

Regulatory Story

[Go to market news section](#)



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Vietnam Infrastructure Limited

Investing Policy

Vietnam Infrastructure Limited ("VNI" or "the Company"), an AIM-quoted investment vehicle focused on Vietnam, is pleased to announce, in accordance with AIM Rule 8, its updated investing policy:

1. Investment objectives

Vietnam Infrastructure Limited is a closed-end investment company incorporated in the Cayman Islands with the primary objective of achieving medium to long-term (4-6 years) capital appreciation and providing an attractive level of income (from interest and dividends) through investing in a diversified portfolio of mainly Vietnamese infrastructure and infrastructure-related assets.

Investment manager:

VNI is managed by VinaCapital Investment Management Ltd ("VCIM" or the "Investment Manager"), a BVI company. VCIM was established in 2003 and currently manages three listed and a few unlisted investment companies. More information about the VCIM management team is available at www.vinacapital.com.

2. Investing policy

The Company will adhere to the following investment policies and restrictions:

Type of investment:

The Company intends to invest and hold equity, debt and hybrid instruments in unquoted companies that themselves hold, develop or operate infrastructure assets. The Company may also invest in entities whose shares or other instruments are listed on a stock exchange, including the OTC market. The Company may also invest in other funds that invest in infrastructure assets.

The Company and the Investment Manager intend to allocate investments spread among the following key areas:

Operating projects: Operating infrastructure projects which may become available through a secondary sale or the equitisation of State Owned Enterprises ("SOEs"). These assets generally already demonstrate existing revenue streams and therefore may provide predictable returns at lower risk. Stakes in the form of listed and OTC shares may also be acquired on the market where they are believed to be significantly undervalued and offer good potential for medium-term returns.

Distressed or stalled projects: Entering into partnerships with credible and reputable infrastructure developers to exploit distressed or stalled infrastructure projects. The Investment Manager believes these projects have the potential for substantial returns and may be acquired at a discount to price.

Greenfield development projects: Developing of new infrastructure projects required to service growing populations or to replace existing infrastructure developments on greenfield sites (for example land which has not been previously developed) will be considered only when projects meet investment criteria. These types of investments will typically be undertaken in partnership with credible and reputable infrastructure developers or through hiring a dedicated project team.

Geographical focus:

At least 70 percent of the Gross Asset Value of the Company will be invested in Vietnam. Up to a maximum of 30 percent of the Gross Asset Value may also be invested in neighbouring Asian countries (namely China, Cambodia and Laos), should the Investment Committee / Directors consider that such investments would offer potentially attractive returns.

Sector focus:

The Company will not be restricted as to the infrastructure asset classes in which

it may invest. However, VNI intends to focus primarily on the following four infrastructure asset classes in Vietnam: energy, transportation, telecommunication, and water and environmental management. In addition, the Company may invest in industrial parks and in infrastructure-related technologies and services.

Control of investments:

The Company will seek to own a controlling interest in its investments, either by owning a direct controlling participating interest in the project or by controlling the investee companies through which the investments are made. In the event that the Company holds a minority interest in a project, it will seek to secure adequate minority protection rights.

Realisation of investments:

The Company will aim to realise individual investments when the Investment Manager and the Investment Committee believe the realisation would be in the best interests of the Company and would fulfill its investment objective. In the event that the potential value of the investment to be disposed of is equal to or exceeds 20 percent of the Net Asset Value, majority Board approval will also be required. The Company intends to effect exits through disposals of its interests to institutional and private investors or through a trade sale.

Investment size:

The Company intends that each investment will be a minimum of USD5 million per investment, but initial investments may be smaller if the Company anticipates that follow-on investments will be required. No one initial investment will exceed 30 percent of the Company's Net Asset Value at the time of investment and no investment in any other fund will exceed 10 per cent of the Company's Net Asset Value at the time of investment

Cross holdings:

If the Investment Manager and the Directors deem it appropriate, the Company may also invest in other funds which themselves invest in infrastructure assets in the target region. All investments must be approved by the Investment Committee and, where a project or investment exceeds ten percent of the Net Asset Value, in addition, the approval of a majority of the Board must also be obtained.

