

## Vietnam Opportunity Fund

NAV per share (30 April 07) **US\$3.09**

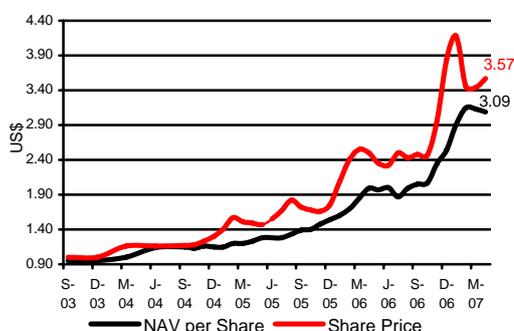
### Change

April 2007 -1.3%  
 YTD 21.6 %  
 Since inception (30 Sep 03) 209%

Issued shares 250,648,414  
 Total net asset value (US\$m) 775  
 Market cap. (30 April 07, US\$m) 895

Reuters VOF.L  
 Bloomberg VOF LN

**Vietnam Opportunity Fund  
 NAV and share price performance**



## VinaLand

NAV per share (30 April 07) **US\$1.19**

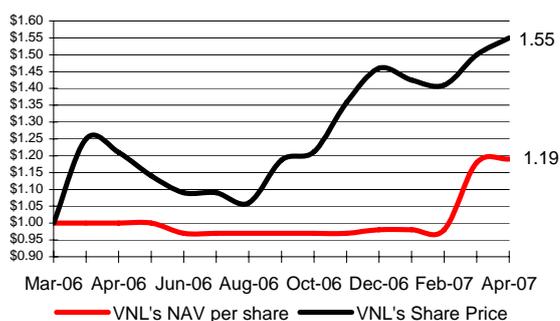
### Change

Since inception (22 Mar 06) 19%

Issued shares 499,967,622  
 Total net asset value (US\$m) 595  
 Market cap. (30 April 07, US\$m) 775

Reuters VNL.L  
 Bloomberg VNL LN

**VinaLand  
 NAV and share price performance**



## Economy

Fortunately, economic growth shows no signs of slowing down. Although inflationary concerns have increased as petrol prices have been deregulated, this has had no effect on growth. Industrial production in the first four months rose by 16.7% to US\$11.4 bn led by the domestic private sector. The sector is powered by construction related demand while steel production has surged by 31% year/year.

The trade deficit nearly trebled last month to an estimated US\$550m, or a total of \$2.26bn for the first four months of the year. It is up 10 times on the 2006 Q1 number as imports of capital equipment continue to surge. Heavy equipment destined for Vietnam's first oil refinery was a contributing factor, and the overall sharp growth in FDI has led to an increase in machinery imports as new factories tool up.

Consumer prices rose 7.2% year/year, the fastest pace in eight months, on higher food and housing prices. Construction costs have been soaring and petrol prices are also expected to rise sharply this month leading to renewed fears of an inflationary spike in an otherwise rosy economic picture.

## Government and politics

Tax revenues for the first quarter came to US\$2.6bn, falling 21% short of target. The reason for this was rising input costs; raw materials and energy were eating into corporate profits. Falling tariff revenue and lower prices of certain key products (i.e. motorbikes and electronic goods) also contributed to lower tax revenues.

The government needs to look at alternative sources of tax as this problem is ongoing. It seems a little counterintuitive that tax revenue is falling while the economy is booming, real estate and stock prices are surging, and corporate profits in listed stocks are expected to rise 35% this year.

On a more positive note, the government has indicated that foreigners will be allowed to buy up to 49% of domestic airlines. The Aviation Law signed in May 2006 last year allows for this but investors have been waiting for a decree for clarification. This change comes at an interesting time with Qantas buying a 30% stake in Pacific Airlines, Vietnam's number two airline, this month.

## Capital markets

The market fell sharply this month, the VN index fell to 923 at the end of April, 15% lower on the month. Stocks such as FPT, which resisted the earlier drop, fell back sharply and only Vinamilk and REE stayed relatively strong. In the middle tier of the market, most of the names have fallen back 40-50% from their highs, creating opportunities for some investors. Trading value fell down to an average of about \$25 million per day, which is 50% of the peaks seen earlier this year.

