

Vietnam Opportunity Fund Limited

(an exempted company incorporated in the Cayman Islands with registration number CR-124038)



VIETNAM OPPORTUNITY FUND

Admission to the Alternative Investment Market

Fund Manager

VinaCapital Investment Management Ltd

VinaCapital

Nominated Adviser

GRANT THORNTON CORPORATE FINANCE

24 September 2003

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if appropriate, authorised under the laws or regulations of the jurisdiction in which you are resident who specialises in advising on the acquisition of shares and other securities.

This document which is an admission document in relation to the Alternative Investment Market of the London Stock Exchange plc. It does not constitute a prospectus for the purposes of the Public Offers of Securities Regulations 1995.

Application will be made to the London Stock Exchange plc for the Ordinary Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("AIM"). It is emphasised that no application is being made for admission of these securities to the Official List of the London Stock Exchange plc. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any other such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. In addition investment in Vietnam and neighbouring Indo-Chinese countries carries a high degree of risk. Accordingly, investment in the Company is only suitable for sophisticated investors who are aware of the risks and who have the ability and willingness to accept the risk of total loss of capital that may result from investment in the Company. The London Stock Exchange plc has not itself examined or approved the contents of this document. Your attention is drawn to the Risk Factors set out in Part I of this document.

The Directors of the Company, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.



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(an exempted company incorporated in the Cayman Islands with registration number CR-124038)

Admission to the Alternative Investment Market

Nominated Adviser
GRANT THORNTON CORPORATE FINANCE

Broker
COLLINS STEWART LIMITED

Ordinary Share capital immediately following admission to trading on AIM

<i>Number</i>	<i>Authorised Amount</i>		<i>Number</i>	<i>Issued and fully paid Amount</i>
50,000,000	\$500,000	Ordinary Shares of \$0.01 each	9,500,000	\$9,500,000

It is expected that Admission will take place and that trading in the Ordinary Shares will commence on 30 September 2003.

Grant Thornton Corporate Finance, which is regulated by the Financial Services Authority, is the Company's Nominated Adviser for the purposes of the AIM Rules and as such, its responsibilities are owed solely to the London Stock Exchange plc and are not owed to the Company or any director. Grant Thornton Corporate Finance will not be responsible to anyone other than the Company for providing the protection afforded to clients of Grant Thornton Corporate Finance or for advising any other person on the transactions and arrangements described in this document.

Collins Stewart, which is regulated by the Financial Services Authority, is acting exclusively as the Company's broker in connection with the proposed admission of the Ordinary Shares to trading on AIM. No representation or warranty, expressed or implied, is made by Collins Stewart as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Collins Stewart will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of any acquisition of Ordinary Shares. Collins Stewart has not authorised the contents of any part of this document.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays and relevant public holidays) at the offices of Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP or VinaCapital Investment Management Limited, Unit 1703, Sun Wah Tower, 115 Nguyen Hue Boulevard, District 1, Ho Chi Minh City, Vietnam for the period from the date of this document until 30 October 2003.

The Ordinary Shares have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any other applicable securities laws, and are offered in reliance upon various exemptions therefrom pursuant to sections 3(b), 4(2), and 4(6), and Rule 506 of Regulation D, promulgated under the Securities Act, and under comparable exemptions available under various State Securities laws. However, the United States Securities and Exchange Commission ("Commission") has not determined that the Ordinary Shares are exempt from registration. The Ordinary Shares have not been reviewed, approved or disapproved by the commission or any U.S. State Securities Commission, nor has the Commission or any State Securities Commission passed upon the accuracy, adequacy, completeness or merits of this document. Any representation to the contrary is a criminal offence.

This document should not be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions) except in transactions exempt from the registration provisions of the Securities Act and other applicable securities laws or to, Canada, Japan, Australia or the Republic of Ireland, or to any corporation, partnership or other entity created or organised, under the law thereof, or in any other country where such distribution may lead to a breach of any legal or regulatory requirements.

Dated 24 September 2003

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DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Administrator”, “Custodian” or “Registrar”	HSBC Trustee (Cayman) Limited
“Admission”	the date upon which the Shares are first admitted to AIM
“AIM” or “Alternative Investment Market”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules governing the operation of AIM as published by the London Stock Exchange from time to time
“Articles”	the Articles of Association of the Company
“Board” or “Directors”	the directors of the Company
“Business Day”	any day on which banks are open for business on the London market
“Collins Stewart”	Collins Stewart Limited
“Company” or “Vietnam Opportunity”	Vietnam Opportunity Fund Limited
“Enterprise Law”	the Law on Enterprises (Law No. 13/1999/QH10), adopted by the Vietnamese National Assembly on June 12, 1999; effective as of January 1, 2000
“Euroclear”	the system of paperless settlement of trades and the holding of shares without share certificates administered by Euroclear Bank
“FSA”	Financial Services Authority
“GDP”	Gross Domestic Product
“Government”	the Government of the Socialist Republic of Vietnam
“Grant Thornton Corporate Finance”	the corporate finance division of Grant Thornton UK which is authorised in the UK by the Financial Services Authority to carry on investment business
“Grant Thornton International”	A non-practising, non-trading international umbrella organisation comprising a network of independent member and correspondent firms throughout the world. Grant Thornton International is not an international/global/worldwide partnership either in relation to all of the members collectively or any two or more members together.

DEFINITIONS

“Grant Thornton UK”	The UK partnership whose principal place of business is Grant Thornton House, Melton Street, Euston Square, London NW1 2EP and which is the UK member firm of Grant Thornton International
“Grant Thornton (Vietnam) Limited”	The Vietnamese member firm of Grant Thornton International whose principal place of business is 25 Tran Binh, Trong Street, Hoan Kiem District, Hanoi, Vietnam
“Law on Foreign Investment”	the Law on Foreign Investment in Vietnam, adopted by the Vietnamese National Assembly on November 12, 1996, and as amended on June 9, 2000
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	the agreement entered into between the Manager and the Company dated 24 September 2003, further details of which are set out in paragraph 7.4 of Part 6 of this document
“Manager” or “VinaCapital”	VinaCapital Investment Management Limited
“Net Asset Value”	the net asset value of the Company, as determined by guidelines laid down by the Directors from time to time, further details of which are set out on page 18 of Part 2 of this document
“NPL”	non-performing loan
“Ordinary Shares” or “Shares”	ordinary shares of \$0.01 each in the capital of the Company
“Regulations”	the Public Offer of Securities Regulations 1995 (as amended)
“Shareholders” or “Members”	holders of Ordinary Shares
“Subsidiary”	Vietnam Investment Property Ltd., the Company’s wholly owned subsidiary further details of which are set out in paragraph 3 of Part 6 of this document
“\$”	United States Dollars
“US”, “USA” or “United States”	the United States of America, its Territories and possessions, any state of the United States of America and District of Columbia and all other areas subject to its jurisdiction

STATISTICS

Market Capitalisation at Admission (at an issue price per share of \$1.00)	\$9.5 million
Number of Ordinary Shares in issue following Admission	9.5 million
Gross Assets of the Company following Admission	\$9.5 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2003

Dealings commence in the Ordinary Shares	30 September
Admission to trading on AIM	30 September
Share certificates to be dispatched within 5 business days of Admission (where applicable)	7 October

KEY INFORMATION

The following information is a summary of the key features of the Company. However, it is a summary only and investors should read the full text of this document from which it is derived. Attention is drawn to the “Risk Factors” set out in Part 1 of this document.

The Company and Management

- Vietnam Opportunity is a newly incorporated, close-ended, Cayman Islands registered, exempted company. The principal investment objective of the Company is to achieve capital appreciation as well as generate regular income by investing in Vietnam. It is currently anticipated that any gains will be distributed to Shareholders as dividends on an annual basis.
- VinaCapital has been appointed to manage the Company’s investments. VinaCapital is a newly incorporated fund management and advisory business, incorporated in the British Virgin Islands, with a representative office in Vietnam. Its investment management team has a combination of international and Vietnamese investing, entrepreneurial and mergers and acquisitions experience.
- The Manager will receive an aggregate fee of 2.5 per cent. of Net Asset Value per annum to be paid monthly in arrears. A performance fee of 20 per cent. of the realised returns over an annualized compounding hurdle rate of 10 per cent. will be payable as further described on page 26 in Part 2 of this document.

