

Base rate changes signal new policy approach

Inflation

Trade

Interest rates

Capital markets

Economy

As 2008 ended it was clear the government has switched its priority from containing inflation to stimulating growth. Industrial output growth dropped for the sixth straight month, including a one percent drop in December to 14.6 percent year-on-year growth from 15.6 percent in November. At the end of December, the government devalued the VND against the USD by 3 percent. Vietnam's shoppers do not seem worried by economic forecasts, with retail sales growth at 31 percent year-on-year in December, on pace with November's 30.9 percent figure.

Both food prices and core inflation were negative in December, falling 0.13 and 0.68 percent, respectively. The rate of decline seems to have stabilised and deflationary trends globally have ended inflation's reign as the issue of the day. Unless there is an unexpected improvement in the economic situation, 2009 should see relatively low CPI growth, in single digits.

For quarter ended December, export value was USD14.2 billion and imports USD16.1 billion, resulting in a trade deficit for the quarter of USD1.9 billion, up from USD1.6 billion in the third quarter. Compared to Q3, exports declined 20.2 percent and imports 15.7. However, export growth in December as measured year-on-year outpaced import growth for the first time in 2008, with the figures now at 29.5 and 28.3 percent, respectively. The government has demonstrated its ability to curb imports, and now the question is how much of a slowdown exports will see as a result of the global economic situation. The recent 3 percent devaluation of the VND indicates government concern in this area.

The State Bank has cut interest rates steadily since mid-October to support the economy, with the base rate now at 8.5 percent. In addition, the State Bank cut the reserve requirement ratio by 100 bps to 5 percent on 19 December, releasing VND10-15 trillion (USD500-750 million) into the banking system. Bank liquidity has improved notably over the past two months, and with the lower rates there should now be more lending – indications continue however that many companies are hesitant to take on debt in the current economic climate.

The Vietnam Index closed December at 316 points, even with the end of November and 66 percent below the starting point for the year. December saw the IPO of Vietinbank, one of the larger state-owned commercial banks. A four percent stake was sold to the public, raising an estimated USD62 million. Few foreign funds participated and the 4 percent float is too low to qualify for the Ho Chi Minh Stock Exchange, so liquidity will remain low at least in the short term. Equity valuations in Vietnam are currently more in-line with regional and emerging market averages than they have been in the last two years. This will help Vietnam when portfolio capital returns, particularly if the government continues with its plan to equitise large SOEs in 2009, such as BIDV, Mobifone, Vinaphone and Vietnam Airlines.

Performance Summary

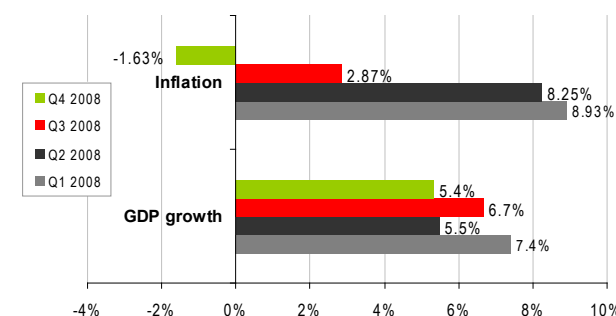
30 December 2008	VOF	VNL	VNI
NAV per share (USD) ¹	1.86	1.53	0.65*
Change (%)	(from Nov 08)	(from Oct 08)	(from Sep 08)
Previous NAV	-2.1	-0.07	-9.6/-22.3*
YTD	-46.6	16.8	-27.2/-37.4*
Since inception	86.4	53.0	-25.0/-33.6*
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares ²	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	605	766	259
Market cap (USDm)	237	245	98
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN

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

² Some 930,700 VNI shares are held in a treasury facility.

* Note: VNI's NAV change for December 2008 includes the accrual of a USD0.10 per share capital distribution to shareholders. The NAV Change (%) figures are listed as pre/post the USD0.10 distribution.

VN economic data by quarter, 2008



Portfolio Developments

During December 2008, VOF's NAV declined 2.1 percent to USD1.86 per share from USD1.90 per share, mainly as a result of declines in the OTC portfolio and the 3 percent devaluation of the VND. For the year, the VN Index fell 65.9 percent, while VOF's NAV decline was 46.7 percent. The share price fell to USD0.73 at the end of December from USD0.91 at the end of November, seemingly under the influence of news regarding the potential liquidation of two smaller Vietnam funds. This news is unrelated to, and has no impact on, VOF and its investments.

