

Vietnam Opportunity Fund

NAV per Share (31 Aug 06) **US\$1.99**

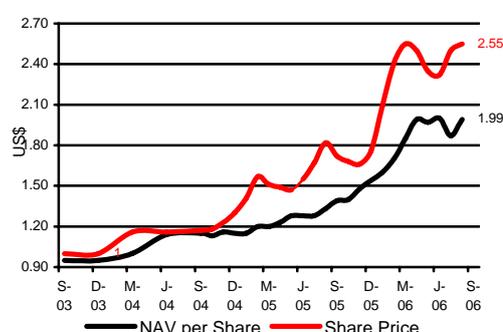
Change

July 2006 1.0%
YTD 29%
Since Inception 99%

Issued Shares 122,657,202
Total Net Asset Value (US\$m) 244
Market Capitalisation (US\$m) 312

Reuters VOF.L
Bloomberg VOF LN

Vietnam Opportunity Fund
NAV and Share Price Performance



VinaLand

NAV per Share (22 Mar 06) **US\$0.97**

Change

Since Inception (22 Mar 06) -3%

Issued Shares 204,844,779
Total Net Asset Value (US\$m) 199
Market Capitalisation (US\$m) 217

Reuters VNL.L
Bloomberg VNL LN

Economic Highlights

Despite concerns over rising input prices the economy continues to expand at a healthy clip. August industrial production rose by 18.8% year/year, a slight acceleration over last month's pace. The private sector is growing the fastest, up 24.6% year/year followed by the foreign-owned sector at 21.9% year/year. The running total of foreign direct investment stood at US\$3.97 billion at the end of August, up a trickle from July's number. Despite the slow pace of approvals during the month we are on target for around US\$6 billion in newly-approved investments by year-end.

Exports through August rose by 24.3% year/year to US\$25.98 billion, while imports lagged, growing 17.4% to US\$28.7 billion. As a result the trade deficit has now dropped 23.4% in the first eight months. This is mainly the result of higher prices for the commodities that are Vietnam's mainstay exports. Nonetheless, volumes have also been on the rise. Meanwhile, confusion in the automobile market has curbed imports of high ticket auto parts, slowing the momentum of import growth. Inflation is a growing concern; August CPI grew 0.4% month/month and 7.5% year/year. Most of the pressure is coming from urban areas where the inflation rate now stands at 8.1% year/year. Housing and construction materials saw the biggest rise as input prices are soaring.

Government Snapshot

A slew of decrees were released to support and help implement the new law on enterprises and securities. The government has been under some pressure of late due to the high number of overdue decrees, estimated at over a hundred. Meanwhile, the National Assembly used its last session to discuss measures to curb corruption, amendments to the labour law to define and improve worker rights, and a bill of residency to better track internal migration. They also accepted a bill to expand rights of association and proposed changes to the retirement age. Most of these measures are seen as necessary reforms as the Vietnamese economy expands, and we see the emergence of a more urban civil society. The bill granting PNTR status inched forward in the US Congress, but a summer recess means there is little to report this month.

Capital Markets in Brief

As we predicted, the market stabilised and engineered quite a turnaround during the month. The VN index closed out at 491.18, up 16% on the month. Domestic sentiment was cheered by the sharp slowdown in the new supply of shares, steady foreign buying, and evidence that the market was oversold. News that the SSC was considering lifting the 49% foreign ownership cap and the granting of a trading code to Merrill Lynch lifted hopes that foreign buying would increase, a matter of great import for domestic players. Average daily turnover easily jumped over the US\$7 million level, a sure sign of vitality as bargain hunters returned to the fray.

The rally has been broad based with strong participation from both domestic and foreign investors. Bank shares were buoyed by news that banks such as Eximbank are acquiring foreign partners. Existing strategic partners in banks such as ANZ are looking to up their stakes once the government relaxes the rules. Infrastructure, real estate and construction shares also found favour as an easing in property regulations is expected to trigger more investment in this sector. The Hanoi based Song Da Urban & Industrial zone investment and development was one of the best performers during the month.

During the month Mekophar, a pharmaceutical company and PTSC held IPO's. The six-times over-subscribed PTSC auction suggests that the domestic retail investor has returned with a vengeance. We expect the market to remain strong in September in the run-up to the APEC summit in mid-November.

