

## Vietnam Opportunity Fund

**NAV per Share (30 Nov 06) US\$2.35**

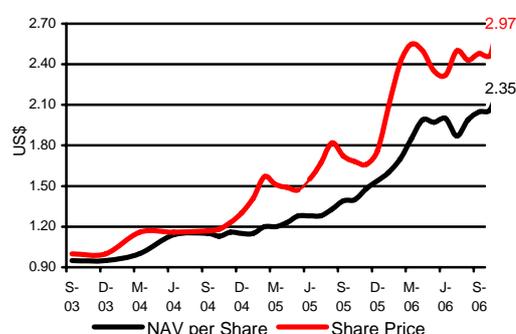
### Change

Nov 2006	14%
YTD	53%
Since Inception (30 Sep 03)	135%

Issued Shares	250,648,414
Total Net Asset Value (US\$m)	590
Market Cap (30 Nov 06, US\$m)	744

Reuters	VOF.L
Bloomberg	VOF LN

**Vietnam Opportunity Fund  
NAV and Share Price Performance**



## VinaLand

**NAV per Share (30 June 06) US\$0.97**

### Change

Since Inception (22 Mar 06)	-3%
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Issued Shares	204,844,779
Total Net Asset Value (US\$m)	199
Market Cap (30 Nov 06, US\$m)	278

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## DFJ VinaCapital Fund

DFJ VinaCapital L.P. is VinaCapital's newest investment vehicle, focusing on Vietnam's emerging technology companies, including start-ups and equitised state-owned companies. The fund recently soft-closed its first round of fundraising, but remains open to new investors. For more information, please contact Ms. Chi Nguyen at [chi.nguyen@vinacapital.com](mailto:chi.nguyen@vinacapital.com) or by calling (848) 821-9930.

## Economic Highlights

The pace of economic growth continues to accelerate in recent months. Exports through November increased by 23.7% y/y to US\$36.3 billion. This puts the economy on track to reach the full-year target of US\$39.5 billion, which would represent an increase of 22.7% over 2005. Meanwhile, imports surged 21.4% y/y to US\$40.8 billion. Most of the imported goods came in the form of petroleum products, machines, automobiles, steel, fertilisers, and pharmaceuticals. Industrial production also continued to grow, topping US\$27.7 billion through November, and representing a 16.9% increase during the calendar year. The state sector, non-state sector, and foreign-invested sector accounted for 32%, 30%, and 38% of total industrial production for the year, respectively. During November, the Minister of Planning and Investment issued a forecast for 2007 FDI of US\$9 billion, US\$7 billion of which would come in the form of new capital pledges.

Headline inflation increased by 0.6% during November, bringing the total inflation rate for the first 11 months to 6%. During the year food prices have risen 11.5% and general foodstuffs 5.3%, while other commodity prices have increased by 6%. Turnover from retail sales and services amounted to US\$32.7 billion, of which 62.5% came from household businesses, 21.4% from the formal private sector, 12.6% from the state sector, and 2.6% from foreign-invested businesses.

## Government Snapshot

Vietnam spent much of November in the international spotlight, receiving its formal invitation to join the WTO early in the month and then hosting the very successful APEC Conference in Hanoi. WTO membership rewards many years of hard work by the Vietnamese government, during which time considerable improvements have been made to the country's business, investment, and legal environments. Reforms will continue according to the terms of Vietnam's membership and will serve to open and strengthen the economy even further, as well as to give the country a stronger hand in dealing with its trading partners.

The only hiccup to Vietnam's final accession was the US Congress' rejection of a bill that would elevate Vietnam to Permanent Normal Trade Relations status in the beginning of November. However, a second vote on the measure passed in the first weeks of December, giving both trading partners reason for celebration.

## Capital Markets in Brief

VN Index closed the month of November at 633.05, up 24% during the month. WTO membership and President Bush's visit to the stock exchange sparked off a trading frenzy as a mixture of international and Korean investment banks have been buying listed stocks. Foreign investors continued to favour blue chips such as Gemadept, Kinh Do, REE, Sacom, Vinamilk, and Sudico. The index has now doubled in value this year making it the best performing index in the world in 2006. Domestic investors were also very active, bidding up prices and participating in the new listing auctions.

The number of listed stocks has now reached 56, and 30 more are in the pipeline. Market capitalisation is over US\$4 billion. The current rally has some time to go despite heady valuations as momentum trading grips the exchange. We expect the index will continue to test new highs until the Tet New Year holiday.