Leverage:

There is no limit in the Company's articles of association to the amount of borrowings that the Company may incur. As is typical with infrastructure development and investment, investee companies may use

leverage for individual projects. The level of the debt incurred will vary depending on the laws and regulations pertaining to the debt market with regard to the particular type of project and the ability of the relevant investee company to service the debt. In addition, the Investment Manager has authority under the terms of the Investment Management Agreement to arrange borrowings on behalf of the Company up to an aggregate maximum of 30 percent of the Net Asset Value from time to time, calculated at the time such borrowings are entered into. The incurring of any recourse borrowings on behalf of the Company above this level will require the approval of the Board.

Other information:

- The Directors will review the investment policies on an annual basis and, subject to their review and in the absence of unforeseen circumstances, the Company intends to adhere to the above investment policies for at least three years following Admission.
- Changes to the investment policies may be prompted, inter alia, by changes in government policies or economic conditions which alter or introduce additional investment opportunities. In the event of a breach of any investment restrictions, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification shall be made to a Regulatory Information Service Provider.
- Investors should note that while it is the intention of the Company to invest its funds as far as practicable in accordance with the investment strategy, objectives and policies outlined in this document, due to market and other investment considerations, it may take some time before the funds of the Company are fully invested.
- Cash pending investment, reinvestment or distribution will be placed in bank deposits, bonds government-issued treasury securities or in local money market funds for the purpose of protecting the capital value of the Company's cash assets and earning interest.
- In order to hedge against interest rate risks or currency risk, the Company may, where appropriate, also enter into forward interest rate agreements, forward currency agreements, interest rates and bond futures contracts and interest rate swaps and purchase and write (sell) put or call options on interest rates and put or call options on futures on interest rates.

3. Valuation policy and reporting

The Net Asset Value and the Net Asset Value per share shall be calculated

(and rounded to two decimal places), in US dollars by the Administrator (or such other person as the Directors may appoint for such purpose from time to time) on a quarterly basis (or at such other times as the Manager may determine but in any event at least quarterly) in accordance with International Financial Reporting Standards (IFRS).

The Net Asset Value shall be the value of all assets of the Company less the liabilities of the Company determined in accordance with the valuation guidelines adopted by the Directors from time to time.

Under current valuation guidelines adopted by the Directors, such values shall be determined as follows:

- The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the Directors shall have determined that the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
- The value of securities which are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") shall be based on the last traded prices on such stock exchange, or if there is more than one stock exchange on which the securities are traded or admitted for trading, that which is normally the principal stock exchange for such security, provided that any such securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, shall be valued at a discount (the amount of such discount being determined by the Directors in their absolute discretion or in a manner so approved by the Directors);
- As regards unquoted securities;
 - Unquoted investments will initially be valued at cost price, which will include any expenses relating to their acquisition;
 - A revaluation of unquoted investments to a value in excess of or below cost may be made in the circumstances provided by and in accordance with the guidelines issued by the British Investment Fund Association or any successor body;
- All other assets and liabilities shall be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures;
- Any value other than in US dollars shall be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate

in the circumstances having regard, inter alia, to any premium or discount which may be relevant and to costs of exchange.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider is reasonable in the circumstances provided that such other valuation or valuation procedure has been approved by the Company's auditors. The Directors may delegate to the Manager any of their discretions under the valuation guidelines. For a detailed description of valuation guidelines please refer to the VNI AIM Admission Document page 41.