The Vietinbank IPO via Dutch auction was hailed a success, however only a few shares were purchased by foreigners. VOF did not participate as we determined the opening price could not be justified in the current market. Interestingly, the Vietcombank IPO was now one year ago, but VCB has yet to list and the price sits at VND30,000 per share compared to the average winning price of VND108,000. Although VCB is expected to list on the HOSE in 2009, we expect it will be some time before the share prices of listed banks recover to past levels. However the results of the Vietinbank IPO seem to indicate that future SOE equitisations will occur at more reasonable valuations.

Regulatory News

VOF continues to build its cash position and is exploring several exits in its OTC portfolio. During December, VOF sold USD3.6 million of listed shares and received USD13 million of dividends.

On 1 December 2008, VOF announced a change of name from Vietnam Opportunity Fund to VinaCapital Vietnam Opportunity Fund Ltd. The ticker 'VOF' has not changed. In a related announcement, on 5 December 2008, VOF announced its new ISIN of KYG9361Y1026. Details are available at www.vinacapital.com.

31 December 2008

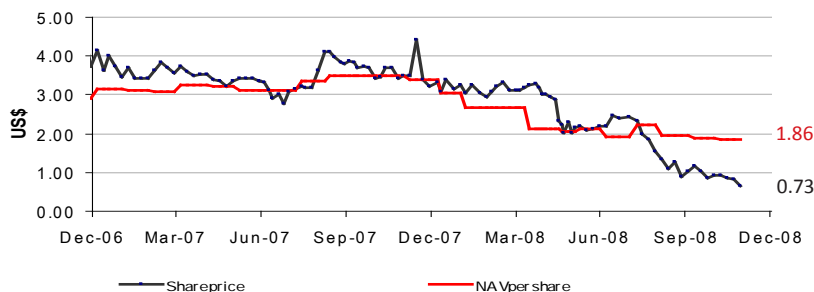
NAV **1.86** per share (↓ 2.05%)

Total NAV: USD605 million

Performance History (% change on NAV)

	2008	2007	2006	2005
Jan	-2.87%	14.57%	3.90%	0.00%
Feb	-10.17%	8.25%	6.25%	4.35%
Mar	-11.84%	-0.63%	8.82%	0.83%
Apr	-0.75%	-1.28%	7.57%	1.65%
May	-19.54%	5.07%	-1.01%	4.07%
Jun	-4.67%	-0.79%	1.52%	0.00%
Jul	5.70%	-3.75%	-6.50%	0.00%
Aug	9.76%	0.00%	6.42%	3.91%
Sep	-6.66%	8.06%	3.02%	4.51%
Oct	-12.40%	4.18%	0.98%	0.72%
Nov	-1.88%	0.57%	13.53%	5.71%
Dec	-2.05%	-0.57%	8.09%	4.05%
YTD	-46.58%	37.40%	64.94%	33.91%
VN Index	-66%	23%	144%	29%

NAV and Share Price performance (Dec 08)



Major Holdings

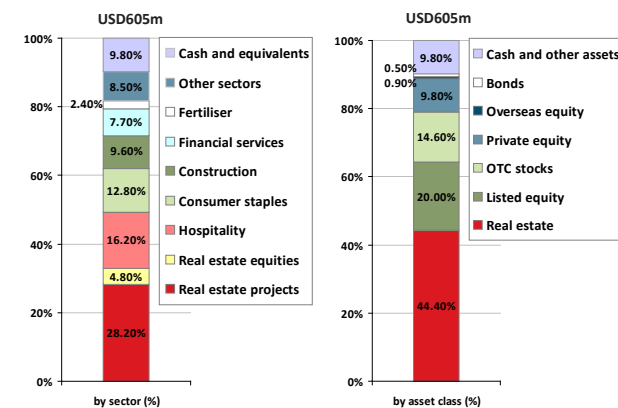
	Type	Sector	% NAV	Book Value (USDm)
VNM	Listed equity	Food products	4.3	26.0
HPG	Listed equity	Manufacturing	3.5	21.3
DPM	Listed equity	Manufacturing	2.4	14.6

Fund Background

VinaCapital Vietnam Opportunity Fund Ltd ("Vietnam Opportunity Fund" or "VOF") is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM).