Vietnam

- Vietnam is a country with a population of over 81 million and a land area of 325,360 sq km bordered by Cambodia, Laos and China. The population is young, with over 70 per cent. under 35 years of age and with a high literacy rate of 94 per cent. Average wages are low and currently about half the level of China. GDP per head in 2001 was \$410. GDP is projected to grow by 6.8 per cent. in 2003, the second highest rate in Asia.
- Growth is largely being driven by the non-state controlled domestic economy, as Government reforms have created an environment supportive of private enterprise. Over 30,000 new private enterprises were registered in 2002. The Directors believe that a lower reliance on exports makes Vietnam less exposed to changes in the global economy than countries such as Singapore and Malaysia.
- The Directors believe that potentially attractive investment opportunities exist as new entrepreneurs have limited funding options, lack of expertise and many business models that exist in developed countries are not yet evident in Vietnam. Furthermore the future sale of bank NPLs and other distressed assets left over from the 1990s offer additional opportunities.

KEY INFORMATION

Capital Structure

- The Company has a capital structure comprising a single class of Ordinary Shares.
- Application will be made to the London Stock Exchange for all the Ordinary Shares to be admitted to trading on AIM.

Risk Factors

- Investment in the Ordinary Shares involves a high degree of risk. The Company's investment activities will entail certain special risks not typically associated with investments in Europe and the United States including political, social, legal and economic uncertainty, high inflation, price volatility, limited liquidity, less rigorous regulatory, disclosure and financial reporting requirements, restrictions on foreign investment and repatriation of capital and income, fluctuations of currency exchange rates, currency devaluations and the possibility that the exchange of a foreign currency may be blocked. **In addition, there are certain general limitations imposed on the Company when making investments in Vietnamese companies in terms of industry, equity participation and transferability of legal title. An investment in the Company should be considered speculative. Please see the Risk Factors set out in Part 1 of this document.**

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Koon Shum (“Jonathan”) Choi (<i>Chairman</i>) Horst Joachim Franz Geicke Robert Christopher Knapp
Registered Office	PO Box 309GT Ugland House South Church Street George Town, Grand Cayman Cayman Islands
Manager	VinaCapital Investment Management Limited Unit 1703, Sun Wah Tower 115 Nguyen Hue Boulevard District 1 Ho Chi Minh City Vietnam
Custodian, Administrator and Registrar/Receiving Agent	HSBC Trustee (Cayman) Limited HSBC House Mary Street Grand Cayman Cayman Islands
Nominated Adviser	Grant Thornton Corporate Finance Grant Thornton House Melton Street Euston Square London NW1 2EP
Broker	Collins Stewart Limited 9th Floor, 88 Wood Street London EC2V 7QR
Solicitors to the Company and to the Nominated Adviser and Broker	Lawrence Graham (as to English law) 190 Strand London WC2R 1JN
Attornies to the Company	Baker and McKenzie (as to Vietnamese law) 12/F Saigon Tower 29 Le Duan Boulevard District 1 Ho Chi Minh City Vietnam

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Maples & Calder (as to Cayman Islands law)
Ugland House
PO Box 30967
South Church Street
George Town
Grand Cayman
Cayman Islands

Auditors

Grant Thornton (Vietnam) Ltd.
15th Floor, Bitexco Building
19-25 Nguyen Hue
District 1
Ho Chi Minh City
Vietnam

Reporting Accountants

Grant Thornton
Enterprise House
115 Edmund Street
Birmingham
B3 2HJ

Investment in the Company constitutes a high risk investment and prospective purchasers of Ordinary Shares should carefully evaluate the factors set out below. Investment in the Company should be regarded as speculative and long term in nature and is suitable only for sophisticated investors who understand the risks involved including the risk of a total loss of capital.

Political Risk

Vietnam is in the process of implementing far-reaching economic and legal reforms. It is uncertain whether the impetus for reform will continue, or prove to be successful. Furthermore, it is difficult to predict or anticipate future developments, as the Vietnamese legal structure is expected to undergo substantial change in the future. These changes may adversely affect the value of the Company's investments. Although existing laws in Vietnam prohibit the nationalization of foreign investment in principle and provide that lawful assets of foreign investors will not be requisitioned through administrative measures, there is no absolute certainty that the Government will compensate in a timely and effective manner in the event of nationalization of property, adverse changes to the Law on Foreign Investment or to limit on foreign currency repatriation. In addition, although existing laws provide that foreign investors may be considered for compensation in the event that a change in Vietnamese law causes damage to the interests of the investor, it is not clear how such damage would be assessed or how compensation would be determined or paid. Moreover, at this time, investments in Vietnam do not qualify for most foreign investment protection insurance programs with a few exceptions for large Government projects. The Company therefore expects that all its investments will be uninsured against nationalization, expropriation and other sovereign acts that may affect the value of its investments. There is no assurance that the Company will be able to obtain effective enforcement of its rights by legal or arbitration proceedings in Vietnam.

Legal System

The economy of Vietnam is substantially less developed than those of other geographic regions such as Western Europe and the United States. The laws and regulatory apparatus affecting the economy are also in a relatively early stage of development and not as well established as the laws and regulatory apparatus of regions such as Western Europe and the United States. Although in recent years the legal system in Vietnam has been moving towards increased sophistication and access for foreign investors, there can be no assurance that the Company will be able to obtain effective enforcement of its rights by legal proceedings in Vietnam, nor is there any assurance that these reforms will continue. In addition, the time taken to obtain approvals to undertake business activities in Vietnam may be substantial. As Vietnam's legal system develops, there are inconsistencies in laws and regulations and time delays before old laws are updated to accord with other regulations and laws. In this regard, while certain new regulations purportedly broaden the range of sectors and industries in which foreigners are permitted to invest, the applicable procedures and formalities which must be complied with have yet to be specified. As a consequence this may diminish the practical value and effect of these new regulations. Although the Directors will take advantage of the most recently issued and approved regulations, these do not provide the same type of legal certainty as investors would find if investing in other jurisdictions.

Lack of Liquidity of the Company's Investments

Although a securities market does exist in Vietnam the securities of companies listed on that market tend to be relatively illiquid compared to investments in securities listed on a securities exchange in Western Europe or the United States and the securities market has consequently little history and may be more regulated than other exchanges. Because of this the Company may take longer to liquidate positions in listed securities than would normally be the case for publicly-traded securities. Although the Company's investments might be resold in privately negotiated transactions, the price realized on such sales could be less than that originally paid by the Company. Further, companies whose securities are not publicly-traded may not be subject to the disclosure and other investor protection requirements applicable to public companies whose securities are publicly-traded and will be even further prone to illiquidity.

Lack of Liquidity of the Company's Shares

Although the Company has applied for the Ordinary Shares to be admitted to trading on AIM, no assurance can be given that at any time after Admission a liquid market for the Ordinary Shares will develop. Shareholders who need to dispose of their Ordinary Shares may be forced to do so at prices that do not fully reflect the Net Asset Value of the Ordinary Shares.

Nature of Investments

The Company will be investing in new projects and existing companies. It is likely that the performance of these investments will be affected by the general economic conditions, including the rate of GDP growth, in Vietnam and the wider global economy. The Company will aim to minimise exposure to the global economy by avoiding investments in export orientated projects or companies, unless there is deemed to be a clear and sustainable comparative advantage held by that project or company and that investment can be made at a reasonable valuation. The Company will aim to minimise exposure to the local economic conditions through conservative valuations, selecting projects and companies with proven business models and good management teams or which are deemed to be comparatively undervalued. However, there is no assurance the capital appreciation sought by the Company will actually be achieved. The Company may lose some or all of the capital that is invested in any particular company or project, which loss could have a significant adverse impact on the performance of the Company as a whole. The Company will aim to use available sources of local or foreign currency debt as an additional source of funds to reduce the Company's potential capital at risk and increase equity returns. Moreover, while the Company may seek to influence the successful development of companies through, for example, board memberships and, in certain circumstances, shareholders' agreements protecting minority shareholder's rights, the fact that the Company may frequently hold minority equity positions, and may have to adopt certain business arrangements that are not recognized and possibly not enforceable under current laws, (such as use of local nominee shareholders or contractual profit sharing agreements), may mean that its ability to protect its investments is constrained.

Exchange Rates

While the Company will seek to make investments which are US Dollar based when possible, the Company may make investments in and earn income denominated in local currencies. The Vietnamese Dong, is not freely convertible into other currencies. Exchange rate fluctuations and local currency devaluation could have a material effect on the Net Asset Value of the Company's investments, which will be expressed in US Dollars.

The Company may seek to hedge against a decline in the value of the Company's Dong denominated investments resulting from currency fluctuations but only when suitable hedging instruments are available on a timely basis and on acceptable terms. There is no assurance that any hedging transactions engaged in by the Company will be successful in protecting against currency devaluation or fluctuations.