Despite concerns over supply, which was one of the triggers for the correction, the big auctions of the month passed off successfully. PVFCC, the fertiliser giant raised over US\$430 million by selling 128,626,600 share, or 33.8% on April 21 at an average price of 54,400 dong (US\$3.37) each. Also, Bourbon Tay Ninh, the French sugar firm sold 24% to 17 strategic partners during the month. The company is planning an IPO in May or June of this year.

**Management changes**

As a slight extension of our normal monthly report we would like to cover some of the recent management changes within the VinaCapital team and introduce some of our new senior management appointments.

**VinaCapital Investment Management Ltd**

During the month VinaCapital Investment Management Ltd announced the appointment of **Mr. Andy Ho** as Managing Director of Capital Markets/Investment Management and Venture Capital teams, and **Mr. Brook Taylor** as Chief Operating Officer of VinaCapital Investment Management.

Mr. Ho was formally the Director of Investment for Prudential Vietnam Limited, where he oversaw the firm's equity investments and was the Fund Manager of the PRUBF1 mutual fund. Prior to joining Prudential in 2004, Mr. Ho worked for four years with Dell Computer's Investment Group in the United States where he supervised investments and strategic partnerships in enterprise computing, including hardware, firmware, and software. He has also previously worked with Ernst & Young LLP, where he was engaged in financial audits and the provision of merger and acquisition advice.

Mr. Taylor has more than sixteen years professional accounting and management experience, including eight years in Vietnam of which five years were spent as a senior partner with the Big 4 accounting firms. His most recent position was as Deputy Managing Partner of Deloitte Vietnam. Prior to joining Deloitte in 2006, he was an audit partner with KPMG in Thailand and Vietnam from 2002 to 2006, and was the Managing Partner of Arthur Andersen Vietnam from 1999 to 2002. Mr. Taylor is a professional CPA and has extensive experience in audit, taxation, and IT systems risk management.

**VinaCapital Real Estate Ltd**

Also, during the month VinaCapital Real Estate Ltd announced that **Mr. Peter Dinning**, Managing Director of Real Estate, will be leaving the Company and four new senior members of staff have been appointed. The management and staff of VinaCapital Real Estate Ltd and the VinaCapital Group Ltd appreciate the contribution that Mr. Dinning has made to the Company over the last three years; in particular, his role in the establishment of the Company's real estate business and VinaLand Limited. The Company has begun the process of searching for an appropriate successor to Mr. Dinning, who intends to leave by 30 June 2007. Until his replacement is appointed, Mr. Horst Geicke, Chairman of VinaLand Ltd, will assist in the day-to-day affairs of the business and the transition to the new Managing Director.

**Mr. David Blackhall** has joined the Company as Deputy Managing Director, Operations. Mr. Blackhall has more than twenty-six years of property development and management experience. He was previously the General Manager of Nam Hung Corporation, a Vietnamese property development company in Hanoi. Prior to joining Nam Hung Corporation in 2006, Mr. Blackhall spent eleven years with DBRREEF Funds Management, Deutsche Asset Management and Axiom Funds Management, where he managed commercial and industrial property portfolios in Australia.

**Mr. John Lim** has joined the Company as Development Director. Mr. Lim has fourteen years of real estate development experience in Singapore, China and Vietnam with Meinhardt, Keppel Land, DBS Land and other leading developers. He has also been an independent director for two SGX listed companies, Fabchem China Ltd. and Abterra Ltd.

**Mr. James Chew** has joined the Company as Planning Director. Mr. Chew brings more than twenty-three years of real estate planning and development experience in the United Kingdom, Singapore and Vietnam. Prior to joining the Company Mr. Chew was the Chief Executive of Town Planners One, a real estate advisory firm with projects in Singapore and Vietnam. From 1990 to 1997, Mr. Chew was a senior real estate planner with the Singapore Government.

**Mr. Jason Lien** has joined the Company as a Development Director. Mr. Lien has seventeen years of real estate development experience. Prior to joining the Company, Mr. Lien was a Senior Architectural Coordinator with DP Architects in Singapore. He has also worked on real estate development projects in Canada, China and Vietnam.