Download the VOF Factsheet at www.vinacapital.com

VOF Portfolio as of 31 December 2008



Portfolio Developments

VNL's NAV fell slightly to USD1.53 from the previous NAV of USD1.54 announced at the end of October 2008, due to the devaluation of the VND and management fee. The share price traded at USD0.48 at the end of December 2008, compared to USD0.47 at the end of November.

Project Update

Times Square Hanoi

On 18 December 2008 a groundbreaking was held for the Times Square Hanoi mixed-use development. The project is located on a 4 ha site in the new urban township of My Dinh, immediately adjacent to a popular Big C shopping centre and a short distance from the National Convention Centre and National Sports Stadium, all located in My Dinh.

The Times Square Hanoi project, due for completion in 2011, will see construction of a Grade A office tower and luxury five-star hotel with high-end retail units. The office tower has a proposed GFA of 20,000sq.m and the 300-room hotel will feature ballrooms and conference facilities. VinaCapital holds a 65 percent equity stake in the joint venture, with the remaining stake held by a local partner. Investment capital for the project will total USD50 million.

Regulatory News

On 17 and 19 December 2008, VNL announced share purchases by a director of the fund. Details of both announcements are available at www.vinacapital.com.

31 December 2008

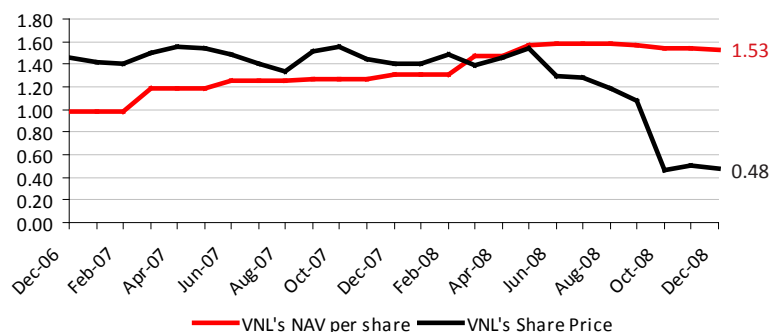
NAV **1.53** per share (↓ 0.07%)

Total NAV: USD766 million

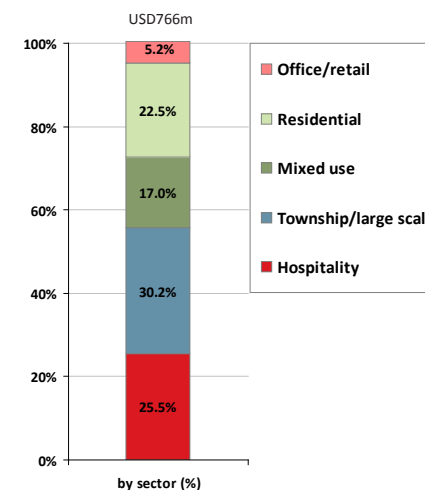
Major Holdings

Project	Type	Status
Danang Beach Resort 260ha	Mixed-use	Under construction
Dai Phuoc Lotus 200ha	Mixed-use	Investment licence
World Trade Center Danang Century 21	Mixed-use	Under construction
Vinh Thai Nha Trang	Mixed-use	Investment licence
Aqua City (Long Hung)	Residential	Under construction
Hilton Hanoi	Hospitality	Operating asset
Movenpick Saigon Hotel	Hospitality	Operating asset
Central Garden	Residential	Marketing underway
Hanoi Golden Westlake	Residential	Marketing underway
Movenpick Hanoi Hotel	Hospitality	Operating asset
Sheraton Hoi An Resort	Hospitality	Under construction

NAV and Share Price performance (Dec 08)



VNL Portfolio as of 31 December 2008



Fund Background

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

Download the VNL Factsheet at www.vinacapital.com

Portfolio by Geographic Location

Hanoi	17%
Central provinces	22%
Ho Chi Minh City	61%

Portfolio Developments

VNI's NAV declined to USD0.65 per share from USD0.83 per share at the end of September due mainly to the special capital distribution to shareholders of USD0.10 per share, in addition to a USD0.08 decline due to the impact of the global financial crisis on Vietnam and the devaluation of the VND against the USD. VNI's distribution of USD40.2 million total will be made to all shareholders on record as of 19 December 2008, with payment expected on 16 January 2009. The distribution was made after due consideration of all options and was deemed the best means of meeting shareholder need for increased liquidity in the current economic climate.