Tax Uncertainty

The Vietnamese tax code and tax assessment, collection and crediting systems are under development and give local officials considerable leverage and discretion in fixing the level and amount of tax to which an investment may be subject. This applies to taxes that may be assessed against transactions concluded in Vietnam, as well. Similar considerations apply to the tax regimes of Cambodia and Laos. Additionally, there are various tax implications associated with ownership of the Ordinary Shares which may vary depending on the individual circumstances of the Shareholder. **Prospective investors are recommended to consult their lawyer, accountant or other tax adviser before subscribing.**

Accounting and Auditing Standards

Vietnam does not use auditing, reporting, accounting or valuation methods which are generally accepted in international practice. Therefore, the Company expects that there will be a greater degree of investment risk arising from the difficulty of obtaining reliable financial information than would be present in other markets. To minimize such risk, the Board will show a preference for investments in companies or enterprises which undertake to adhere to internationally accepted accounting practices, auditing and reporting standards and valuation methods.

Competition

A large number of substantial private equity companies, institutions and other investors have become active in seeking private equity investments throughout the world, including emerging markets such as Vietnam. Competition for a limited number of attractive investment opportunities may lead to a delay in investment and may increase the price at which investments may be made and reduce the potential profits.

Conflicts of Interest

The shareholders of the Manager as well as certain of the Directors have other interests and operations in Southeast Asia, including Vietnam. The Company may, from time to time, enter into transactions with its affiliates, but only after approval of the Board and subject to compliance with the requirements of the AIM Rules.

Independence of the Board of Directors

Potential investors should note the following:

- Mr Horst Geicke has an 80 per cent. indirect shareholding in Pacific Alliance Group Holdings Limited the Manager's ultimate parent company and is a director of VinaCapital Group Limited (the Manager's immediate parent company);
- Mr Jonathan Choi is the chairman of the Manager's Advisory Committee (as further detailed on page 25 of Part 2); and
- Mr Robert Knapp is Managing Director of Millennium Partners L.P. (which will be the Company's largest shareholder following Admission).

None of the Directors can, therefore, be considered to be wholly independent either of the Manager or a substantial shareholder of the Company.

Operating Expenses

The Company's annual operating expenses may be higher than those of other investment companies, primarily because of the additional time and expense required in pursuing the Company's investment objective. Investing in Vietnam entails additional time and expense because available public information concerning such investments is limited in comparison to, and not as comprehensive as, that available for investments in other countries, and because of the rapid evolution of applicable regulations governing foreign investment in Vietnam.

Ability to Invest In and Control Domestic Enterprises

Generally, foreign equity participation in domestic Vietnamese enterprises is limited to 30 per cent. Investments can only be made in certain industries and sectors and the formal approval of the Prime Minister may be required for the investment in certain areas. A permanently resident foreign investor is entitled to participate in the management of an enterprise, but if this is the case, such an investor is only allowed to transfer its shares in the enterprise after three years from the date of purchase. Where a foreign investor has no involvement in management transfers of shares are allowed after one year.

Developments in the applicable regulations that promote such domestic investments purport to broaden the range of industries and sectors that may be invested in and to dispense with the requirement for the approval of the Prime Minister for such investments. However, as the new regulations have yet to be tested and implemented in practice, it is uncertain whether the Company would be limited in the type of businesses and sectors in which it can invest and also whether formal approval from the Prime Minister is still required. This uncertainty may have an adverse effect on the proposed activities and projected performance of the Company.

In addition, existing laws do not afford sufficient and adequate protection for minority shareholders and foreign investors in domestic enterprises. This may have an adverse effect on the Company's ability to control or influence the activities and business of domestic enterprises.

Asset Realisation in Bankruptcy Proceedings May Be Time Consuming and Expensive

The Vietnamese Bankruptcy Law may not be easily implemented. To be declared bankrupt, an enterprise must have sufficient grounds to prove its insolvency and bankruptcy which are complicated and unclear. Assuming that the judge believes there to be sufficient grounds to proceed with a bankruptcy hearing, the Bankruptcy Law's two-tiered system for resolving business bankruptcy matters will apply. The first tier is the adjudication phase. If during the adjudication phase, it is found that it is not possible to restructure the business of the enterprise the bankruptcy process then moves to the assets realization phase. Bankruptcy proceedings may therefore be pending for a long time before the Company may recover any of its capital.

Recognition of Foreign Arbitration Awards and their Enforcement

Given the lack of legal support for recognizing foreign court judgments in Vietnam, parties often select foreign arbitration as the forum for dispute resolution. However, while there is a legal basis for the recognition and enforcement of foreign arbitration awards in Vietnam in respect of certain types of contracts, there have only been a small number of cases where a Vietnamese court has recognized and enforced such an award.

General

The Company is recently incorporated and has no operating history. The past performance of assets managed by the Manager or the Directors is not necessarily a guide to the future performance of the Company.

If under Cayman law there were to be a change to the basis on which dividends could be paid by Cayman Islands companies, this could have a negative impact on the Company's ability to pay dividends.

Any change in the Company's tax status or in taxation legislation could affect the value of the investments held by and the performance of the Company. Representations in this document concerning the taxation of investors in Ordinary Shares are based upon current tax law and practice which is subject to change.

Introduction

Vietnam Opportunity is a newly incorporated Cayman Islands registered, exempted company. It will be managed by VinaCapital.

The principal investment objective of the Company is to achieve capital appreciation as well as generating regular income by investing in Vietnam. It is currently anticipated that any gains will be distributed to Shareholders as dividends on an annual basis.

The Company will have a capital structure comprising a single class of Ordinary Shares which will be admitted to trading on AIM.

The Investment Case for Vietnam

The following overview should be read in conjunction with the more detailed description of Vietnam set out in Part 3 of this document and with the information described in “Risk Factors” set out in Part 1 of this document.

Vietnam is a country with a population of over 81 million and a land area of 325,360 sq km bordered by Cambodia, Laos and China. The population is young, with over 70 per cent. under 35 years of age and with a high literacy rate of 94 per cent. Average wages are low and currently about half the level of China. GDP per head in 2001 was \$410. GDP is projected to grow by 6.8 per cent. in 2003, the second highest rate in Asia.

The Directors believe that ongoing reforms and the Country’s human capital, combined with the economic potential of Vietnam, have created significant opportunities for foreign investors to participate in potentially attractive investment opportunities. The following factors are believed to be particularly important in creating a positive environment for investment:

- **Government economic reforms:** Since the mid-90s, the Government has taken a series of steps designed to move the Vietnamese economy from a centrally-planned system to a more mixed, market-oriented system. Early reforms were gradual, but the final disintegration of the Soviet bloc, on which Vietnam was highly dependent for trade and assistance, forced the Government to adopt a more market-oriented approach to stimulate economic growth and to help to restore Vietnam’s position in the international community. The momentum for reform is likely to continue firstly due to the success and thus popularity of the reforms in increasing the Vietnamese people’s incomes and secondly the regional competition to attract investment, particularly given the success of China’s reform policies in attracting the majority of the region’s foreign direct investment.

There have been four key elements to the Government’s economic reforms:

- **Integrating into the world economy:** The Government has taken several measures to make it easier for Vietnamese companies to access world markets and similarly for foreign companies and investors to access Vietnam. These have included broad tariff and quota reductions, signing a Bilateral Trade Agreement with the US resulting in

exports to the US expanding by 103 per cent. in 2002, agreement to establish an ASEAN (Association of South-East Asian Nations) free trade area and discussions on accession to the World Trade Organisation. Furthermore, there is an increased ability for foreign portfolio investment including up to 30 per cent. equity participation in local private and “state owned” enterprises in certain industries and up to 30 per cent. in Vietnamese listed companies as well as the ability to have 100 per cent. foreign direct investment through the establishment of wholly foreign owned enterprises in most industries.

- **State owned enterprise reform:** There has been a continued process of reducing the influence and ownership of the state in “state owned enterprises”, including the creation of equity share capital and public listings to create share capital that can be sold (“equitisation”). State ownership has been reduced through the sale of shares to management, local private and institutional investors and up to 30 per cent. to foreign investors. Between 1998 and 2001, 582 “state owned enterprises” went through the equitisation process and 21 are listed on the Vietnamese stock exchange.
- **Banking system reform:** This has again centred around reducing state influence and installing modern management processes. Banks are now empowered to make their own lending decisions based on commercial principles and offer new products such as unsecured loans, loans secured against land and financial leases.
- **Private sector reform:** The Government has taken bold steps to encourage private enterprise. Key reforms have included amendments to the Law on Foreign Investment permitting privately-owned business enterprises to engage in direct co-operation and joint investment with foreign investors (i.e. a joint venture company with minimum of 30 per cent. equity contribution by the foreign party) and the amendment in 2002 to the Vietnamese constitution giving private sector entities equal status to state bodies. Furthermore there has been a continued reduction in “red-tape” surrounding registration of companies and the issue of investment licenses. These reforms have resulted in the private sector now driving the country’s growth. This grew 20 per cent. in 2001, 21 per cent. in the first quarter of 2002 and accounts for some 60 per cent. of industrial output. Since 2000, the number of new private business registrations has increased 67 per cent. to over 30,000 in 2002.
- **Stability:** Vietnam is the Asia-Pacific destination perceived to be the safest for tourists, according to the Hong Kong-based Political and Economic Risk Consultancy. Vietnam has also shown positive development in both political and economic stability. Furthermore, Vietnam was ranked as second in Asia behind Singapore in Business Monitor International’s short term political risk ratings. This high rating was achieved due to Vietnam’s lack of strikes, ethnic divisions and terrorism. Clear evidence for this relative economic stability is that Vietnam’s growth has varied in a band between 4.5 per cent. and 10 per cent. since 1996, compared to swings as large as 15 per cent. for Hong Kong and Korea. The Government’s macroeconomic measures have also helped reduce inflation, bring comparative stability to the Dong/US Dollar exchange rate and control state sector borrowing. There is a

reduced risk to changes in external market conditions as performance is now largely driven by the domestic economy which the Directors believe leaves it less exposed to the global economy than more export orientated economies such as Malaysia and Singapore.

