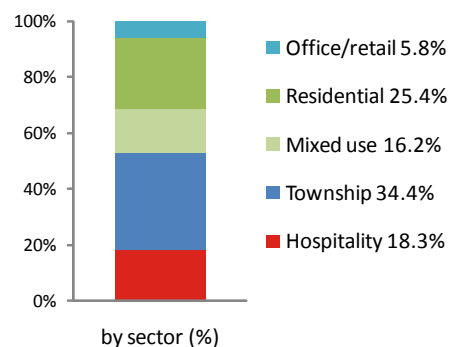
Medium to long term capital gains with some recurring income through investment in the following real estate sectors: Office; Residential; Retail; Township/Industrial (large scale); and Hospitality and Leisure.

**Investment focus by geography**

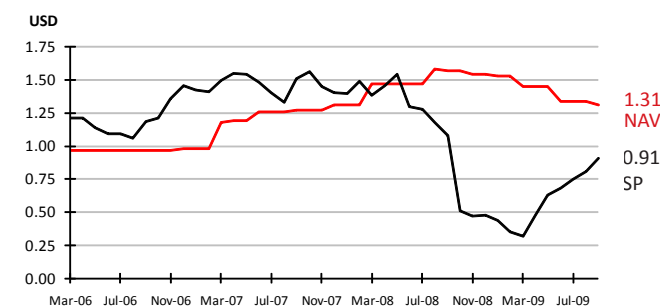
Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.

**Regulatory announcements and press releases**

10 Sept 2009	<a href="#">Residential sales update</a>	18 Aug 2009	<a href="#">Holding in company</a>
7 Sept 2009	<a href="#">Hilton Hanoi sale</a>	13 Jul 2009	<a href="#">June NAV announced</a>
1 Sept 2009	<a href="#">Change of website url</a>		

**VNL portfolio (30 September 2009)**

**Portfolio by geographic location**

Hanoi	15%
Central provinces	25%
Ho Chi Minh City region	60%

**NAV and share price performance (30 Sept 2009)**

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

	2009	2008	2007	2006
Q1	-5.2%	12.5%	22.0%	
Q2	-7.6%	7.1%	6.1%	0.0%
Q3	-2.2%	-0.4%	0.2%	0.0%
Q4		-2.5%	3.2%	0.5%
YTD	-14.4%	17.1%	33.8%	0.5%

**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
Hanoi Golden Westlake	Residential	Sales 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 at the end of September was USD0.66 per share, up 5.8 percent from the end of June 2009. The increase is in line with the strong recovery of the economy and stock market in Vietnam. VNI's share price was USD0.38 at the end of September, up from USD0.33 at the end of June 2009. The traded price represents a 43.2 percent discount to NAV, compared to 46.5 percent at the end of the last quarter.

**Project update**
**Innovative Technology Development Corp (ITD) and Global Electrical Technology Corp (GLT)**

VNI investees ITD and GLT are both preparing public offerings. ITD, one of Vietnam's largest suppliers of toll road equipment, will put its full chartered capital of 11.6 million shares on the UpCom (OTC) market in December 2009. GLT, a builder of BTS towers, intends to list its full chartered capital of 6.3 million shares on the Hanoi Stock Exchange in November 2009.

**Pha Lai Thermal (PPC) and Can Don Hydro (SJD)**

In the energy sector, VNI has investments in one OTC and three listed firms, Pha Lai Thermal (PPC), Can Don Hydro (SJD), Thac Mo Hydro (TMP) and Ba Ria Thermal (BTP/OTC). Pha Lai will overhaul three turbines (500MW total) in Q4 2009. This work was originally scheduled for Q3 2009 but was delayed due to a request from Electricity of Vietnam (EVN) to continue power generation to cope with shortages. Nearly 80 percent of the annual generation plan was achieved in the first seven months of 2009 and full-year generation is now estimated to be about 7 percent above the annual target. Pha Lai's share price has recently increased by 10 percent on this positive news.

Can Don is also seeing positive operating results in 2009, with 103 million kWh of power generated, 36 percent higher than the 2009 plan and 6 percent above the same period in 2008. Can Don saw profits of VND45 billion (USD2.5 million) over the first half of 2009, up 36 percent year-on-year, due to the higher generation and lower interest rates. Can Don's share price has increased 18 percent year to date.

