

## Fund background

Vietnam Infrastructure Limited ('VNI') is a closed-end fund launched in July 2007 and traded on the AIM Market of the London Stock Exchange.

ISIN KYG936121022  
 Bloomberg VNI LN  
 Reuters VNI.L

## Investment objective

Medium to long-term capital gains with some recurring income and short-term profit taking. Investment areas include energy, transport, industrial park development, telecommunications infrastructure and water utilities. VNI invests primarily in private companies, including operating companies, and brown- and greenfield projects.

View [VNI details](#).

Download [VNI factsheet](#).

## Fund managing director

Tony Hsun

## Manager

VNI is managed by VinaCapital Investment Management Ltd (VCIM) and requires investment approvals from a three member Investment Committee.

More information about VCIM is [available here](#).

## Manager comment

VNI's NAV was USD0.49 per share at the end of November 2011, a decline of 2.1 percent from the end of October 2011. The share price fell slightly over the month to end November at USD0.22. In November, VNI listed investee Vinh Son–Song Hinh Hydropower Joint Stock Company (VSH) reported 9M2011 revenue of USD16.3 million and net profit of USD12.5 million, up 13.9 and 31.5 percent, respectively, on the same period last year. The company will pay dividends from FY2010 and FY2011 at 20 percent of par value in total by the end of this year. Favourable weather helped another hydropower investee, Can Don Hydropower Joint Stock Company (SJD), to outperform its targets, with revenue and net profit for 9M2011 up 33 and 42 percent from the same period last year, to reach USD9 million and USD3.4 million, respectively.

Listed investee Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII) announced unconsolidated net profit of USD7.0 million for 9M2011, down 52.6 percent from the same period last year. The company has been awarded a BT contract worth USD52.5 million to construct a second Saigon Bridge.

## Macro and capital markets update

November saw a 40-point plunge for the VN Index, which closed the month at 381 points. This was a loss of 9.5 percent in USD terms, making November the third-worst performing month this year. In comparison, the MSCI Asia ex-Japan and MSCI Emerging Market indices dropped 8.4 and 6.7 percent, respectively, as the market jitters continue on concerns over European debt.

Trading value and volume on both Vietnam's stock exchanges dropped 11.2 and 5.4 percent month-on-month in November, with USD600 million and 1 billion shares changing hands. As of 30 November, the VN Index traded at a trailing P/E of 8.4x, with a combined market cap of USD28.1 billion on Vietnam's two exchanges. Foreign investors were net buyers of USD6.6 million during November, compared to net selling of USD0.4 million the previous month. Significant corporate actions in November included Vinamilk announcing plans to buy back 75,390 shares, Eximbank issuing 179 million shares as a dividend bonus at a ratio of 100:17, and Innovative Technology Development Corp (ITD) gaining approval to list 11.6 million shares on HOSE.

Fixed income investors showed higher risk appetite at bond auctions in November, as liquidity improved and interest rates are expected to ease in 2012. The win-to-offer ratio remained low at 38 percent, however, as stress on interbank lending rates persisted among small banks given their need to increase reserves prior to lunar new year.

30 November 2011

NAV **0.49** per share (↓ 2.1% m-o-m)

Total NAV: USD195 million

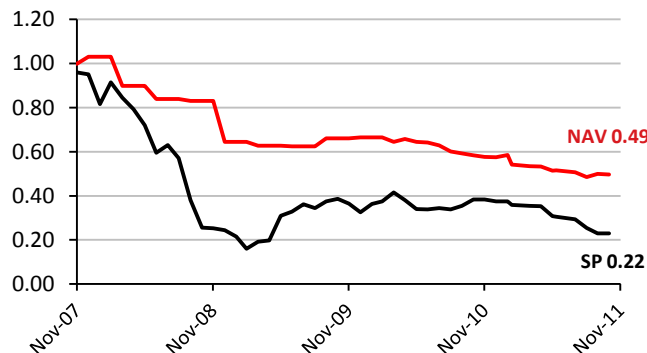
## Performance summary

	Cumulative change:			
	31 Nov 11	3mth	1yr	3yr
NAV per share	0.49	-2.1%	-14.9%	-30.8%
Share price	0.22	-21.5%	-32.2%	-39.5%
Premium/ (Discount)	(54.9%)			
Market cap	88m			
Total NAV	195m			

## Performance history (% change on NAV)

	2011	2010	2009	2008
YTD	-13.0%	-14.3%	5.5%	-29.1%
VN Index	-19.4%	-7.2%	47.7%	-68.6%

## NAV and share price performance (30 Nov 2011)



**Bond market activity increases**

**Macro update (cont'd)**

A total of USD225 million of 3-, 5-, and 10-year treasury and VDB bonds were issued in November, over offers of USD595 million. Bond yields have held steady at 12.10 and 12.15 percent for 3- and 5-year treasury bonds, respectively, for the last three months, while the yield on 10-year VDB bonds fell to 11.5 percent, from 12.0 percent at the last auction in June 2011. The secondary market was active, with USD528 million in treasury and VDB bonds traded over the month, compared to USD378 million in October.