- **Human capital:** The country's population is large by Southeast Asian standards at over 81 million and relatively young with approximately 70 per cent. of the population under the age of 35. Its labour force is relatively well-educated with a literacy rate close to 94 per cent. compared to 84 per cent. in China, 87 per cent. in Malaysia and 97 per cent. in the US. Salary expectations are below the Asian average and half those in China. There are strong cultural and ethnic links with China and in the Directors' opinion this is evident in the people's strong work ethic and entrepreneurial spirit as shown in the number of new private business registrations.
- **Development of the capital markets:** The stock market has seen steady development since its establishment in 2000 and continuing development will have a positive impact for the Company in exiting its private investments, as well as providing more options for making investments in listed companies. The stock market is likely to see faster development over the coming years as there is significant latent supply and demand to be exploited by an expanded public stockmarket. The latent supply is demonstrated by the growth in "equitised" companies from 100 in 1998 to over 1,200 in 2002, many with the aim of achieving a formal listing. The latent demand is demonstrated by the fact that these "equitised" stocks can also be traded through an unofficial over the counter market for equities the size of which is estimated to be approximately \$1.5 billion over eight times larger than the equity market capitalisation of the public stock market of approximately \$180 million.
- **Timing:** Most previous Vietnam focused funds were raised in the mid-90s. Many of the reforms and developments outlined in this document have only occurred since 2000. Foreign investment peaked in 1996 and dropped after the Asian currency crisis in 1997. In a similar way to the global markets, the Vietnamese stock market peaked in 2001 and has fallen dramatically since that time. Consequently the investment options available to those funds were often limited and the returns often negative, resulting in some funds returning uninvested cash to investors, and the others generating poor returns. The timing is now better for several reasons:
 - Key reforms supporting private enterprise and foreign investment are now in place.
 - The large number of private entrepreneurs still have limited domestic financing opportunities and are less sophisticated thereby creating a role and need for foreign investors.
 - Many of the successful business models seen in other more developed countries are not yet visible in Vietnam, with many industries being small and fragmented and exhibiting a lack of economies of scale and ability in marketing, branding and distribution.

- Valuations are comparatively low. The average stock market valuation now has a profit/earnings ratio of 10 as opposed to 64 in China, 12 in Thailand and 16 in Malaysia; Grade A and B office rents are around \$17-29 per sq m compared to as high as \$44 per sq m in the mid-90s.

Investment Objectives

The Company is a close ended investment company incorporated in the Cayman Islands with the primary objective of achieving medium to long-term (3-5 years) capital appreciation and providing an attractive level of income (from interest and dividends) through investment in listed and unlisted companies, debt, assets and other investment opportunities in Vietnam and surrounding Asian countries.

Investment Policy

The Company will adhere to the following investment policies:

- **Type of investment:** The Company will engage in all forms of investment as allowed under the laws of each jurisdiction in which it operates, including but not limited to, listed and non-listed equity, debt, convertible loans, other assets, derivatives (for hedging purposes only), contractual profit sharing agreements, nominee ownerships and other instruments and structures that may be suitable to allow participation in selected investment opportunities.
- **Geographical focus:** At least 70 per cent. of the Company's gross assets will be invested in Vietnam or related to entities in other countries having substantial assets, liabilities, operations, revenues or income derived from Vietnam. Up to a maximum of 30 per cent. of the gross assets of the Company may also be invested in neighbouring Asian countries (namely China, Cambodia and Laos), should the Directors consider that such investments would provide benefits to investments in Vietnam or offer potentially attractive returns.
- **Sector focus:** Investment will primarily be made in the following two key areas:
 - Expansion capital for early and mid-stage companies in key growth sectors of the domestic economy and export sectors where Vietnam has a comparative advantage. Such sectors are likely to include retail and consumer goods, financial services, tourism, manufacturing and construction materials, property and infrastructure.
 - Investment will be made in comparatively undervalued assets with the potential for value enhancement and realisation, for instance in distressed assets, NPL portfolios, Vietnamese assets of distressed overseas investors, listed funds and smaller conglomerates or holding companies trading at significant discounts to net asset value.

- **Investment criteria:** Key investment criteria will include:
 - For investment in growth businesses, full use will be made of the established stock selection and analytical skills of the Manager and its advisers and the broad experience of the Directors to select enterprises which, in their opinion, have sound products and good growth prospects.
 - The Company will seek to identify businesses with a record of profit growth, with strong and motivated management teams who have adopted proven business models and which have the realistic potential of exit through trade sale, listing in Vietnam or in another country.
 - The Directors in conjunction with the Manager will also aim to achieve a balance in its exposure to different sectors. Furthermore, no single investment may at the time of investment exceed the higher of \$5 million or 20 per cent. of the Net Asset Value of the Company.
 - It is the intention of the Company to be active in the development of a carefully selected portfolio of investments after thorough research. The Directors intend that the portfolio will be developed in such a way as to take, where practicable, relatively large stakes in enterprises which have been researched by the Manager. On the basis of the current capital raised, therefore, this investment strategy is likely to result in the Company having a select portfolio of less than 20 investments at any one time.
- **Realisation of investments:** The Company will aim to realise individual investments when the Board believes the realisation would be in the best interests of the Company ideally within a five year time frame.

The Company will adhere to the above investment policies, in the absence of unforeseen circumstances for at least 3 years following Admission unless these are changed with the approval of a Shareholders resolution. Such changes may be prompted by changes in Government policies or economic conditions which change or introduce additional investment opportunities.

Investors should note that while it is the intention of the Company to invest its funds in accordance with the investment objectives and policies outlined above as far as practicable, due to market and other investment considerations, it may take some time before the funds of the Company are fully invested. Cash pending investment, reinvestment or distribution will be placed in bank deposits, bonds or treasury securities issued by the government of the United States, or its respective agencies, for the purpose of protecting the capital value of the Company's cash assets.

In order to hedge against interest rate risks or currency risk, the Company may also enter into forward interest rate agreements, forward currency agreements, interest rates and bond futures contracts and interest rate swaps and purchase and write (sell) put or call options on interest rates and put or call options on futures on interest rates.

Valuation Policy

The Net Asset Value and the Net Asset Value per Share shall be calculated (and rounded to two decimal places), in US Dollars by the Administrator (or such other person as the Directors may appoint for such purpose from time to time) on a quarterly basis (or at such other times as the Manager (or such other persons as aforesaid) may determine but in any event not less than quarterly).

The Net Asset Value shall be the value of all assets of the Company less the liabilities of the Company determined in accordance with the valuation guidelines adopted by the Directors from time to time.

Under current valuation guidelines adopted by the Directors, such values shall be determined as follows:

- the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the Directors shall have determined that the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
- the value of securities which are quoted or dealt in on any stock exchange (including any securities traded on an “over the counter market”) shall be based on the last traded prices on such stock exchange, or if there is more than one stock exchange on which the securities are traded or admitted for trading, that which is normally the principal stock exchange for such security, provided that any such securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, shall be valued at a discount (the amount of such discount being determined by the Directors in their absolute discretion or in a manner so approved by the Directors);
- as regards unquoted securities:
 - unquoted investments will initially be valued at cost price, which will include any expenses relating to their acquisition; and
 - a revaluation of unquoted investments to a value in excess of or below cost may be made in the circumstances provided by and in accordance with the guidelines issued by the British Venture Capital Association or any successor body; and
- all other assets and liabilities shall be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures;
- any value other than in US Dollars shall be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate in the circumstances having regard, *inter alia*, to any premium or discount which may be relevant and to costs of exchange.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider is reasonable in the circumstances provided that such other valuation or valuation procedure has been approved by the Company's auditors. The Directors may delegate to the Manager any of their discretions under the valuation guidelines.