★ Vietnam Opportunity Fund



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

NAV per Share (31 Aug 06) US\$1.99

Change
July 2006 1.0%
YTD 29%
Since Inception [30 Sep 03] 99%

Issued Shares 122,657,202
Total Net Asset Value (US\$m) 242
Market Capitalisation (US\$m) 312

Portfolio by Asset Type

Capital Markets **64.1%**
Listed 35.8%
OTC 28.3%
Real Estate **8.6%**
Private Equity **15.4%**
Cash, Deposits, Other **11.9%**

Performance History (% change on NAV)

	2006	2005	2004
Jan	3.9%	0.0%	0.0%
Feb	6.3%	4.3%	0.0%
Mar	8.8%	0.8%	5.5%
April	7.6%	1.7%	0.0%
May	-1.0%	4.1%	0.0%
June	1.5%	0.0%	13.8%
July	-6.5%	0.0%	0.0%
Aug	6.4%	3.9%	0.0%
Sept		4.5%	0.9%
Oct		0.7%	-1.7%
Nov		5.7%	2.7%
Dec		4.1%	-0.9%
YTD	29.2%	33.9%	21.1%

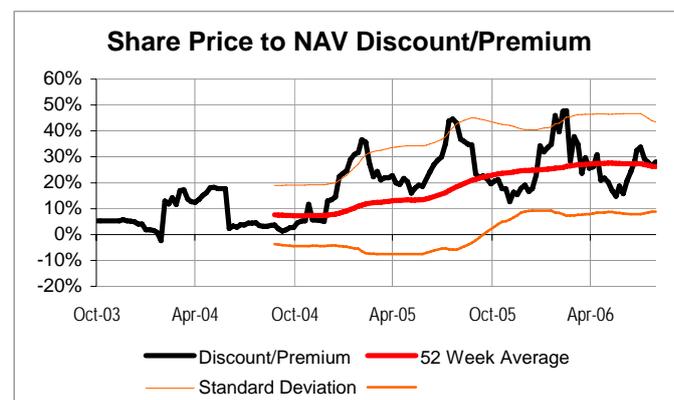
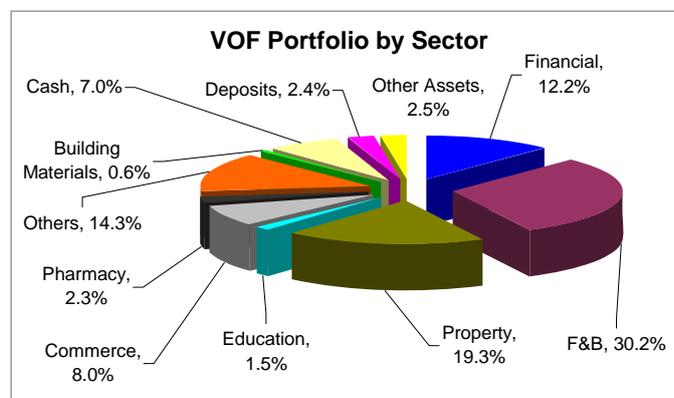
Portfolio Developments

The fund is 92% invested, with holdings in over 50 companies. During August, VOF made two key investments in the food and beverage sector. The acquisition of a 15% stake in the Masan Trading Corporation, who manufactures Vietnam's market-leading Chin-Su sauces and seasonings brand, represented the larger of the two investments. The second investment in the F&B sector was the acquisition of a 15% stake in the Cau Tre Export Goods Processing JS Company, another well-known processed food brand.

VOF paid close attention to the initial public offerings of two large pharmaceutical companies, Mekophar and Vidiphar, but elected to watch their initial performance with an eye towards a possible acquisition of shares in the future. Another significant auction was that of PTSC, a major oil and gas services provider. VOF and other international investors were passed over as local buyers with elevated valuations took most of the shares, which sold at an average P/E of 16.3x.

