

VN Index strong in April, up 8.6%

Capital markets update

The VN Index rallied in April, rising 8.6 percent for the month to close at 542 points and outperforming both the MSCI Asia ex-Japan and Emerging Markets indices, up 0.4 and down 2.8 percent, respectively. Year-to-date, the VN Index is up 9.6 percent, but it is some 14.3 percent off its 52-week high. Foreign investors were active during the month, with net buying of USD121.7 million, mainly focused on blue chips.

Vietnam's strong market performance was driven in part by solid GDP growth figures for the first quarter, as well as some excitement over strong earnings growth indications in the Q1 2010 results of blue chip companies.

Yield curve high as credit growth resumes

In fixed income, the yield curve remains high, with coupons ranging from 11.4-12.4 percent across most durations. However, inflation in April was moderate, with the CPI rising 0.14 percent and year-on-year inflation remaining in single digit levels at 9.2 percent. The State Bank did not raise interest rates in April and credit growth resumed, up 2.9 percent for the month. Credit growth for the year to date, however, is only 5.9 percent as administrative measures to cap deposit rates and remove caps on lending rates muted credit growth in February and March.

As loan growth looks set to resume, pressure on prices and the trade deficit is likely to resurface, given the underlying growth bias of the government policy. Reflecting this risk, the government has raised its inflation target by 100 basis points to eight percent for 2010 full year. Weak external demand (particularly in Europe) and soft commodity prices mean that inflation is mainly a domestic issue, giving analysts some confidence that the government target can be met through prudent monetary policy.

Valuations remains at discount to region

Overall, Vietnamese equity valuations are still comparatively attractive, with a market forward PE of 12.8x and forecast 2011 PE of 11.8x. This is a 10-15 percent discount compared to many Asian markets. If earnings growth is as strong as some analysts forecast, Vietnam's equity markets could see slow but steady growth in the coming months.

Performance summary			
Most recent NAV:	VOF	VNL	VNI
	(30 Apr 10)	(31 Mar 10)	(30 Apr 10)
NAV per share (USD) ¹	2.50	1.37	0.66
Return (%) ²	(from Mar 10)	(from Dec 09)	(from Mar 10)
Previous NAV	3.0	3.0	2.2
YTD	3.5	3.0	-1.1
Since inception	157.7	41.2	-21.5
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares ³	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	812	685	264
Market cap (USDm)	542	475	153
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN
ISIN	KYG9361Y1026	KYG936361016	KYG936121022

¹ Unaudited. VOF and VNI NAVs are updated monthly, VNL NAV is update quarterly.

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

³ VNI holds 930,700 shares in a treasury facility.

VN Index	30 Apr 10	31 Dec 09	52 wk low	52 wk high
Close	524.4	494.8	350.1	633.2
	<i>M-o-M</i>	<i>YTD</i>		
Change (%)	8.6	9.6	54.9	(14.3)
Trailing PER (x)	12.2	Est. PER 2010 (x)	12.8	
Trailing P/B (x)	2.4			

Govt bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	11.4	11.9	12.2	12.4

Source:  VinaSecurities

Industrial production up 13% year-on-year

Economy

Vietnam's economy continues to perform well, with year-to-April industrial production up 13 percent year-on-year, retail sales up 25 percent and construction up 27 percent. These domestic-driven sectors reflect the healthy level of demand in the economy. One international bank has lifted its GDP growth projection for 2010 to 7.2 percent, while the official target remains a realistic 6.5 percent.

Raised minimum wage to boost retail sales

Industrial production numbers show the foreign-invested sector leading the way with 16.2 percent year-on-year growth, followed by the state-owned sector (12.7 percent) and private sector (10.3 percent). Note that it is unusual for the state sector to outpace the private sector. Retail sales will soon be boosted by the minimum salary increased that went into effect on 1 May, boosting the disposable income of low-income consumers. With a higher marginal propensity to consume than higher income earners, most of the new earnings will be expended.

Monthly inflation falls to lowest rate in 12 months

The CPI in April grew by only 0.14 percent, the lowest month-on-month inflation rate since March 2009. The cause was a 0.63 percent drop in food prices due to a good harvest (food is 40 percent of the CPI basket). The April result supports the belief that inflation peaked in February. Nonetheless, the government raised its targeted inflation rate to eight percent (from seven percent) to accommodate the expected higher credit growth rate in coming months – a move the government is making to support economic growth. Most analysts feel the original target was unrealistic, and that the government should be satisfied with any inflation result in the single digits.