## ★ Vietnam Opportunity Fund



**VinaCapital Investment Management**  
Pham Vinh, Don Lam, Nguyen Pham,  
Nguyen Cuong (left to right)

**NAV per Share (30 Nov 06) US\$2.35**

<i>Change</i>	
Nov 2006	14%
YTD	53%
Since Inception (30 Sep 03)	135%

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### Portfolio by Asset Type

Capital Markets	<b>38%</b>
Listed	23.2%
OTC	14.8%
Real Estate	<b>4.6%</b>
Private Equity	<b>5.2%</b>
Cash, Deposits, Other	<b>52.2%</b>

### Performance History (% change on NAV)

	2006	2005	2004
<b>Jan</b>	3.9%	0.0%	0.0%
<b>Feb</b>	6.3%	4.3%	0.0%
<b>Mar</b>	8.8%	0.8%	5.5%
<b>April</b>	7.6%	1.7%	0.0%
<b>May</b>	-1.0%	4.1%	0.0%
<b>June</b>	1.5%	0.0%	13.8%
<b>July</b>	-6.5%	0.0%	0.0%
<b>Aug</b>	6.4%	3.9%	0.0%
<b>Sept</b>	3.0%	4.5%	0.9%
<b>Oct</b>	1.0%	0.7%	-1.7%
<b>Nov</b>	14.0%	5.7%	2.7%
<b>Dec</b>		4.1%	-0.9%
<b>YTD</b>	<b>52.6%</b>	<b>33.9%</b>	<b>21.1%</b>

### Portfolio Developments

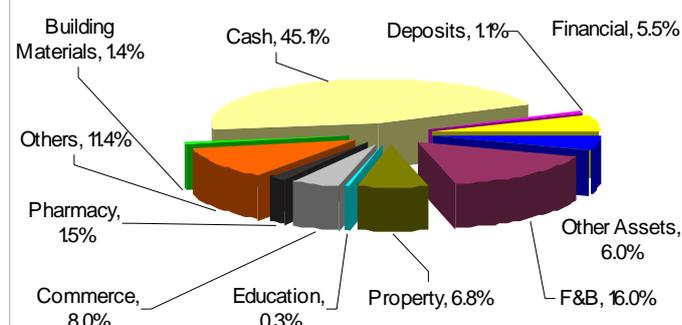
During November VOF's NAV rose 14% to US\$2.35. VOF acquired at public auction a 20% stake in Hanoi Liquor for approximately US\$5 million. Hanoi Liquor controls nearly 40% of the spirits market in northern Vietnam, largely due to the popularity of its flagship product, Hanoi Vodka. The company is currently running at full capacity, 24 hours per day, but plans to treble its output capacity with the construction of a new factory. VOF sees the company as an excellent addition to its portfolio of food and beverage market leaders.

VOF's second major acquisition at auction was that of a 2.3% stake in Vinaconex, one of Vietnam's largest real estate developers. The company has an impressive track record and is expected to be involved in a variety of major residential, commercial, and industrial projects in the future. In the four weeks immediately following the auction, Vinaconex's share price rose by 50%. This performance is a clear indication of the market's confidence in the company and an affirmation of VOF's long-held strategy to invest in Vietnam's real estate sector.

### Major Holdings

Vinamilk	Listed Equity	10.8% (of NAV)
REE	Listed Equity	4.9%
Kinh Do	Listed Equity	3.6%
Sofitel Metropole	Private Equity	1.0%
Hanoi Hilton	Private Equity	1.8%

### VOF Portfolio by Sector



### Share Price to NAV Discount/Premium



## ★ Vietnam Opportunity Fund

### Investment Manager

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### Fund Administrator

HSBC Institutional Trust Services (Asia) Ltd.  
39/F Dorset House  
979 King's Road  
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Hong Kong

ISIN KYG9361G1010

### Fund Background

Launched in September 2003, Vietnam Opportunity Fund (VOF) is a closed-end fund listed on the London Stock Exchange (AIM). VOF focuses on the key growth sectors of the domestic economy including financial services, retail, consumer goods, tourism, property, infrastructure, and technology. It makes equity and debt investments in listed, OTC-traded, and private companies, and participates in the privatisation of state-owned companies.

### Fund Manager

The fund is managed by a five member investment committee headed by Don Lam. The committee has representation from capital markets, private equity, and real estate divisions and approves all investment decisions. Don Lam has over a decade's worth of experience in corporate finance and distressed assets in Vietnam. The other members of the committee bring decades of investment experience to the management process.

### Management and Performance Fees

The baseline management fee is 2% of funds under management and the performance fee is 20% of gains in excess of an 8% hurdle rate, with a high water mark and a catch-up.