Major Holdings

Vinamilk	Listed Equity	20.8% (of NAV)
REE	Listed Equity	8.1%
Sofitel Metropole	Private Equity	8.1%
Kinh Do	Listed Equity	7.2%
Hanoi Hilton	Private Equity	4.4%



★ Vietnam Opportunity Fund

Investment Manager

VinaCapital Investment Management Ltd.
17th Floor, Sun Wah Tower
115 Nguyen Hue Boulevard
District 1, Ho Chi Minh City, Vietnam
Tel: 84 821 9930
Fax: 84 821 9931
www.vinacapital.com
info@vinacapital.com

Broker Details

Claire Heathfield
LCF Rothschild Country Funds
Tel: +44 20 7845 5968
Fax: +44 20 7557 5968
www.countryfunds.co.uk
Reuters Page LCFR01
Bloomberg Page LCFR <go>

Fund Administrator

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

Nguyen Pham is the managing director of VinaCapital Investment Management (VCIM). Mr. Nguyen founded and was managing director of Bao Viet Securities, Vietnam's first securities company, and has served as adviser to the Singaporean Government's Investment Commission. He holds an MBA from the University of Pennsylvania. In addition to Mr. Nguyen, VCIM draws on the talent and experience of over 35 professionals with areas of expertise covering a full range of investment types.

Management and Performance Fees

The baseline management fee is 2% of funds under management, with a performance fee of 20% of gains in excess of a high water mark.

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

NAV per Share (22 Mar 06)	US\$0.97
<i>Change</i>	
<i>Since Inception (22 Mar 06)</i>	-3%
Issued Shares	204,844,779
Total Net Asset Value (US\$m)	199
Market Capitalisation (US\$m)	217
Reuters	VNL.L
Bloomberg	VNL LN

Portfolio by Geographic Distribution*

Hanoi	62%
Central Provinces	6%
Ho Chi Minh City	32%

*Currently invested projects

Portfolio Developments

Hilton Hanoi – VinaLand’s acquisition of a 52.5% stake in this 269-room, five-star hotel was agreed on 25 July. During August, the shares were formally transferred to VinaLand (VNL). VNL and VOF hold a combined 70% of the hotel and will together occupy four of the six seats on the board of directors. VNL and VOF will take those seats during next month’s board meeting.

Century 21 – Formal approval for a share transfer was granted by the central government on 31 July, which allows VNL and VOF to hold a combined 62% share of this 100% foreign-owned, mixed-use development in HCMC’s District 2. During August further applications regarding planning permissions were made to the local government, a process expected to continue for about three months. Site clearance continues and is expected to be completed before the end of the first quarter 2007.

Danang Golf Course and Resort – Since completion of a formal MOU with the People’s Committee of Danang in June, informal discussions have been held with various government agencies and applications have been made to secure a 100% foreign-owned license for the project. A detailed license and feasibility study will be finalised during September and submitted to the authorities for formal confirmation during the last quarter of this year. The People’s Committee of Danang is continuing its relocation of current occupiers in preparation for the site handover in March 2007.

VinaLand is proceeding with a number of projects which have been approved by the investment committee but have not yet reached significant stages of investment or are awaiting official outside approval. Among these investments are a large, urban, mixed-use development, a new town development, and a residential development in HCMC.

Major Holdings

Century 21	Mixed-use	US\$16.8m
Hilton Hanoi	Hospitality (completed)	US\$32.5m
Danang Golf Course and Resort	Hospitality (under development)	US\$3.1m

VinaLand

Investment Manager

VinaCapital Investment Management Ltd.

Development Adviser

VinaCapital Real Estate Ltd.

17th Floor, Sun Wah Tower
115 Nguyen Hue Boulevard
District 1, Ho Chi Minh City, Vietnam
Tel: 84 821 9930
Fax: 84 821 9931
www.vinacapital.com
info@vinacapital.com

Broker Details

Claire Heathfield
LCF Rothschild Country Funds
Tel: +44 20 7845 5968
Fax: +44 20 7557 5968
www.countryfunds.co.uk
Reuters Page LCFR01
Bloomberg Page LCFR <go>

Fund Administrator

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

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, with a performance fee of 20% of gains in excess of a high water mark.

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.

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 the Vietnam Opportunity Fund or VinaLand Limited (each a "Company"). Any investment in either 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 both 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 either of the 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.