Vietnam's macro economy showed stability in November, with the pressure on the VND brought under control by the State Bank. The interbank rate stabilised at around VND20,800 per USD, while the open market rate strengthened at the end of November to VND21,200 per USD, from a high of VND21,800 set in October.

**Inflation trending down**

CPI inflation for November was 0.39 percent month-on-month, or 19.8 percent year-on-year. Though the figure is higher than October's 0.36 percent, it is down significantly from the April month-on-month peak of 3.32 percent, and August's year-on-year peak of 23 percent. Food prices were the main contributor to inflation in November, rising 3.3 percent month-on-month, while transportation costs benefitted from a drop in gasoline prices. As the holiday celebrations draw near, analysts expect the CPI for December to increase by 0.5 -0.6 percent, with inflation for 2011 full-year of 18-19 percent.

**Deficit down, remittances up**

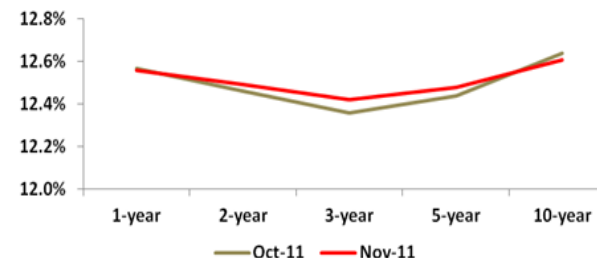
The trade deficit continues to show positive trends, as the November figure fell to USD700 million, from USD800 million in October. The full year trade deficit is now expected at USD10-11 billion, an improvement from USD13 billion in 2010. Furthermore, the year end saw a surge in remittances from overseas Vietnamese, with inflows now projected to reach USD9 billion this year, a USD1 billion rise compared to 2010.

Macroeconomic indicators and forecast				
	2010	Nov-11	YTD	Y-o-Y change
<b>GDP growth<sup>1</sup></b>	6.8%		5.8%	-14.5%
<b>Inflation</b>	11.6%	0.4%	17.5%	19.8%
<b>FDI (USDbn)</b>	18.6	1.4	12.7	16.2%
<b>Imports (USDbn)</b>	84	9.3	96.1	26.4%
<b>Exports<sup>2</sup> (USDbn)</b>	71.6	8.6	87.2	34.7%
<b>Trade deficit (USDbn)</b>	12.4	0.7	8.9	-17.6%
<b>Exchange rate<sup>3</sup> (USD/VND)</b>	19,500	21,011	7.7%	7.7%
<b>Bank deposit rate (VND %)</b>	12.0-14.0%	12.0-14.0%	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> Annualised rate. <sup>2</sup> Includes gold. <sup>3</sup> State Bank central rate.

**Bond yield curve**



Monthly update 30 November 2011

## Portfolio by sector

By sector	No. of holdings	NAV (USDm)	% NAV
Agribusiness	2	3.8	2.0%
General Infrastructure	3	9.9	5.1%
IP and township	7	44.4	22.8%
Oil and gas	3	21.2	10.9%
Power	6	10.5	5.4%
Telecommunications	5	27.8	14.3%
Transport and logistics	5	15.9	8.2%
Others	2	3.6	1.9%
Cash		57.4	29.5%
<b>TOTAL</b>	<b>33</b>	<b>194.7</b>	<b>100%</b>

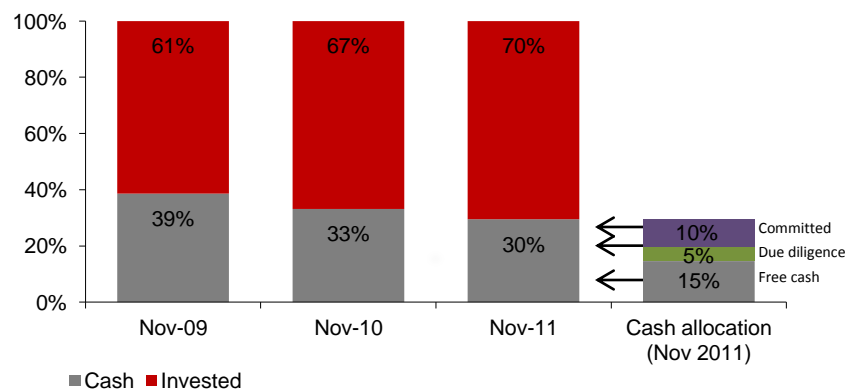
## Portfolio by class

By asset class	No. of holdings	NAV (USDm)	% NAV
Listed	18	36.5	18.8%
OTC	6	25.7	13.2%
PE	8	71.6	36.8%
Others	1	3.4	1.8%
Cash		57.4	29.5%
<b>TOTAL</b>	<b>33</b>	<b>194.7</b>	<b>100%</b>