Co-investments

The Manager may from time to time manage other funds which have a similar or different investment objective and policy to that of the Company. Nevertheless, circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more of the other funds managed by the Manager. Where a conflict arises in respect of an investment opportunity, the Manager will allocate the opportunity on a fair basis. In such event, the allocations will normally be made on a pro rata basis between the Company and the other funds based on the amounts available for investment in each fund at the time the investment opportunity arises. However, the Manager will be entitled to recommend to the Board the allocation of investment opportunities on a basis otherwise than as set out above if it deems it appropriate. In those circumstances the Board will determine what level of investment the Manager may make on behalf of the Company.

The Manager may also from time to time manage one or more funds incorporated in Vietnam. If appropriate, therefore, the Company may be able to invest in local companies or projects up to the foreign ownership restriction then existing with the local fund making additional investment in order to gain control of that company or project. This facility would allow the Company to benefit from majority participation in local projects thereby reducing the risks which may be associated with the use of locally established co-investors/partners and thereby also allowing effective overall control to be exercised by the Manager alone.

Ordinary Shares

It is intended that the Company's income will consist wholly or mainly of investment income. The Directors currently intend to distribute substantially all of the Company's income and capital gains after administrative expenses and tax to holders of the Ordinary Shares and aim to increase dividends over the life of the Company. The Board currently intends to pay dividends at least once a year in September with, subject to performance of the underlying investments, the first payment being made in September 2004.

Life of the Company

The Company does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, at the annual general meeting of the Company in 2008 the Board intends that a special resolution will be proposed that the Company ceases to continue as presently constituted. If the resolution is not passed, the Board intends that a similar resolution will be proposed at every fifth annual general meeting thereafter. If the resolution is passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

Pre-Investments

Via its Subsidiary the Company currently holds a 30 per cent. shareholding in Kido's Ice-cream Corporation ("Kidos"). Kidos is a new business which purchased the Vietnamese assets (including approximately 170 employees) of the former Walls Ice-cream business from Unilever in July 2003.

Kidos produces a full range of ice-cream products in a modern facility on the outskirts of Ho Chi Minh City. The factory has the capacity to produce 9 million litres of ice cream per annum with the ability to expand this to 13 million litres per annum. The assets purchased from Unilever included 3,600 freezers, 2 cold trucks and 21 cold vans.

Kidos will continue to produce Walls branded ice-cream under licence until the end of 2004 and thereafter may continue to use Walls recipes notwithstanding that the brand licence will have expired.

At the time of its purchase by Kidos the Walls business in Vietnam had a 20 per cent. market share by volume and 29 per cent. by value.

Ice cream consumption in Vietnam is estimated will grow at approximately 7 per cent. per annum currently in line with the predicted growth in GDP. The Directors anticipate that as modern retail formats, such as supermarkets, take hold ice cream consumption will increase. Kidos has developed a strategy to improve the business by increasing the number of points of sale, cost restrictions, more targeted advertising and the launch of new brands more tailored to local tastes.

Kidos purchased the Walls assets for \$900,000 against a Unilever book value of \$9.1 million (as of June 2002) and an estimated liquidation value of \$1.95 million. New capital was introduced to the business giving a total investment cost of approximately \$1.5 million. On 2 July 2003 Mr Geicke and Mr Gradel lent \$350,000 and \$150,000 respectively to the Subsidiary to enable it to make its pre-investment in Kidos, which loans remain outstanding at the date of this document. It has been agreed that, subject to Admission, Mr Geicke and Mr Gradel will each assign the benefit of their loans to the Company in consideration for the issue (or transfer) to Mr Geicke and Mr Gradel respectively of 350,000 and 150,000 Ordinary Shares credited as fully paid. Further details of these assignment agreements are set out in paragraph 7.7 of Part 6 of this document.

The Company has, subject to Admission, entered into a conditional agreement to acquire a further investment in a Vietnamese company, AA Land Corporation ("AA Land"):

- AA Land is a property development company focusing on residential and office projects in Ho Chi Minh City. AA Land was founded in early 2002 with a view to taking advantage of opportunities in the emerging Vietnamese real estate market.

AA Land sources development projects, performs feasibility studies, designs the development concepts, finds co-investors and manages the development project.

Existing projects include a joint venture with Prudential for the renovation of the existing Prudential office building in China Town, Ho Chi Minh City, the renovation of the Hai Ba Trung serviced apartments (situated in District 1 of Ho Chi Minh City) to create high

quality serviced apartments and a project to build a luxury apartment building (Kycon Condos) in Ho Chi Minh City.

The Directors believe that lack of local and foreign capital investment since the Asian crisis in 1997 has meant little new office building in Ho Chi Minh City and as the economy is growing this has reduced vacancy and seen rents rise and that this makes the Vietnamese property market an attractive proposition.

The Company has agreed, subject to Admission, to acquire from Mr Geicke and Mr William Ng the entire issued share capital of Vietnam Investment Property Holdings Ltd (a company incorporated in the British Virgin Islands) whose sole asset is a beneficial 29.44 per cent. interest in AA Land (legal title to these shares is held by a Vietnamese registered lawyer as nominee for and on behalf of Vietnam Investment Property Holdings Ltd. due to local law restrictions on the direct foreign ownership of shares in property companies). The consideration payable by the Company is the issue, created as fully paid, of in aggregate 600,000 Ordinary Shares giving an implied valuation to AA Land of \$2 million.

- AA Construction and Architecture Joint Stock Company (“AA”) is a local furniture manufacturer and interior design/contracting firm. It was established in 1993 by Mr Ngyen Quac Khanh, a local architect and businessman. AA’s production facilities are located in Ho Chi Minh City with a factory employing approximately 600 staff.

AA operates in three main areas:

- Hotel interior design and fit-out

AA has a successful business in the interior design and fit-out (including manufacture and supply of furniture) of high-end restaurants and hotels in Vietnam. Previous projects have included the Sheraton Saigon Hotel and Towers and the Sofitel Plaza Saigon.

The Directors believe that this business has good growth prospects as the number of foreign visitors (both business and tourist) continues to grow. Additionally, new projects are augmented by renovations of existing hotels.

- Furniture export

AA exports furniture to the US and Japan and AA has started to focus on the higher end of the market.

- Retail

AA currently has four stores in Vietnam which are targeted at the emerging Vietnamese middle and upper classes. The furniture sold in the stores consists of high end products and is priced below equivalent imported furniture.

The Company has also entered into an agreement with Mr Geicke (the “Option Agreement”) pursuant to the terms of which Mr Geicke has agreed, by 9 December 2003, to either (i) subscribe for a further 500,000 Ordinary Shares at \$1.00 per share or (ii) transfer to the Company his 10 per cent. shareholding in AA the consideration for which would be satisfied by the issue, credited as fully paid of 500,000 Ordinary Shares. In the event that Mr Geicke sells the AA shares prior to 9 December 2003 he has also agreed to account to the Company in full for any further consideration received on such sale. In the event that Mr Geicke chooses to transfer the AA shares to the Company, the exercise of this option will constitute a “related party transaction” for the purposes of Rule 12 of the AIM Rules and will be subject to the full public disclosure requirements provided for thereunder. Any further subscription of Ordinary Shares by a Director will also be subject to public announcement. Further details of the Option Agreement are set out in paragraph 7.6 of Part 6 of this document.

Directors

The Directors of the Company are:

Jonathan Choi (Chairman), aged 46

Mr Choi is President of Sun Wah Group, a Hong Kong based property, financial services, technology, infrastructure and food-stuff conglomerate, and Chairman of Kingsway International Holdings, a Toronto listed company, and SW Kingsway, a Hong Kong listed investment bank and fund manager. Mr Choi has been an active investor in Vietnam since 1971, with the Sun Wah Group owning the Sun Wah Tower, a premium office building in Ho Chi Minh City (one of the first property developments to achieve 100 per cent. foreign ownership), and is also very active in the Vietnamese seafood industry. Mr Choi is the Vice Chairman of the Chinese General Chamber of Commerce in Hong Kong and a member of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC) of the People’s Republic of China, and also Chairman of the Advisory Committee of the Manager.

Horst Geicke, aged 47

Mr Geicke has over 22 years experience of operating and investing in Asia and in particular has significant experience of investing in Vietnam having made seven direct investments in Vietnam over the past two years. Mr Geicke is a co-founder and Chairman of ACL Holdings Ltd., a China focused private equity fund with \$100 million invested over the past seven years. Mr Geicke has also built up his own manufacturing and trading business which has sales of over \$500 million. He is President of the German Chamber of Commerce in Hong Kong and a founding member and adviser to the Hong Kong – Thailand Business Council. Mr Geicke has an 80 per cent. indirect shareholding in Pacific Alliance Group Holdings Limited (the ultimate parent company of the Manager) and is a director of VinaCapital Group Limited the immediate parent company of the Manager.