Loan interest rates remain relatively high

The base rate was kept at eight percent for the sixth straight month. The tight monetary policy stays in place driven by a lifting of ceilings on both lending and deposit rates. As of early May, VND deposits can earn about 11.5 percent, and business loan rates are 14-15 percent. Despite a State Bank campaign beginning in early April to lower interest levels, the interest rate landscape has changed only slightly. However, most observers expect the State Bank to achieve its lower interest objectives in one or two months.

Exports rise, imports rise faster; deficit 23% of exports

Over the first four months of 2010, deposit growth slightly outpaced credit growth of 5.9 percent, allowing banks to accumulate some liquidity. One reason for this may be that businesses are reluctant to borrow given the high interest rates. The trend of borrowing in USD continued in April, due to the interest rate gap and the stability of the VND.

Total exports for 2010 to April amount to USD20.2 billion, an 8.6 percent increase year-on-year. However, imports rose 36 percent to reach USD24.8 billion, for a USD4.6 billion deficit. The deficit is 23 percent of exports, slightly exceeded the government target of 20 percent. The rise in imports is largely attributable to the need for machinery and equipment to support production. The full-year deficit is projected at USD12 billion, which remains sustainable considering it will be covered by FDI disbursement (USD10 billion forecast) and remittances (USD8 billion forecast), in addition smaller amounts of ODA and foreign borrowing.

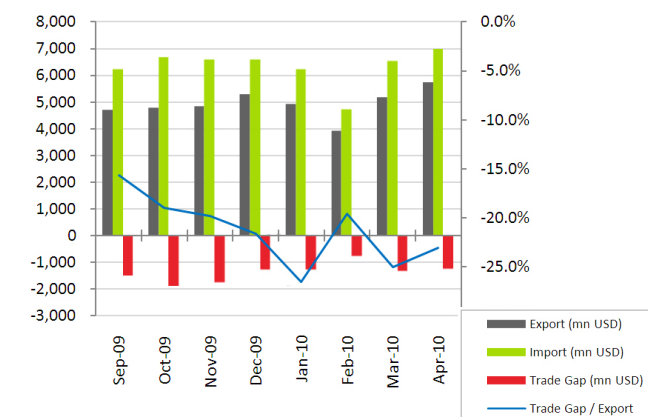
Macroeconomic indicators and forecast

	2009E	Apr-10	YTD	Y-o-Y change
GDP growth	5.3%		5.8%	
Inflation	6.9%	0.1%	4.3%	9.2%
FDI (USDbn)	21.5	3.8	5.9	-25.7%
Imports (USDbn)	68.8	7.0	24.8	25.0%
Exports¹ (USDbn)	56.6	5.7	20.2	8.9%
Trade deficit (USDbn)	12.2	1.3	4.6	1,293.9%
Exchange rate² (USD/VND)	18,479	19,000	2.8%	2.8%
Bank deposit rate (VND %)	9.8-10.5%	11.0-11.5%	n/a	n/a

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

¹ Includes gold. ² State Bank central rate.

Trade deficit and deficit/export ratio



Portfolio developments

At the end of April 2010, VOF's NAV increased 3.0 percent to USD2.50 per share from USD2.43 per share at the end of March 2010. This is primarily due to a 4.7 percent gain in the capital markets component, which saw gains in key holdings such as VNM, HPG, KDH and OTC-traded Quoc Cuong Gia Lai. VOF's share price rose 6.4 percent to USD1.67 at the end of April, from USD1.57 at the end of March.

Prime Group JSC

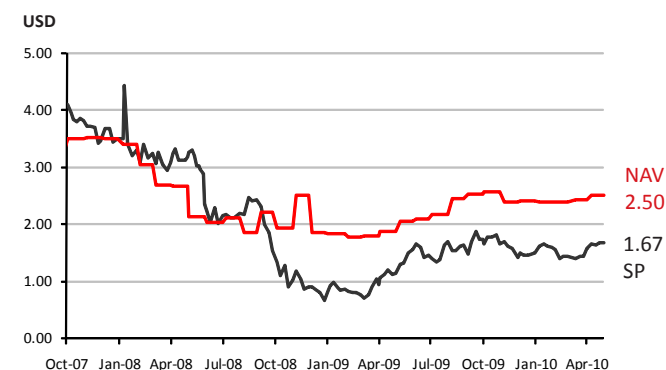
During April, VOF announced a private equity investment in Prime Group JSC, Vietnam's leading ceramics manufacturer. Prime Group JSC, among other holdings, owns eight ceramic tile factories and a nationwide distribution network resulting in a 25 percent market share. VOF invested USD15 million in Prime for an equity stake of 7.0 percent. This represents 1.9 percent of VOF's net asset value at 31 March 2010, making Prime Group one of the Company's top ten equity holdings. Prime Group's 2009 revenue and earnings were USD123 million and USD16 million, respectively, with earnings revenue growth expected at over 30 percent for the next three years.