## Top holdings at 30 Nov 2011

Investee	Asset class	Sector	% NAV	Book value (USD'000)	Description
Long An IP	PE	IP and township	9.9%	19,256	Major IP and port project in Long An province.
SEATH	PE	Telecommunications	9.6%	18,735	Vietnam's largest private BTS holding company.
Ba Thien IP	PE	IP and township	9.4%	18,350	308ha IP project in Vinh Phuc province, near Hanoi.
Nam Viet	OTC	Oil and gas	5.4%	10,583	Owner of Vietnam's first operating private oil refinery.
VALC	OTC	Transport and logistics	3.8%	7,417	PetroVietnam subsidiary; oil and gas drilling services.
PVD	Listed	Oil and gas	3.6%	7,040	The first aircraft leasing company in Vietnam.
Phu My	OTC	Transport and logistics	2.8%	5,539	Vietnam's top infrastructure investment company.
PVS	Listed	Oil and gas	1.8%	3,581	Waste treatment and recycling plant in Ho Chi Minh City.
PHR	Listed	Agribusiness	1.0%	1,975	Leading rubber company with high dividend yield .
DPM	Listed	Agribusiness	1.0%	1,851	Vietnam's largest fertiliser producer.

## Invested funds and cash balance



## Cash committed and under DD

	(USD)
<b>Approved and committed</b>	<b>19m</b>
Agribusiness	0.4m
General infrastructure	0.4m
IP and township	2.0m
Oil and gas	1.0m
Power	0.4m
Telecommunications	13.7m
Transport and logistics	1.2m
<b>Under due diligence</b>	<b>10m</b>
Agribusiness	10m

## VNI Board of Directors

Vietnam Infrastructure Ltd (VNI) is led by a Board of Directors composed of a majority of independent non-executive directors.

<b>Paul Cheng</b>	Chairman (Independent)
<b>Horst Geicke</b>	Director
<b>Ekkehard Goetting</b>	Director (Independent)
<b>Luong Van Ly</b>	Director (Independent)
<b>Albert Theodore Powers</b>	Director

## VinaCapital

VinaCapital Investment Management Ltd (VCIM) is the BVI-registered investment manager of Vietnam Infrastructure Ltd (VNI).

<b>Don Lam</b>	Chief Executive Officer
<b>Brook Taylor</b>	Chief Operating Officer
<b>Tony Hsun</b>	Managing Director, Infrastructure
<b>Kenny Low</b>	Deputy Managing Director, Infrastructure

### Contact

**Michael L. Gray** Investor Relations/Communications  
 ir@vinacapital.com  
 +848-3821-9930  
[www.vinacapital.com](http://www.vinacapital.com)

### Brokers

LCF Edmond de Rothschild Securities  
 +44 (0)20 7845 5960 or  
[funds@lcr.co.uk](mailto:funds@lcr.co.uk)

Numis Securities  
 + 44 (0)20 7260 1327,  
[www.numiscorp.com](http://www.numiscorp.com)

## Important Information

This document, and the material contained therein, is not intended as an offer or solicitation for the subscription, purchase or sale of securities in Vietnam Opportunity Fund Limited, VinaLand Limited or Vietnam Infrastructure Limited (each a "Company"). Any investment in any of the Companies must be based solely on the Admission Document of that Company or other offering document issued from time to time by that Company, in accordance with applicable laws.

The material in this document is not intended to provide, and should not be relied on for accounting, legal or tax advice or investment recommendations. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in either of the Companies and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Companies have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

No undertaking, representation, warranty or other assurance, express or implied, is given by or on behalf of either of the Companies or VinaCapital Investment Management Limited or any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise.

No warranty is given, in whole or in part, regarding the performance of either of the Companies. There is no guarantee that investment objectives of any of the three Companies will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the addressee and recipient only and should not be relied upon by any persons and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of VinaCapital Investment Management Limited.

## 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 and then subject to shareholder vote for continuation

### 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

PricewaterhouseCoopers (Hong Kong)

### Nominated advisor (Nomad)

Grant Thornton Corporate Finance

### Custodian and Administrator

Standard Chartered (Singapore)

### Brokers

LCF Edmond de Rothschild Securities (Bloomberg: LCFR)  
 Numis Securities (Bloomberg: NUMI)

### 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 after achieving 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.