### Valuation Policy

VOF adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. This allows for revaluation only at the time of a third-party transaction or after a valuation review conducted by two independent auditors. Private equity and real estate investments are valued by an independent auditor at six-month intervals as a matter of course. VOF's valuation sub-committee, comprising two outside directors, maintains sole authority to approve or reject those valuations.

### Buy-back Policy

VOF's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VOF at a price equal to the NAV per share at year end.

## VinaLand



**VinaCapital Real Estate**  
Tran Vu Anh, Peter Dinning, Don Lam

<b>NAV per Share (30 Sep 06)</b>	<b>US\$0.97</b>
<i>Change</i>	
<i>Since Inception (22 Mar 06)</i>	-3%
Issued Shares	204,844,779
Total Net Asset Value (US\$m)	199
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### Portfolio by Geographic Distribution\*

Hanoi	54%
Central Provinces	8%
Ho Chi Minh City	38%

\*Currently invested projects

### Updated Net Asset Value

The NAV for the period ended 30 September 2006 was finalised during the month, with the NAV per share unchanged since the previous quarter at US\$0.97.

### Portfolio Developments

**Danang 9 Hectares** – In November, VinaLand made a US\$2 million deposit toward a mixed-used project in the Danang city center. The development will feature Danang's largest retail centre, office and residential space, a five-star hotel, and a new international school. The fund will invest approximately US\$60 million over three to five years. Applications for the investment license have been made to the local authorities and should be complete within six months.

**Central Garden Apartments** – The building's construction continues according to schedule, and the first units will be marketed when the building is 90% complete. Design proposals for the showroom's interior fittings are currently being reviewed.

**Hilton Hanoi** – Chesterton Petty has completed a valuation of the hotel, which was submitted to the Valuation Committee in November. The committee will decide to what extent, if any, the property's value as used in the calculation of the NAV will be adjusted. Any change will be reflected in the NAV effective January 2007.

**Century 21** – Ernst & Young has completed a valuation of the project and the appraisal has been submitted to the Valuation Committee for review. As with the Hilton valuation, the committee will make a determination as to any change in the project's value as considered for the purposes of NAV calculation.

**Danang Golf Course and Resort** – Formal investment license applications made to the Danang Authorities are being processed, and confirmation has been given that the licenses will be granted in December.

Formal approval was granted to release part of the site for construction, and the construction license for this phase was granted in November. Construction will begin in the first quarter of 2007 and is expected to be complete four months from the start date.

**An Phu Apartments** – An MOU has been finalised and deposits paid for this residential development project. The 6,500-square-meter site is located in Ho Chi Minh City's District 2 and will hold a series of buildings with a gross construction area of 57,000 square meters.

The site is now being cleared, and joint-venture and license applications are being prepared. VinaLand will hold a 70% stake in the development, which is expected to have a total development cost of US\$30 million.

### Major Holdings

Central Garden	Residential	US\$3.9m
Century 21	Mixed-use	US\$16.8m
Hilton Hanoi	Hospitality	US\$32.5m
An Phu Apartments	Residential	US\$2.3m
Danang 9 Hectares	Mixed-use	US\$2m
Danang Golf Course and Resort	Hospitality and Residential	US\$3.1m

## VinaLand

### Investment Manager

VinaCapital Investment Management Ltd.

### Development Adviser

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### Fund Administrator

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ISIN KYG9361G1010

### Fund Background

Launched March 2006, VinaLand (VNL) is a closed-end property fund listed on the London Stock Exchange (AIM). The fund focuses on the key growth sectors of Vietnam's emerging real estate market including residential, office, industrial, and leisure projects. The fund is managed by VinaCapital Investment Management, with VinaCapital Real Estate acting as development adviser.

### Investment Manager

VinaCapital Investment Management (VCIM) comprises a team of over 35 professionals whose areas of expertise cover a full range of investment types.

Peter Dinning is managing director of VinaCapital Real Estate, which acts as development adviser to VCIM. Mr. Dinning is the founder of Dinning & Associates, a real estate consultancy based in Ho Chi Minh City, and was formerly director of Chesterton Petty in Vietnam and the Philippines. He has over eight years of experience in Vietnam as a chartered surveyor and real estate consultant and has been actively involved in property valuation, project appraisal, property marketing and management, and other consultancy works.

### Management and Performance Fees

The baseline management fee is 2% of funds under management and the performance fee is 20% of gains in excess of an 8% hurdle rate, with a high water mark and a catch-up.

### Valuation Policy

VNL adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. The investment manager presents two independent valuations to the VNL board of directors' valuation sub-committee twice yearly. The valuation sub-committee will accept or reject the valuation reports and may require the investment manager to obtain other third-party valuation reports if deemed necessary.

### Buy-back Policy

VNL's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VNL at a price equal to the NAV per share at year end.

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