30 April 2010

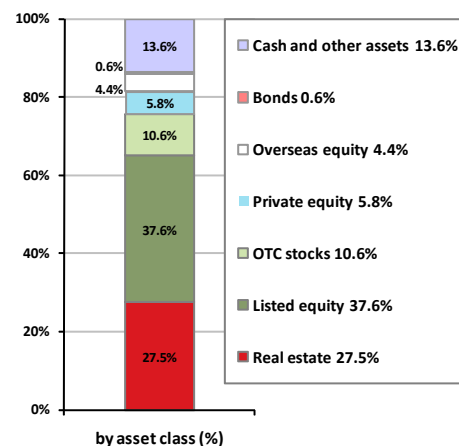
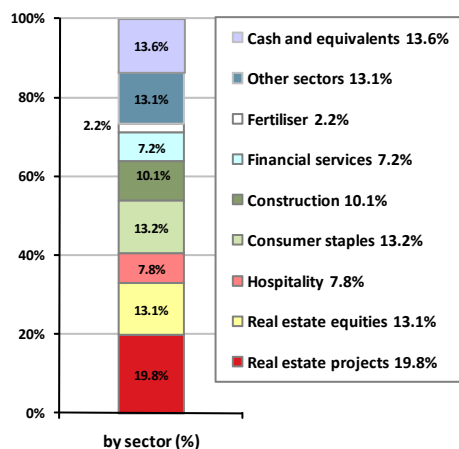
NAV **2.50** per share (↑ 3.0%)

Total NAV: USD812 million

NAV and share price performance (30 Apr 2010)



VOF portfolio (30 April 2010)



Major holdings (listed and OTC)

Type	Sector	% NAV	Manager's comment
EIB	Listed equity	6.2	One of Vietnam's top joint stock banks.
VNM	Listed equity	5.5	Dairy firm with dominant market share.
HPG	Listed equity	4.4	Major steel manufacturer.
DIG	Listed equity	3.1	Residential and industrial property.
CQGL	OTC equity	2.2	Major real estate developer.

Fund background

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.

VOF targets 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.

Download the VOF Factsheet at www.vinacapital.com/vof

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	3.0%	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	3.5%	29.7%	-46.6%	37.4%	64.9%
VN Index	9.6%	56.7%	-66.0%	23.3%	144.5%

Portfolio developments

VNL's share price increased 6.7 percent to USD0.95 at the end of April, from USD0.89 at the end of March, resulting in a discount of 30.7 percent on the NAV of USD1.37 per share. Note that after reviewing the decision to announce the NAV of VNL monthly, the Company has decided that it will revert back to the policy of announcing its net asset value on a quarterly basis.

Danang Golf Club at Danang Beach Resort

The 260-hectare Danang Beach Resort reached an important milestone during April with the official opening of the Danang Golf Club and the Greg Norman-designed Dunes golf course. With the golf course open for play and the launch and sales of the Ocean Villas, Cham Condominiums and Norman Estates well underway, the Danang Beach Resort is quickly taking shape as Vietnam's first truly integrated luxury resort.

The Danang Golf Club will feature two 18-hole courses along with a 3,800sq.m clubhouse, international standard golf academy with state-of-the-art digital swing studios, driving range with extensive short-game practice facilities, and luxury dining and leisure facilities. The Dunes course, with two holes fronting the beach, is the first true links style course in Southeast Asia, featuring blown-out bunkers with firm and fast fairways that blend into wild seaside vegetation.

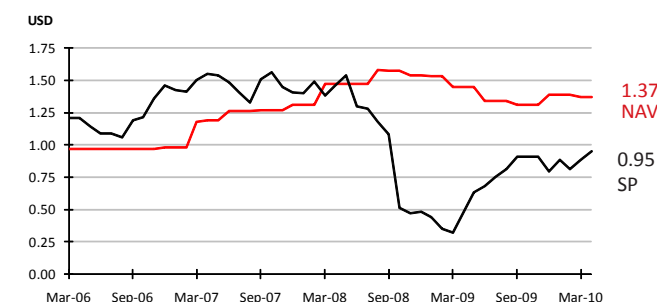
The development of the Danang Beach Resort components also coincides with the soft launch of VinaLiving, Vietnam's first lifestyle and tailored-living brand that caters to the new generation of Vietnamese homeowners. The brand will offer a one-stop sales vehicle for all VNL residential assets.