Investment Updates

Global Infrastructure Investment Ltd (GII)

VNI has continued investing in two of its base transceiver station (BTS) tower companies. It has invested a further USD500,000 into GII, a joint venture between VNI and two partners, Innovative Technology Development Corp. (ITD) and Global Lightning Technologies Corp. (GLT). VNI holds a 49 percent equity stake in this joint venture. At the end of 2008, GII had built 174 BTS towers with an additional 80 towers under construction, with contracts for a further 83 from the two largest mobile providers in Vietnam (VMS Mobifone and Vinaphone).

Mobile Infrastructure Development Company Ltd (MIDC)

In December, VNI invested a further USD4 million in MIDC, another BTS joint venture in which VNI holds a 49 percent stake. Since incorporation in early 2008, MIDC has been awarded approximately 1,000 BTS contracts and has started construction on 758 towers, with 200 now complete. Over 500 towers will be completed by the end of January 2009, at which point MIDC will be the nation's second largest BTS developer. MIDC intends to be the top developer of BTS towers in Vietnam by the end of 2009. VNI is Vietnam's largest investor in BTS towers.

Regulatory News

On 16 December 2008, VNI reminded investors of the 19 December 2008 record date of its special capital distribution. Details are available at www.vinacapital.com.

31 December 2008

NAV **0.65** per share (↓ 21.69%)*

Total NAV: USD259 million

(↓ 9.60% w. distribution)

* Net of a USD0.10 per share capital distribution.

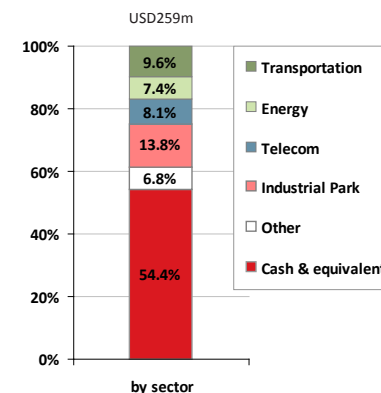
Portfolio by Asset Class

Listed companies	13.4%
OTC	5.8%
Private equity	15.7%
Greenfield projects	7.1%
Bonds	3.6%
Cash and equivalents	54.4%

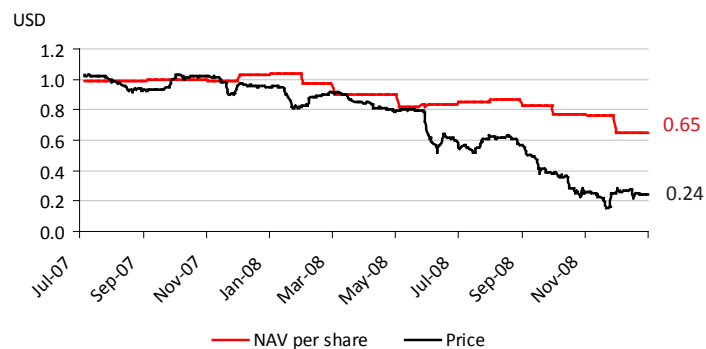
Major Holdings

Name	Sector	Asset class	NAV (%)
VALC	Aviation	Private	7.4
Long An S.E.A.	IP	Greenfield	7.0
Tan Tao (ITA)	IP	Listed	5.9
Pha Lai (PPC)	Energy	Listed	4.7
MIDC	Telecom	Private	3.7

VNI Portfolio by Sector (31 Dec 08)



NAV and Share Price performance (31 Dec 08)



Fund Background

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

Download the VNL Factsheet at www.vinacapital.com

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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.

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

VCIM	
Andy Ho	Head of Investment, Managing Director
William Lean	Managing Director, Infrastructure
Pham Do Chi	Chief Economist
Nguyen Viet Cuong	Deputy Managing Director, Capital Markets
Ho Wai Khee	Deputy Managing Director, Infrastructure
Dang Hong Quang	Deputy Managing Director, Infrastructure

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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 McCleod	Deputy Managing Director, Technical