

Vietnam Opportunity Fund

NAV per share (31 May 07) **US\$3.25**

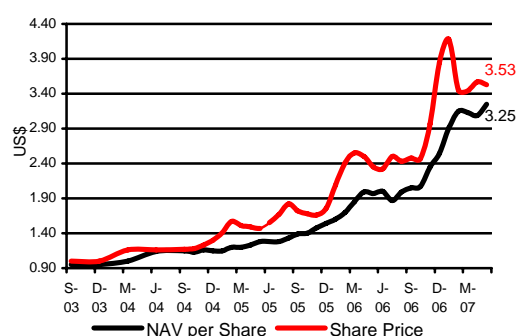
Change

May 2007	5.17%
YTD	27.9 %
Since inception (30 Sep 03)	225%

Issued shares	250,648,414
Total net asset value (US\$m)	814
Market cap (31 May 07, US\$m)	884

Reuters	VOF.L
Bloomberg	VOF LN

Vietnam Opportunity Fund
NAV and share price performance



VinaLand

NAV per share (31 May 07) **US\$1.19**

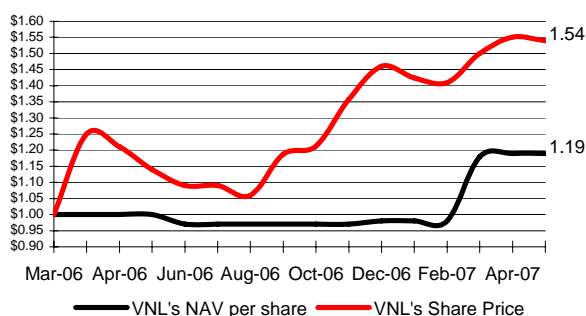
Change

Since inception (22 Mar 06)	19%
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Issued shares	499,967,622
Total net asset value (US\$m)	595
Market cap (31 May 07, US\$m)	769

Reuters	VNL.L
Bloomberg	VNL LN

VinaLand Fund
NAV and share price performance



Economy in 2007

GDP for the first five months of the year rose by 7.9% year/year. This is broadly in line with expectations. The government is forecasting 2-H GDP will top 9%. Over the same period, exports rose 18.4% year/year to \$18.12 billion and imports were up 26% to \$21.37 billion. The trade deficit in the first five months of the year more than doubled to \$3.25 billion from a year earlier, due largely to a surge in imports for the construction of state projects. Imports of steel and concrete are soaring. Exports of crude oil, rice and rubber continue to be soft.

Vietnam saw an increase in foreign visitors during the January-May period, with 1.8 million arrivals, up 12.4% year/year.

Meanwhile foreign investment shows no sign of slowing down. Total Q1 FDI came to US\$4.37 billion. Over US\$3.7 billion was funnelled into an additional 372 new projects, while the remaining US\$577 million is new investment in previously licensed or operating businesses. FDI investment capital rose 25% year/year while the number of newly licensed projects surged by 32%.

Top of the list of new projects is a \$527 million hot-rolled steel mill in Ba Ria-Vung Tau Province by a joint venture between India's Essar Global Limited and two Vietnamese partners. Next is a high-end resort by Singapore's Banyan Tree Group at a cost of \$276 million in the central Thua Thien Hue Province. And Thailand's Siam Cement Group is building a US\$220 million paper packaging plant in the southern Binh Dinh Province.

Government and politics

It seems the government is stepping up efforts to cap the market. The latest draft of the personal income tax proposals includes a recommendation that capital gains tax of 25% and a dividend tax of 5% be levied on investments.

To add to that the central bank (SVB) has ordered banks to cap margin lending at 3% of total loans as of 15 June. This is close to the current level and future lending will have to keep pace with the overall loan book. This is a major damper on the market.

In addition the SBV has increased reserve requirements for banks in an attempt to withdraw some money from the economy. This is problematic as credit growth is not the main reason why asset inflation is rearing its head. Most of the speculative flows sweep from real estate to securities and back without passing through a bank and remain beyond the central bank's reach.

Capital markets

The market ended May on a fairly high note with the VN index up 17% to 1,081. Volumes remain thin although daily average trading value rose from US\$35 million to US\$45 million during the month. The Bao Viet auction held on the last day of the trading month was a qualified success with an average bidding price of VND 74,000. This values the company at a whopping P/E of 81 times FY2007 forecast.

Continuous trading deadlines came and went and the system still suffers from major glitches mainly affecting the foreigners trading activities. Overall sentiment remains subdued despite the markets recovery and we would not be surprised to see the market revisit April lows at some stage later in the summer.

★ Vietnam Opportunity Fund



VinaCapital Investment Management
Don Lam, Andy Ho, Cuong Nguyen

NAV per share (31 May 07) US\$3.25

Change
April 2007 5.17%
YTD: 27.9%
Since inception (30 Sep 03) 225%

Issued shares 250,648,414
Total net asset value (US\$m) 814
Market cap (31 May 07, US\$m) 884

Reuters VOF.L
Bloomberg VOF LN

Portfolio by asset type

Capital markets	69.8%
Listed	37.1%
OTC	32.7%
Real estate	5.9%
Private equity	7.2%
Cash, deposits, other	17.1%

Portfolio developments

During May 2007, the VN-Index increased 17% (from 924 points on 25 April to 1,081 points on 31 May). During this same period, VoF's total NAV increased 5.2% to close at US\$ 814m.