**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 (Vietnam)

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**Management and performance fee**

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark

**Investment manager**

VinaCapital Investment Management Ltd

**Investment focus**

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

**Investment focus by geography**

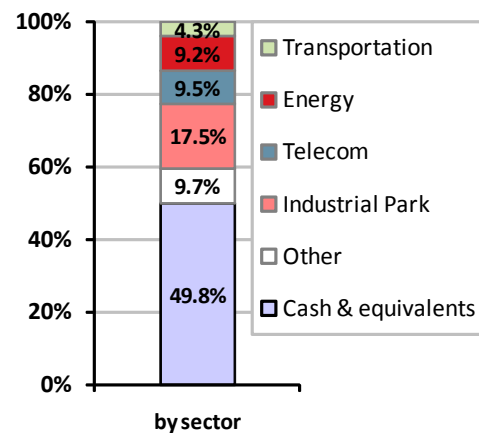
Greater Indochina comprising: Vietnam (minimum of 70 percent); Cambodia; Laos; and southern China



### Regulatory announcements

- 1 Sept 2009 [Change in website url](#)  
 13 Jul 2009 [June NAV announced](#)

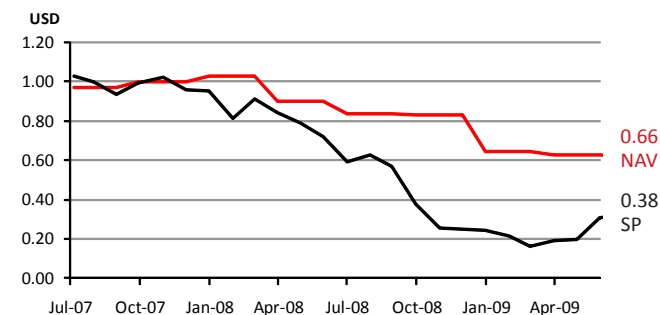
### VNI portfolio by sector (30 September 2009)



### Portfolio by Asset Class

Listed companies	20.9%
OTC	2.1%
Private equity	16.6%
Greenfield projects	7.4%
Bonds	3.3%
Cash and equivalents	49.8%

### NAV and share price performance (30 Sept 2009)



### Performance history (total return)\*

	2009	2008	2007
Q1	-0.5%	-12.8%	n/a
Q2	-0.4%	-6.7%	n/a
Q3	5.8%	-1.0%	2.9%
Q4		-12.0%	3.1%
YTD	4.7%	-29.1%	6.1%

Total return since inception: -21.2%

\* 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 (%)
Tan Tao (ITA)	IP	Listed	8.5
Long An S.E.A.	IP	Greenfield	7.1
Pha Lai (PPC)	Energy	Listed	5.2
MIDC	Telecom	Private	3.8
VNC-55	Telecom	Private	3.5

**At 30 Sept 2009, VOF held a 9.2% stake in Intresco worth USD8.9m**

## Intresco JSC

Intresco JSC is a real estate company specialising in developing residential and commercial projects in Ho Chi Minh City and the surrounding region. It was privatised in early 2000. Intresco currently holds a land bank of over 200 hectares, including a 105ha plot in District 9 and several plots of between 40-60ha each. The company also owns several large villas in central Ho Chi Minh City that were acquired many years ago at very low prices. Intresco's management is very experienced at developing and managing properties and has a strong relationship with parent company Saigon General Real Estate Co, allowing them to acquire land in good locations at competitive prices.

For FY2009, Intresco targets revenue of VND748.2 billion and net income of VND120 billion. In H1 2009, Intresco reported revenue of VND426.3 billion and net profit of VND81.6 billion, or 57 and 67.5 percent of the 2009 target, respectively. In 2009, the company plans to pay a 20 percent dividend. Three-year earnings growth (2010-2012) is estimated at 20 percent per year, with income mainly from the sales of land lots and apartments.

Intresco listed on the Ho Chi Minh City Stock Exchange on 19 October 2009. The initial listing price was VND55,000 per share. At 29 October, the share price had increased to VND95,000 per share, resulting in a 2009 PE and PB of 18.2x and 1.7x, respectively.