**Vietnam Infrastructure Ltd**

In conjunction with the launch of our latest offering, Vietnam Infrastructure Ltd, which is currently "road-showing" and will be listed on the London Stock Exchange's AIM board in late June/early July, VinaCapital is pleased to welcome the appointment of **Mr. William Lean Chee Yeoh** as Vietnam Infrastructure Ltd's Managing Director. Mr. Lean was formerly the group managing director of HLG Capital Bhd, the investment banking arm of Hong Leong Group, one of South East Asia's largest conglomerates. Prior to joining HLG Capital Bhd, Mr. Lean advised and managed Asia Equity Infrastructure Fund ("AEIF"), an investment fund capitalized at US\$ 355 million, dedicated to investing in infrastructure assets in Asia, which he was involved in from its inception to its divestment.

We are delighted with these appointments that will further enhance VinaCapital's business, which has grown from a start-up to one of Vietnam's leading asset managers in less than four years and is now managing in excess of US\$ 1.4 billion of assets.

## ★ Vietnam Opportunity Fund

**NAV per share (30 April 07) US\$3.09**

Change  
 April 2007 -1.3%  
 YTD 21.6%  
 Since inception (30 Sep 03) 209%

Issued shares 250,648,414  
 Total net asset value (US\$m) 773  
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Reuters VOF.L  
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### Portfolio by asset type

Capital markets **67.4%**  
 Listed 36.8%  
 OTC 30.6%  
 Real estate **5.3%**  
 Private equity **8.4%**  
 Cash, deposits, other **18.9%**

### 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   |       | -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   | 21.6% | 64.9% | 33.9% | 21.1% |

### Portfolio developments

During the month of April, VOF's NAV slipped by 4 cents or slightly under 1.3%. In contrast the market fell by 15%.

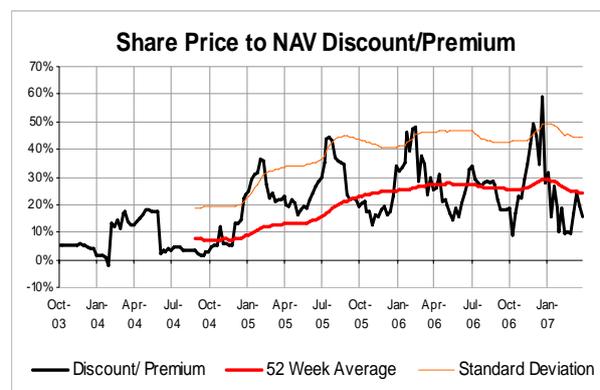
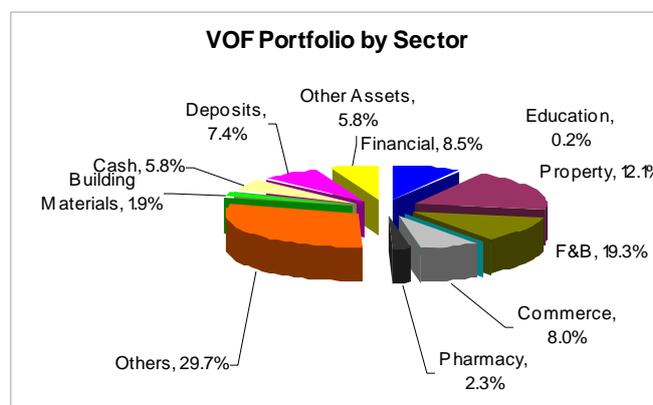
VOF has also made some exciting movements forward. The fund purchased a major stake in Bourbon Tay Ninh, a well-respected sugar company and Hoa Phat, a large furniture manufacturer. Overall, these companies look incredibly promising.

Coming closer in the next few months are privatisations due for such companies as Sabeco, Habeco and VCB and the fund is maintaining a high cash position in order to take advantage of these enticing opportunities.

The recent correction also seems to be coming to an end for the time being while foreigners may continue to buy on dips. The fund will add to selective positions on further weakness.