Robert Knapp, aged 36

Mr Knapp is a Managing Director of Millennium Partners L.P. a \$4 billion multi-strategy investment fund that seeks to provide absolute returns with minimal risk and which will be the Company's largest shareholder following Admission. Mr Knapp's investment focus is undervalued assets, turnaround situations, and emerging markets arbitrage. He has previously led Millennium's efforts to restructure poorly performing listed investment funds in the US, Europe, and Asia.

The Directors have primary responsibility for implementing the investment policy of the Company and in particular for the Company's overall investment strategy. They will also be responsible for supervising and reviewing the activities of the Manager. The Board will meet at least four times a year to review the Company's investment policies and objectives.

VinaCapital

VinaCapital is a newly formed company which will provide fund management and advisory services in relation to investment in Vietnam. Its role under the terms of the Management Agreement, in line with the investment guidelines established by the Board, will include the following:

- Analysing economic developments and relevant economic and industrial sectors.
- Maintaining Government relations and undertaking such lobbying in Vietnam as may be required.
- Sourcing of investment opportunities.
- Evaluation and valuation of investment opportunities.
- Deal structuring and negotiation of each investment.
- Presenting investment opportunities to the Board for approval.
- Co-ordination of lawyers and other advisers.
- Taking board positions in companies invested in, monitoring such investments and supporting investee companies as required.
- Seeking and realising exit strategies for investments.
- Co-ordinating collection of benefits due to the Company such as dividends or any proceeds received from invested assets and loans to creditors.
- Recommendation of dividend distributions to Shareholders.
- Co-ordinating the preparation of accounts and the calculation of the Net Asset Value for approval by the Board.

- Providing quarterly reports to Shareholders on the Net Asset Value of the Company and the development of individual investments.

The Manager shall have day to day management of the Company's portfolio of investments. The acquisition or disposal of any investment with a value equal to or greater than 10 per cent. of the Net Asset Value of the Company will require the formal approval of the Board of Directors.

To successfully perform these duties, as well as complement the skills of the Board, VinaCapital has assembled a dedicated management team with a combination of local and international experience in investment, finance, entrepreneurship and mergers and acquisitions:

Chris Gradel

Mr Gradel has a wide range of business, mergers and acquisitions and financial experience having undertaken transactions in Hong Kong, China, Taiwan, Singapore, Indonesia, Germany and the USA. Prior to joining the Manager, Mr Gradel was an engagement manager with McKinsey & Co. in Hong Kong from 1999 to 2002. Mr Gradel has been a consultant to a number of major regional and international companies including Standard Chartered Bank, Hutchison Whampoa, Temasek Holdings and Hilton Plc. Mr Gradel was responsible for setting up and managing three companies in China for the Pritzker family (Hyatt Hotels/Marmon Group) including the establishment of a green field manufacturing plant and the take-over and reorganisation of a state owned company. Over the past nine months Mr Gradel has been responsible for executing five private investments in Vietnam for Pacific Alliance Group Holdings Limited. Mr Gradel is a director of VinaCapital Group Limited and has a 20 per cent. indirect shareholding in Pacific Alliance Group Holdings Limited.

Douglas Hui

Dr Douglas Ching Shan Hui, currently Managing Director of Sun Wah Media Limited, holds directorships in CIL Holdings Limited (Hong Kong Stock Exchange listed), SW Kingsway Capital Holdings Limited (Hong Kong Stock Exchange listed), Glory Future Group Limited (Hong Kong Growth Enterprise Market listed); and Kingsway International Holdings Limited (Toronto Stock Exchange listed) in Canada. Prior to joining the Sun Wah Group, he had held senior positions in the banking and international securities sector. He holds a Bachelors Degree in Social Science from the University of Hong Kong, a Masters Degree in Business Administration from the University of Toronto and has a Doctorate in Business Administration from the University of South Australia. Dr Hui is also a Canadian Certified Management Accountant and a member of the Hong Kong Institute of Company Secretaries. Dr Hui is a director of VinaCapital Group Limited, and a member of the Manager's Advisory Committee.

Don Lam

Mr Lam was a former partner with PricewaterhouseCoopers ("PwC") and prior to this manager of corporate banking at Deutsche Bank Vietnam. During his time at PwC Mr Lam was responsible for the corporate finance and management consulting teams both of which are sector leaders in the Indochinese market and which have extensive experience of advising clients in Vietnam on corporate finance, mergers and acquisitions, restructuring, project finance and business technology. During this time Mr Lam built up an extensive network of contacts in the Vietnamese Government and the private sector.

Pham Uyen Nguyen

Mr Pham is the founder and Managing Director of Bao Viet Securities (Ho Chi Minh), the largest securities firm in Vietnam with considerable local investment knowledge and experience. Mr Pham was formally Deputy Director in charge of investment appraisal at the Ho Chi Minh Investment Fund for Urban Development and the investment adviser to the Vietnam Programme at GIC, the Government of Singapore's global investment management company.

Advisory Committee

The Manager has established an advisory committee which will consist of such local investment specialists, business leaders and existing and former government officials as it deems appropriate from time to time to supplement the expertise of the management team.

Excluding the Chairman Jonathan Choi and Douglas Hui (details of both of whom are set out above) there are currently three appointees to the advisory committee:

Steven Le

Dr Le is Chief Investment Officer of SVL Investment Management, a registered investment advisory firm based in California, and was a consultant to over fifteen organizations in Vietnam including The Corporation for Financing and Promoting Technology (FPT), Master Information Technology (MITEC), CT-IN (telecom) and Medical and Pharmaceutical Company (YTECO) during their privatization programs as well as working with the World Bank and Hanoi People's Committee with regard to these equitization issues. Dr Le led a team of experts to assist and train the Vietnamese Ministry of Finance in valuation and financial settlement procedures for the privatization of state owned enterprises for the United Nations Development Program.

Bruno Schoepfer

Mr. Schoepfer joined Mövenpick Holding in 1997 as Managing Director of its Asia Pacific regional operations and was Chief Executive Officer and Managing Director of the Group from 1998 to 2003. With an annual turnover of SFR 1.5 billion and more than 13,000 employees worldwide, Mövenpick Holding is a multinational corporation which operates hotels, resorts, conference centers and restaurants. Mr. Schoepfer is currently Chairman of Mövenpick Hotels and Resorts S.A., a Swiss premium hospitality company active in the 5-star resort hotel and 4-star business/airport hotel markets and a well-known hotel and restaurant brand in Europe. Prior to joining the Mövenpick Group, Mr. Schoepfer had a distinguished career in luxury hotel management in Asia Pacific and Europe for more than 20 years. He has previously held senior positions in various leading international hotel groups including Mandarin Oriental, Shangri-la, and Radison-SAS.

Chanthol Sun

Mr Sun is President of SC Investments Co. Ltd. which provides investment consultancy services in Cambodia and is the Economic and Financial Advisor to the President of the National Assembly of Cambodia. Mr Sun was formally Secretary of State for Economy and Finance of Cambodia and Secretary

General of the Council for the Development of Cambodia. Mr Sun formally spent 16 years with General Electric Company occupying various senior management positions and was a former member of the board of Royal Air Cambodia. Mr Sun is a member of the executive board of Wharton Asia, and holds a BBSA from the American University, an AMP from the Wharton School of the University of Pennsylvania and a MPA from Harvard University.

Investment Management Agreement

Under the Management Agreement, the Manager will receive an aggregate annual fee from the Company payable monthly in arrears at the rate of 2.5 per cent. of the Net Asset Value of the Company. The Manager is also entitled to a performance fee amounting to 20 per cent. of the returns received by the Company in respect of individual investments over an annualized hurdle rate of 10 per cent. compounded for each year or fraction of a year (in terms of complete calendar months) during which such investments are held. The Management Agreement will be for an initial 2 year period and is terminable on 6 months' prior written notice given at any time expiring on or after the second anniversary of Admission.

Further details of the Management Agreement are set out in paragraph 7.4 of Part 6 of this document.

Custodian, Administration and Registrar Agreement

HSBC Trustee (Cayman) Limited will act as Custodian, Administrator and Registrar pursuant to Custody, Administration and Registrar Agreements. Further details of these three agreements are set out in paragraph 7.5 of Part 6 of this document.

Accounting Policy

The audited accounts of the Company will be prepared under International Financial Reporting Standards which the Directors believe is an acceptable body of generally accepted accounting practice under Cayman Islands company law. Under International Financial Reporting Standards, the Company will prepare a Statement of Operations which, unlike a Statement of total returns, does not differentiate between revenue and capital and also includes net investment gains. The Company's investment management and administration fees (as referred to above) and all other expenses will be charged through the Statement of Operations.