## Financial highlights

Profit and loss (VND bn)	FY07A	FY08A	H1 09A
Revenue	767.0	560.2	426.3
Gross profit	143.4	51.0	98.4
Gross margin	18.7%	9.1%	23.1%
Net income	110.6	76.1	81.6
Net margin	14.4%	13.6%	19.1%
EPS	11,249	2,397	3,544
DPS	30%	10%	20%
Balance Sheet (VND bn)	FY07A	FY08A	H1 09A
Total assets	3,060.6	3,161.7	2,807.4
Shareholders' equity	200.3	230.3	230.3
ROE (%)	9.1%	6.2%	6.2%
Book value per share	6.1x	5.3x	5.7x
Valuations (VND bn)	FY07A	FY08A	H1 09A
PER (x)	n/a	15.1x	10.6x
P/B (x)	0.8x	0.9x	1.0x
Dividend yield (%)	n/a	1.4%	2.9%

**At 30 Sept 2009, VOF held a 5.0% stake in EIB worth USD71.2m**

## Eximbank (EIB)

Eximbank (EIB), established in 1990, was the first joint stock commercial bank in Vietnam and is among the leading banks in terms of credit turnover, especially in import-export activities. Foreign investors hold more than one quarter of its equity, including Sumitomo Mitsui Banking Corporation's 15.1 percent stake. Competitor Vietcombank also holds a significant stake. The majority of earnings is from loan interest, while income from services is low compared to peers STB and ACB. However this should improve as Sumitomo Mitsui will support EIB in launching a retail banking system and developing its infrastructure. EIB also intends to expand its retail branch network to attract more deposits, which will be critical to sustaining growth in the future. Currently the bank has 124 branches nationwide, with plans to increase this by 30-50 branches each year for the next several years.

For FY2009, EIB targeted earnings after tax of VND1,125 billion. During H1 2009, the bank achieved profits of VND716 billion, or 63.6 percent of the yearly target. This result is due mainly from the strong growth of credit activities. For the whole of 2009, earnings are now estimated to reach VND1,147 billion, or 2.0 percent above the target. For 2010, EIB credit activities could grow at 35 percent and net earnings by 18 percent.

Eximbank listed on the Ho Chi Minh Stock Exchange on 27 October at a price of VND28,000 per share, for a P/B ratio of 1.9. This is significantly lower than the P/B of 3.5 for peers VCB and ACB. The P/E ratio of 19.7, however, is slightly higher than the peer average of 19.3.

## Financial highlights

Profit and loss (VND bn)	FY07A	FY08A	H1 09A
Interest income	685	1,320	915
Service income	72	109	78
Other income	260	545	261
Net income	463	711	716
EPS (VND)	2,004	1,130	814
Balance sheet (VND bn)	FY07A	FY08A	H1 09A
Total assets	33,710	48,248	54,826
Shareholders' equity	6,295	12,844	13,581
ROA (%)	1.8%	1.8%	2.8%
ROE (%)	11.2%	7.4%	10.8%
Book value per share	21,244	17,237	17,220
Valuations (VND bn)	FY07A	FY08A	H1 09A
PER (x)	14.0	24.8	19.7
P/B (x)	1.3	1.6	1.9

**At 30 Sept 2009, VOF held a 10% stake in Vinacafe worth USD5.4m**

### Vinacafe Bien Hoa JSC – OTC traded

Vinacafe is the leading instant coffee processing company in Vietnam with over 40 percent market share via a network of over 120 distributors and retailers. Branded beverages including coffee are among the fastest-growing consumer products in Vietnam. The company is currently running at full capacity and plans to build a new factory with a processing capacity of 3,200 tons per year, almost tripling current production. The factory will require investment of over VND400bn, of which 70 percent will be debt financed. Completion of the factory in 2011 is expected to significantly boost sales and net income.

Vinacafe targets VND742 billion in revenue and earnings before taxes of VND119bn in 2009, compared to 2008's results of VND863bn and VND114bn, respectively, due to the challenging economic conditions this year. H1 2009 results were encouraging, however, with VND466bn in revenue and VND57bn of profits before tax, representing 69 and 48 percent of the year's target, respectively.

Vinacafe trades at a prospective PER of 11.6x FY 2009 EPS and at a trailing P/B of 3.3x. Vinacafe paid a dividend yielding 8.1 percent in 2008.

### Financial highlights

Profit and loss (VND bn)	FY07A	FY08A	H1 09A
Revenue	619.6	863.4	466.4
Gross profit	138.9	172.3	57.0
Gross margin	20%	20%	24%
Net income	108.3	104.5	53.4
Net margin	12.5%	12.1%	n.a.
EPS	9,554.2	7,370.1	n.a.
DPS	3,300.0	6,499.9	n.a.
Balance sheet (VND bn)	FY07A	FY08A	H1 09A
Total assets	379.2	388.0	n.a.
Shareholders' equity	342.0	335.6	n.a.
ROE (%)	31.8%	31.1%	n.a.
Book value per share (VND)	30,158	23,672	n.a.
Valuations (VND bn)	FY07A	FY08A	H1 09A
PER (x)	8.4x	10.9x	n.a.
P/B (x)	2.7x	3.4x	n.a.
Dividend yield (%)	4.1%	8.1%	n.a.