### Major Holdings

|                   |                |                |
|-------------------|----------------|----------------|
| Vinamilk          | Listed Equity  | 11.9% (of NAV) |
| REE               | Listed Equity  | 7.5%           |
| Kinh Do           | Listed Equity  | 3.6%           |
| Bao Minh          | Listed Equity  | 3.2%           |
| Sofitel Metropole | Private Equity | 0.7%           |
| Legend            | Private Equity | 2.1%           |



## ★ Vietnam Opportunity Fund

### Investment manager

VinaCapital Investment Management Ltd.  
17<sup>th</sup> 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  
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

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

|                                    |                 |
|------------------------------------|-----------------|
| <b>NAV per share (30 April 07)</b> | <b>US\$1.19</b> |
| <i>Change</i>                      |                 |
| <i>Since inception (22 Mar 06)</i> | 19%             |
| Issued shares                      | 499,967,622     |
| Total net asset value (US\$m)      | 595             |
| Market cap. (30 April 07, US\$m)   | 775             |
| Reuters                            | VNL.L           |
| Bloomberg                          | VNL LN          |

### Portfolio by geographic distribution\*

|                   |       |
|-------------------|-------|
| Hanoi             | 29.7% |
| Central provinces | 14.4% |
| Ho Chi Minh City  | 55.9% |

\*Currently invested projects

### New investments

Real Estate in Vietnam is continuously pointing fingers towards Ho Chi Minh City (HCMC), which repeatedly proves itself as the No.1 hot spot in multiple sectors. The residential portion of HCMC is of particular interest while apartments, townhouses and villas are being actively sought after by investors and various other owners/occupants. On behalf of the Vinaland Fund, VinaCapital Real Estate is currently pursuing a number of new opportunities including several large, urban estate projects. With positive hopes for the future, our progress looks towards an exciting and opportunistic time ahead worth announcing.

### Selected existing investments

Central Garden – Currently under construction, this residential apartment project, located in District 1 of HCMC is approximately 80% complete. VinaLand invested in this project after we foresaw a significant increase in market demand for residential apartments in HCMC six months ago. District 1 has produced record sales from high end to middle level apartments and this trend seems set to continue.

Danang Resort 260 hectare and Danang 9 hectare Mixed Developments – VinaCapital Real Estate is currently setting up a project office in Danang to manage all three of VinaLand's new projects located in the central region of Vietnam. The team will include development, construction and project managers along with skilled golf course designers and experienced construction experts. Having a team of professionals located on site will make these projects much more accessible resulting in a better quality end products developed under expert supervision.

Royal Bay Hoi An Resort (previously Sai Thanh Hoi An) – This resort will also be managed by the above mentioned VinaCapital Real Estate project team when site work is ready to commence later in the year. This resort project will be finalizing the latest design, villas included, within the next few weeks. Both interior design, exterior design and finishes are currently being discussed with a 5 star hotel resort manager who we hope to engage formally in the next 3-4 weeks.

### Major holdings

|                     |   |           |
|---------------------|---|-----------|
| Hilton Hanoi        | Hospitality                                       | US\$30.3m |
| Century 21          | Mixed-use   | US\$24.6m |
| Omni Hotel          | Hospitality                                       | US\$18.6m |
| Danang Resort 260ha | Hospitality, Golf & Residential Mixed Development | US\$11.4m |
| Hanoi Opera Plaza   | Office & Retail                                   | US\$7.7m  |
| Dong Hai Hotel      | Hospitality                                       | US\$6.4m  |
| Central garden      | Residential                                       | US\$5.2m  |
| An Phu Apartments   | Residential                                       | US\$2.3m  |
| Danang 9ha          | Commercial - Mixed                                | US\$3.2m  |

## VinaLand

### Investment manager

VinaCapital Investment Management Ltd.

### Development adviser

VinaCapital Real Estate Ltd.

17<sup>th</sup> 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

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LCFR <go>

### Fund administrator

HSBC Institutional Trust Services (Asia) Ltd.

39/F Dorset House

979 King's Road

Quarry Bay

Hong Kong

ISIN

KYG936361016

### 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 40 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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