31 March 2010

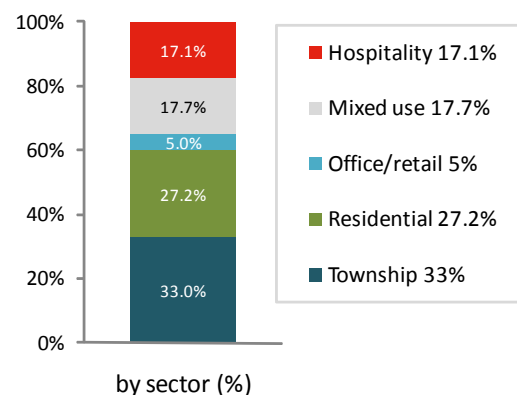
NAV **1.37** per share (↑ 3.0%)

Total NAV: USD685 million

NAV and share price performance (30 Apr 2010)



VNL portfolio (31 Mar 2010)



Portfolio by geographic location

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

Fund background

VinaLand Limited (VNL) is a closed-end fund trading on the AIM Market of the London Stock Exchange.

VNL targets 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.

Download the VNL Factsheet at www.vinacapital.com/vnl

Quarterly performance history (% change on NAV)

	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

Portfolio developments

VNI's NAV rose to USD0.66 per share at the end of April 2010, from USD0.64 per share at the end of March 2010. VNI's share price, however, declined to USD0.38 per share at the end of April 2010, resulting in a widened discount of 42.4 percent, from 34.4 percent at the end of March.

HNEM hydro power

VNI in April announced its investment in Hanoi Electrical Equipment-Mechanical Engineering JSC (HNEM), a hydro power operator.

VNI has acquired a 35 percent stake in HNEM, which owns three small-sized hydro power plants. One 13.5MW plant is completed and started operations in April 2010, while two smaller plants of 10MW each will be completed in Q2 2012 and 2013. HNEM has plans to acquire and build more hydro plants in northern Vietnam. This is VNI's second investment this year in small 'run of the river' hydro power. In February, VNI announced it had acquired an almost 15 percent stake in Tay Bac Electricity Investment and Development JSC, which also owns and operates three small hydro power plants.

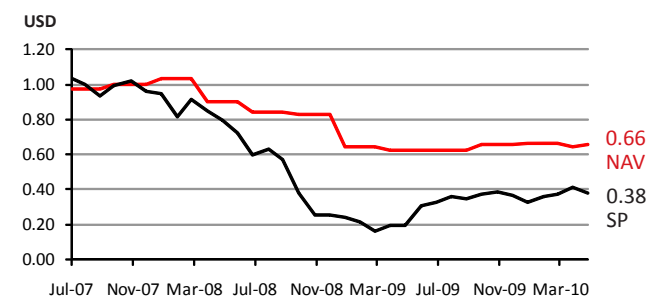
In a press release, VNI Managing Director Tony Hsun said: "The HNEM acquisition is another step in our strategy of acquiring small, well-managed hydro plants that are already operational or have debt in place and are near completion."

30 April 2010

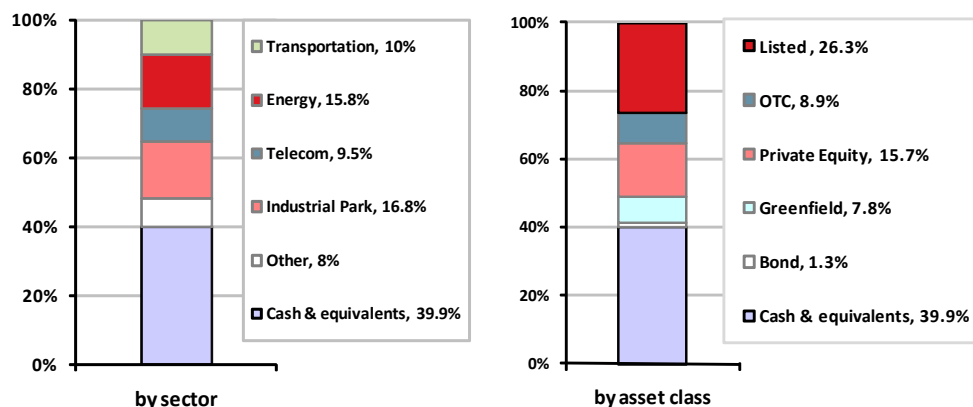
NAV **0.66** per share (↑ 2.2%)

Total NAV: USD264 million

NAV and share price performance (30 Apr 2010)



VNI portfolio (30 April 2010)



Fund background

Vietnam Infrastructure Limited (VNI) is a closed-end fund trading on AIM Market of the the London Stock Exchange.

VNI targets medium to long term capital gains with some recurring income through investment in the following infrastructure sectors: energy; transportation; industrial parks; telecommunication; and water and environmental utilities.

Download the VNI Factsheet at www.vinacapital.com/vni

Quarterly performance history (total return)*

	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: -21.5% to Apr 2010

* 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	4.3
MIDC	Telecom	Private	3.9

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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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