Reports and Accounts

The annual reports and accounts of the Company will be made up to 30 June in each year with copies expected to be sent to Shareholders in the following September. Shareholders will also receive each year an unaudited interim report for the six months to 31 December. These are expected to be sent to Shareholders in February of each year. The first financial period of the Company will cover the three months ending 31 December 2003 with the first annual accounts covering the period ending 30 June 2004.

Taxation

Information concerning the tax status of the Company in Vietnam and as a Cayman Islands registered exempted company and the taxation of Shareholders is contained in Part 5 of this document. **If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Ordinary Shares, he should seek advice from his own independent professional adviser.**

Launch Expenses

The initial expenses of Admission are estimated to be \$350,000.

Lock-in Arrangements

Each of the Company's proposed Shareholders (including any Directors), regardless of the size of their respective shareholdings, has agreed not to dispose of any interest in their Ordinary Shares within a period of one year following Admission except in certain restricted circumstances. Details of these lock-in arrangements are set out in paragraphs 7.9 and 7.10 of Part 6 of this document.

Admission, settlement and dealings

Application will be made to the London Stock Exchange for the issued and to be issued share capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 30 September 2003.

The Directors have arranged for the Ordinary Shares to be admitted to Euroclear with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the Euroclear system if the relevant shareholders so wish. Euroclear is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred otherwise than by written instrument. HSBC Trustee (Cayman) Limited the Company's registrar will act as global Euroclear depositary for any Ordinary Shares held in uncertified form.

Euroclear is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

No temporary documents of title will be issued. All documents or remittance sent by or to a member, or as they may direct, will be sent through the post at the member's risk.

Pending the despatch of definitive share certificates (if applicable), instruments of transfers will be certified against the register of members of the Company. Should Shareholders with share certificates subsequently wish to hold their Ordinary Shares in Euroclear, they will need to follow the requisite Euroclear procedures for the dematerialisation of their shareholding.

Further Share Issues

The Company shall have the ability to issue further Ordinary Shares pursuant to further fund raisings and also where the Board perceives the issue of such Ordinary Shares to be in the interests of Shareholders generally. To avoid dilution to existing Shareholders the subscription price for any further Ordinary Shares issued shall not be less than the then prevailing Net Asset Value per Ordinary Share.



The area of Vietnam is 329,560 sq km and stretches over 3,400 kilometres along the eastern coast of the Indochinese Peninsula. The country borders China, Laos and Cambodia. The country is divided into 3 principal geographic areas: *Bac Bo* (the north), *Trung Bo* (the central region) and *Nam Bo* (the south).

Highlights

Official name: Socialist Republic of Vietnam

Currency: Dong

Head of State: President Tran Duc Luong

Population: 81.6 million

Head of Government: Prime Minister Phan Van Khai

Adult literacy rate: 94 per cent.

Official language: Vietnamese

Main exports: rice, crude oil, fisheries, light industrial goods

Land area: 325,360 sq km

Main imports: fuel, raw materials, equipment, consumer goods, steel, raw cotton, grain

2001 GDP: \$32.9 billion

2001 Exports: \$15.0 billion

2001 GDP per capita: \$410

2001 Imports: \$16.2 billion

Overview and Historical Context

After nearly 30 years of continuous war, followed by a period of close relations with the former Soviet Union and other Eastern Bloc countries, Vietnam began the transition from a centrally planned economy to a market oriented system. With the introduction of *Doi Moi* (the restructuring of, and new direction for, the economy), Vietnam has opened its doors to the international community in the hope of improving the country's living standards through economic development and growth.

Vietnam possesses a great variety of natural resources including oil, coal and mineral resources, significant hydroelectric power potential, agriculturally rich land, forest and marine life as well as increasing tourism. Its many comparative advantages – a large market of over 81 million people, as well as a relatively well-educated labour force with salaries below the Asian average, political stability – the Directors believe makes Vietnam one of the most attractive frontiers for foreign investment in Asia.

Political Situation and Outlook

The Socialist Republic of Vietnam is under one-party rule with elections held every five years. The last election took place on 19 May 2002 when the current 498 member XIII National Assembly was elected. The head of state is President Tran Duc Luong who was appointed by the National Assembly. The President elects the Prime Minister and sanctions the proposals of the Prime Minister on the appointment of the deputy prime minister and other cabinet ministers. Cabinet ministers are appointed by the President on the recommendation of the Prime Minister and their appointment is ratified by the National Assembly.

1986 marked the beginning of *Doi Moi*. With the implementation of market-based reforms, the Government put in motion Vietnam's transformation from a centrally planned economy to a market-oriented system. To date, the Government has proved to be forward looking, pushing changes that bring long-term benefits to the people of Vietnam. There has been general agreement that the best way to meet national goals is through economic reform.

Economic Situation and Outlook

Economic Policy and Planning

The economic policy adopted was intended to gradually displace its command economy, characterised by a dominance of state-owned-enterprises (“SOE”), with a more market-oriented and diversified economy. Since that time, the country has made great efforts to encourage domestic investment by the private sector, attract foreign investment, modernise the banking and financial services industry, restructure and “equitize” SOEs as well as introduce a stock market.

Five structural reforms have been initiated, namely to (i) integrate more fully with the world economy; (ii) improve the climate for private enterprises; (iii) reform the SOE sector; (iv) strengthen the banking sector; and (v) bring better management to bear on public resources. According to the World Bank's *Vietnam Development Report 2002*, except for SOE reform, Vietnam has made good progress in implementing these structural reforms. The Directors believe that although vested interests and bureaucratic resistances will continue to be obstacles, reform will be inevitable and a positive internal driving force for further growth.

Sectoral Analysis

In 2001, Vietnam's GDP consisted of :

	Share of GDP	Growth, 2001
	<i>Per cent.</i>	<i>Per cent.</i>
Agriculture, forestry and fishery	22.4	2.8
Industry and construction	36.6	10.3
Services	41.0	6.1

Agriculture/aquaculture – as one of the bases for Vietnam's socio-economic stabilisation, this industry has continued to maintain its relatively good development with an annual growth rate of over 2.8 per cent. Aquaculture has increased rapidly, and in 2001 accounted for over 11 per cent. of the total value of agricultural/aquacultural production.

The industrial growth rate averaged 9.8 per cent. between 1997 and 2001. In 2001, industrial production value increased by 10.3 per cent., with a growth rate in the registration of private domestic businesses of 20.3 per cent. This is attributed to the encouraging policies and positive impacts of the Enterprise Law. The industrial structure has changed considerably, as a large number of specialised industrial zones utilising modern production technologies have been developed.

The services sector has maintained its rapid growth rate in recent years including the tourism industry which continues to grow. The infrastructure of the transport sector has also improved considerably, with more achievements expected to improve roads and port facilities. In 2001 the total value of the services sector increased by 6.1 per cent.

GDP by economic sector

In constant 1994 prices (Billions of Dong)

	2001 (official estimate)	per cent. of total	2001 Growth
Agriculture, forestry and fishery	65,497	22.4 per cent.	2.8 per cent.
Agriculture	55,556	19.0 per cent.	2.0 per cent.
Forestry	2,551	0.9 per cent.	0.3 per cent.
Fishery	7,390	2.5 per cent.	10.6 per cent.
Industry	106,914	36.6 per cent.	10.3 per cent.
Mining	19,185	6.6 per cent.	4.1 per cent.
Manufacturing	57,285	19.6 per cent.	11.3 per cent.
Electricity and water	7,171	2.5 per cent.	13.2 per cent.
Construction	23,273	8.0 per cent.	12.7 per cent.
Services	119,965	41.0 per cent.	6.1 per cent.
Trade	47,854	16.4 per cent.	7.2 per cent.
Hotels and restaurants	9,478	3.2 per cent.	6.9 per cent.
Transportation and telecom	11,441	3.9 per cent.	6.6 per cent.
Finance, banking and insurance	5,952	2.0 per cent.	5.3 per cent.
Science and technology	1,765	0.6 per cent.	12.3 per cent.
Real estate and renting	12,631	4.3 per cent.	3.3 per cent.
Public administration	8,339	2.9 per cent.	4.0 per cent.
Education and training	9,802	3.4 per cent.	7.0 per cent.
Healthcare and social welfare	4,151	1.4 per cent.	5.2 per cent.
Other services	8,552	2.9 per cent.	4.1 per cent.
TOTAL	292,376	100.0 per cent.	6.8 per cent.

Human Resources

Vietnam has a population of approximately 81 million people, which gives it one of the largest labour forces in Southeast Asia. The cost of labour in Vietnam is still relatively low compared to most other countries in the Asia-Pacific region. Minimum wage for workers at foreign-invested enterprises has been established at \$45 per month in Ho Chi Minh City and Hanoi, while workers in other areas of the Country earn a minimum of \$35 per month. Productivity is still low, primarily due to out of date technology, capital shortages, poor management, and insufficient training. In recent years about one million new workers have been added to the work force each year. The urban unemployment rate, currently around 6.3 per cent., is high but stable and is expected to reduce with the expanding domestic economy absorbing those losing jobs in the state sector. With a literacy rate of 94 per cent. (comparable to that of Singapore), the population is better educated than per capita income figures might suggest.