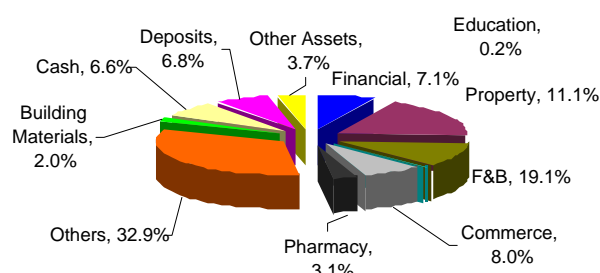
We continue to view the market as being richly valued and thus, are taking this opportunity to rebalance the capital market portfolio and focus on private equity and privatisation opportunities.

During May we sold US\$16m worth of shares and bought US\$30m worth of shares. We also participated in a number of privatisations of so called "blue chip" SOE's.

Major holdings

Vinamilk	Listed equity	11.1% (of NAV)
REE	Listed equity	8.0%
Hoa Phat	OTC	7.1%
Kinh Do	Listed equity	4.5%
Phu My	OTC	4.4%
Bao Minh	Listed equity	2.6%

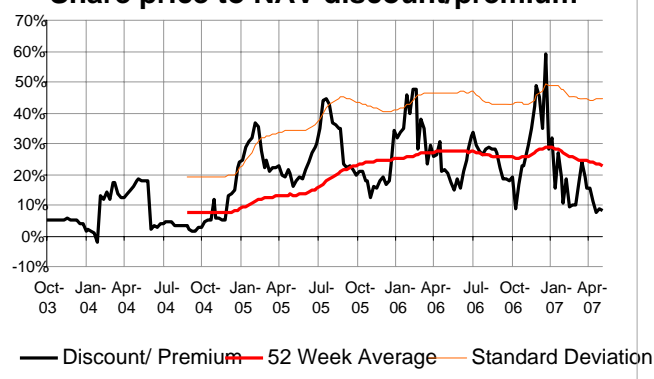
VOF Portfolio by sector



Performance history (% change on NAV)

	2007	2006	2005	2004
Jan	14.6%	3.9%	0.0%	0.0%
Feb	8.2%	6.3%	4.3%	0.0%
Mar	-0.6%	8.8%	0.8%	5.5%
April	-1.3%	7.6%	1.7%	0.0%
May	5.2%	-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		3.0%	4.5%	0.9%
Oct		1.0%	0.7%	-1.7%
Nov		14.0%	5.7%	2.7%
Dec		8.1%	4.1%	-0.9%
YTD	27.9%	64.9%	33.9%	21.1%

Share price to NAV discount/premium



★ Vietnam Opportunity Fund

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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

Don Lam, David Blackhall, Anh Tran, Seth Lim

NAV per share (31 May 07) US\$1.19

Change

Since inception (22 Mar 06) 19%

Issued shares 499,967,622

Total net asset value (US\$m) 595

Market cap (31 May 07, US\$m) 769

Reuters VNL.L

Bloomberg VNL LN

Portfolio by geographic distribution*

Hanoi 35.8%

Central Provinces 11.8%

Ho Chi Minh City 52.4%

*Currently invested projects

The real estate market in Vietnam continues to demonstrate continued growth in all real estate sectors, hospitality, residential, office and retail. Ho Chi Minh City is currently proving to be the most active location followed by Hanoi and then the central regions of Vietnam. VinaCapital Real Estate on behalf of the VinaLand Fund is actively working on a number of new opportunities including several large mixed use urban estate projects. We hope to progress these opportunities to the stage where we can make an announcement in the near future.

Selected investments

Central Garden – this residential apartment project located in District 1 of HCM City is currently under construction and is approximately 80% complete. We have seen a significant increase in market demand for residential apartments in HCM City over the past 12 months. District 1 has produced record sales in both high end and middle level apartments and this trend seems set to continue. We expect to commence marketing this property in the last quarter of 2007 and expect to realise an excellent gain from this investment.

Danang Golf and Beach Resort 260 hectare Project - Next week Greg Norman and his golf course design team fly into Danang for the official project launch of the golf course project. Greg Norman and designers will undertake a site inspection of the proposed course where Greg will provide personal feedback and design concepts from day one of this exciting project. The project launch will involve a press conference with special guests, consultants, members of the People's Committee and VinaCapital personnel.

Royal Bay Hoi An Resort – This resort villa project is proceeding towards finalising the latest design. Both interior and exterior design and finishes are currently being discussed with our preferred five-star hotel resort manager who we hope to engage formally in the next few weeks.

Guoman Hotel – during the month, VinaLand, in conjunction with VOF, purchased the 70% interest of the foreign owner of Hanoi's Guoman Hotel. This is a welcome addition to the Fund's growing portfolio of Hanoi hotels.

Major holdings

An Phu Apartments	Residential	US\$2.3m
Central Garden	Residential	US\$5.2m
Century 21	Mixed-use	US\$24.6m
Danang Resort 260ha	Mixed-use	US\$12.5m
Danang 9ha	Commercial - Mixed	US\$3.2m
Dong Hai Hotel	Hospitality	US\$6.4m
Hilton Hanoi	Hospitality	US\$30.3m
Omni Hotel	Hospitality	US\$18.6m
Guoman Hotel	Hospitality	US\$14.4m
Hanoi Opera Plaza	Office & Retail	US\$7.7m

VinaLand

Investment Manager

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Development Adviser

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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 60 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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