**At 30 Sept 2009, VOF held a 18.8% stake in Halico worth USD4.1m**

### Hanoi Liquor JSC (Halico) – OTC traded

Halico is a spirits producer and distributor with several popular brands, including Vodka Hanoi, Vietnam's top vodka brand. This year Halico received several distinctions including a Golden Vietnam Star award and a Vietnam Essence award for its VinaVodka brand. The company is investing in new production lines and next year will relocate its existing factories to an industrial park in Bac Ninh Province. Halico is in discussions with a major international beverage firm on a possible joint venture.

FY2008 saw positive results as the company achieved VND676.8 billion and VND162.4 billion in revenue and net profit, respectively – with the latter being 136 percent of the 2008 target. For FY2009, Halico targets revenue of VND650 billion and VND120 billion in net profit, 4 and 26 percent lower than 2008 results due to the more challenging economic conditions. However with market expansion into central and southern Vietnam and the popularity of the company's new vodka brands, H1 2009 revenue and profit surged to VND423 billion and VND101 billion, or 57 and 84 percent of the yearly targets, respectively – and an impressive year-on-year increase of 150 and 128 percent.

Halico paid a dividend yielding 5 percent in 2008, amounting to 21 percent of net profit. The company currently trades at a prospective PER 2009 of 5.9x and trailing PB of 2.1x.

### Financial highlights

Profit and loss (VND bn)	FY07A	FY08A	H1 09A
Revenue	541.0	676.8	422.9
Gross profit	181.8	181.8	n.a.
Gross margin	33.6%	26.9%	n.a.
Net income	118.0	162.4	100.6
Net margin	21.8%	24.0%	n.a.
EPS	24,237	22,991	n.a.
DPS	n.a.	5,000	n.a.
Balance sheet (VND bn)	FY07A	FY08A	H1 09A
Total assets	385.7	672.7	n.a.
Shareholders' equity	166.2	326.9	n.a.
ROE (%)	71%	50%	n.a.
Valuations (VND bn)	FY07A	FY08A	H1 09A
PER (x)	4.1x	4.3x	n.a.
P/B (x)	2.9x	2.2x	n.a.
Dividend yield (%)	n.a.	5%	n.a.

**Media highlights****State firms to be overhauled**

30 October 2009 – Vietnamnet

The Government has decided to overhaul state enterprises and their ownership and to improve efficiencies as part of the commitment it made to join the World Trade Organisation. [Read more.](#)

**Unable to lend more, banks tell businesses to issue bonds**

29 October 2009 – Vietnamnet

Businesses are increasingly issuing bonds to mobilise capital instead of seeking bank loans. [Read more.](#)

**VinaCapital upbeat about investment prospects**

26 October 2009 – VNA

The rapid recovery of Vietnam's stock market this year is a firm foundation for improvement of investment in other sectors, said the chiefs of VinaCapital, one of the leading asset management and consulting companies in Vietnam. [Read more.](#)

**Vietnam's population to touch 90.4 million by 2013**

30 September 2009 – Intellasia

Vietnam's population is expected to grow by 1 percent a year from 2009 until the end of 2013. [Read more.](#)

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## VinaCapital Group

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

**Don Lam** Chief Executive Officer, VinaCapital Group  
**Brook Taylor** Chief Operating Officer, VinaCapital Group

### VCIM

**Andy Ho** Managing Director, Head of Investment  
**Tony Hsun** Managing Director, Infrastructure  
**Pham Do Chi** Chief Economist  
**Nguyen Viet Cuong** Deputy Managing Director, Capital Markets  
**Dang Hong Quang** Deputy Managing Director, Infrastructure

### VCRE

**David Henry** Managing Director, Real Estate  
**Stephen O’Grady** Managing Director, Hospitality  
**Tran Vu Anh** Deputy Managing Director, Investment  
**David Blackhall** Deputy Managing Director, Asset management  
**James Chew** Deputy Managing Director, Planning  
**Don McLeod** Deputy Managing Director, Technical

**Stacy Kincaid** Managing Director, Fund portfolio

### Contact

**Chi Nguyen** Investor Relations  
 ir@vinacapital.com  
 +848-3821-9930  
[www.vinacapital.com](http://www.vinacapital.com)

**Broker** LCF Edmond de Rothschild  
**Nominated advisor** Grant Thornton Corporate Finance  
**Auditor** Grant Thornton (Vietnam)  
**Custodian** HSBC Trustee