4. Co-investments and third party investors

In cases where investments are too large for the Company given its diversification requirements or where the Company has insufficient funds, the Company may co-invest in investment opportunities with third party investors, or invite third party investors to co-invest in investment opportunities led by the Company, including entities that are affiliated with or managed by the Investment Manager (such as VinaCapital Vietnam Opportunity Fund ("VOF"), VinaLand Limited ("VNL") or DFJ VinaCapital) or its affiliates. The Company may also invest in partnership with SOEs or by way of joint venture partnerships with reputable developers. Such third party investors may have investment objectives and policies that differ from those of the Company. Although the Company may not have control over these investments and may therefore have a limited ability to protect its position therein, the Investment Manager expects appropriate rights will be negotiated to protect the Company's interests. Shareholders or other affiliates of the Investment Manager may also be invited to co-invest in Investee Companies on terms no more favourable than the terms on which the Company invests. This invitation will only be made when the Investment Manager is satisfied that the interests of the Company and its Shareholders will not be prejudiced by such invitations.

The Manager may from time to time manage other funds which have a similar or different investment objective and policy to that of the Company. Nevertheless, circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more of the other funds managed by the Manager. Where a conflict arises in respect of an investment opportunity, the Manager will allocate the opportunity on a fair basis. In such event, the allocations will normally be made on a pro rata basis between the Company and the other funds based on the amounts available

for investment in each fund at the time the investment opportunity arises. However, the Manager will be entitled to recommend to the Board the allocation of investment opportunities on a basis otherwise than as set out above if it deems it appropriate. In those circumstances the Board will determine what level of investment the Manager may make on behalf of the Company.

The Manager may also from time to time manage one or more funds incorporated in Vietnam. If appropriate, therefore, the Company may be able to invest in local companies or projects up to the foreign ownership restriction then existing with the local fund making additional investment in order to gain control of that company or project. This facility would allow the Company to benefit from majority participation in local projects thereby reducing the risks which may be associated with the use of locally established co-investors/partners and thereby also allowing effective overall control to be exercised by the Manager alone.

5. Distribution policy and discount control

The principal investment objective of the Company is to provide Shareholders with capital appreciation by investing in a portfolio of entities owning infrastructure and infrastructure related assets in Vietnam and surrounding Asian countries. The Company intends to reinvest realised returns from investments into new investments that adhere to the strategy, policies and restrictions governing the Company. The Directors reserve the right, but do not intend and are not required, to provide returns to Shareholders by making dividend or capital distributions. As the Company is a closed-ended investment vehicle whose shares are admitted to trading for AIM, there is always a risk that the applicable quoted price of the Ordinary Shares may fall to a discount to its prevailing Net Asset Value per Share.

In the event that the Ordinary Shares trade at a substantial discount to the then prevailing Net Asset Value per Share for an extended period of time, the Board will consider the most appropriate method of reducing the discount, which may include implementing a Buyback Programme. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of Shareholders.

6. Life of the Company

The Company does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends to convene an extraordinary general meeting of the Company in 2017 where

a special resolution will be proposed that the Company continue as presently constituted. Unless Shareholders vote against this resolution, Shareholders will only be able to realise their investment by selling their Ordinary Shares or accepting any Buyback Programme proposals that may or may not be made by the Company from time to time.

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Notes to Editors:

VinaCapital Group is a leading asset management, investment banking and real estate consulting firm with unrivalled experience in the

Vietnamese market. VinaCapital Group was founded in 2003 and has grown from a single USD10 million fund to a diversified investment firm with over USD1.8 billion in assets under management as of October 2009.

VinaCapital Investment Management Ltd manages three closed-end funds trading on the AIM Market of the London Stock Exchange. These are:

- Vietnam Opportunity Fund (VOF) is a USD833 million diversified investment fund that has consistently been among the top performing Vietnam funds.
- VinaLand Limited (VNL) is a USD655 million real estate fund that was the top performing Vietnam investment fund in 2008.
- Vietnam Infrastructure Limited (VNI) is a USD265 million fund established in July 2007 as the first overseas fund to invest solely in Vietnam's infrastructure sector.

VinaCapital also co-manages the USD32 million DFJ VinaCapital technology venture capital fund with Draper Fisher Jurvetson, and owns a dominant stake in VinaSecurities JSC, a brokerage. More information is available at www.vinacapital.com.

More information on VNI is available at www.vinacapital.com/vni.

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