Ethnic Breakdown: Vietnamese (85-90 per cent.), Chinese, Hmong, Thai, Khmer, Cham, mountain groups.

Religions: Buddhist, Roman Catholic, Hoa Hao, Cao Dai, Protestant, Muslim.

Financial Situation and Outlook*Financial Policy*

According to the Government, the budget deficit was equivalent to 2.4 per cent. of GDP in 2002 and this deficit is expected to be on a narrowing trend due to a strong growth in Government revenue.

Financial System and Institutions

The Vietnamese financial system comprises state-owned banks, shareholding banks, credit cooperatives and finance companies. Currently there are 4 state-owned banks, 50 shareholding banks and 24 licensed foreign banks. Since 1998, with support from these multilateral institutions, the Government has outlined a comprehensive reform and restructuring program to improve the efficiency of the commercial banking system. The programme includes three components: (i) restructuring shareholding banks through mergers and closure; (ii) transforming state-owned banks into independent businesses; and (iii) improving and strengthening the supervision and inspection of commercial banks to create a “level playing field”.

Foreign Exchange and Reserves

The rationale for a Government to have a fixed exchange rate system has been driven traditionally by four factors: a desire to build confidence in the currency; a need to keep the debt burden low for companies holding dollar-denominated debts (notably state enterprises); a concern to avoid fuelling inflation; and a wish to keep exports competitive. Together these four factors have meant a need for exchange-rate stability. The Government has seen a downward pressure in the value of the local currency, the Dong. However, the rate of devaluation has been decreasing and is expected to further stabilise in the short term. Devaluation in 2002 against the US Dollar was 2 per cent. The Government, however, continues to maintain substantial capital controls, including restrictions on both incoming and outgoing capital flows. Capital-account convertibility is quite restricted as the Government remains instinctively cautious. The Asian currency crisis in 1997 has reinforced such caution.

Taxation

The primary forms of taxation applicable to businesses in Vietnam are: Business Income Tax (BIT), Value Added Tax (VAT), Special Sales Tax (SST), Foreign Contractor Withholding Tax, Profits Remittance Tax (akin to dividend withholding tax), Import-export tariffs, Royalty tax, Land rentals tax, Natural Resources Tax, and Personal Income Tax (PIT).

Together with its participation in the Asean Free Trade Area (AFTA) and its application for World Trade Organisation membership, Vietnam has recently introduced changes to its tax system with the passing of three new laws on VAT, SST, and BIT which will take effect from 01 January 2004.

Under the old VAT Law, there are four rates, 5 per cent., 10 per cent., 15 per cent. and 20 per cent. Goods subject to SST (SST applies to “luxury” goods and services such as cars, air conditioners, cigarettes, etc.) are not subject to VAT at the manufacturing stage. Under the new VAT law, the rate of 20 per cent is abolished and goods subject to SST are included in the list of VATable items. This change will allow manufacturers of SST goods to claim input VAT currently being absorbed by them as a cost. Under the old VAT Law, only four categories of export services are zero rated. The new VAT Law has now reclassified all export services into zero-rated category with a few exceptions to encourage export activities, although the definition of what constitutes an export service remains problematic.

The major change to the SST law is the adjustment of certain SST rates as a result of the inclusion of SST goods into VATable items.

Under the current tax regime, corporate taxes are structured to provide incentives for foreign investment in Vietnam, particularly in areas such as infrastructure construction, where the economy urgently needs development. The standard corporate tax rate is 25 per cent., while that applicable to domestic enterprises is 32 per cent. However, under the new Law on BIT, a common standard rate of 28 per cent. will be applied to both foreign invested and domestic enterprises. However, incentive BIT rates of 20 per cent, 15 per cent. and 10 per cent. may still apply depending on factors such as the amount invested, the number of people employed, the technology introduced, and export plans. In addition to incentive tax rates, businesses may be granted 100 per cent. tax holidays and 50 per cent. reductions for varying periods.

Business and Investment Environment

Foreign Investment Incentives

Vietnam offers competitive investment incentives for foreign investors, such as tax holidays, tax reductions and tax exemptions for imported equipment. Foreign direct investment (“FDI”) rose steadily in the early 1990s but declined during 1997-1999. More recently, the Government has made efforts to streamline investment procedures and create a more favourable environment for foreign investment. FDI increased in 2000 but the trend has been constrained by the global and regional economic downturn. However, the ongoing efforts to improve the investment environment is expected to have a positive impact on FDI growth.

	1998	1999	2000	2001	2002 (estimate)
FDI (\$ billions)	0.8	0.7	0.8	1.0	2.3

Private Sector Development

The Government’s policy towards the domestic private sector in Vietnam over the last two years appears to be leading to significant results. Since the Enterprise Law became effective in January 2000 36,000 new small and medium sized enterprises (“SMEs”) have registered. A recent World Bank survey found that 70 per cent. of these new registrations are start-ups and are therefore adding to domestic investment. Evidence over a two-year period also suggests that private SME employment has grown at around 30 per cent. a year and private SME manufacturing employment at 35 per cent. a year. With its rapid growth, the private sector will gradually become the dominant economic force in Vietnam.

Property market

The commercial property market in large cities such as Ho Chi Minh City and Hanoi has seen a strong recovery after a stagnant period since 1998. Office buildings are in short-supply and the occupancy rate has reached over 85 per cent. If the pre-1997 financial crisis period witnessed a booming commercial property market fuelled by foreign investors, this time, development is coming more from domestic investors. The residential property market is also seeing solid development with large projects to meet increased demand in the large cities. However, prices are still far below their levels of the mid-90s. For example, Grade A and B office rents are at \$17-29 per sq m per month versus rents of up to \$44 per sq m in the mid-90s.

Securities and Capital Markets

In July 2000, the Ho Chi Minh City Stock Exchange was opened. Although the activities of the new stock market are very limited at this stage, the opening of the long-awaited stock market was seen as a positive step toward creating a channel for long-term capital mobilisation which will hopefully boost the economic reform process. However, foreign shareholdings do continue to require Government approval.

Foreign ownership restrictions

There is an increased ability for foreign portfolio investment including up to 30 per cent. equity participation in local private and “state owned enterprises” in certain industries and up to 30 per cent. in Vietnamese listed companies, as well as the ability to have 100 per cent. foreign direct investment through the establishment of wholly foreign owned enterprises in most industries.

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NW1 2EP

24 September 2003

Dear Sirs

Vietnam Opportunity Fund Limited (the “Company”)

Introduction

We report on the financial information of the Company set out below. This financial information has been prepared for inclusion in the AIM admission document of the Company dated today (“the Document”).

Basis of preparation

The financial information set out below is based on the transactions of the Company from incorporation on 14 March 2003 to 24 September 2003, being the date of this report.

Responsibility

The Directors of the Company are responsible for the contents of the Document in which this report is included.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

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partners may be inspected at the
above address and at
Grant Thornton House
Euston Square London NW1 2EP.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of the Company at 24 September 2003.

Consent

We consent to the inclusion in the Document of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Financial information

The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed since incorporation.

The Company was incorporated on 14 March 2003 with the name Vietnam Millennium Fund Limited. On 15 July 2003 the Company changed its name to Vietnam Opportunity Fund Limited.

As at today's date the Company has carried out no trading, has declared no dividends and has not entered into any transactions which impact on the Company's financial position at 24 September 2003.

On incorporation the authorised share capital of the Company was US\$50,000 comprising 5,000,000 ordinary shares of US\$0.01 each, of which 1 ordinary share of US\$0.01 was issued. The authorised share capital was increased to US\$500,000 by passing a written resolution on 2 September 2003 to create an additional 45,000,000 ordinary shares of US\$0.01 each.

The Company has not entered into any material contracts at the date of this report other than those at paragraph 7 of Part 6 of the Document.

Yours faithfully,

GRANT THORNTON

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24 September 2003

Dear Sirs

Vietnam Investment Property Limited (the “Company”)

Introduction

We report on the financial information of the Company set out below. This financial information has been prepared for inclusion in the AIM admission document of the Company dated today (“the Document”).

Basis of preparation

The financial information set out below is based on the transactions of the Company from incorporation on 10 June 2003 to 24 September 2003, being the date of this report.

Responsibility

The Directors of Vietnam Opportunity Fund Limited are responsible for the contents of the Document in which this report is included.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

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Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of the Company at 24 September 2003.

Consent

We consent to the inclusion in the Document of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Financial information

The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed since incorporation.

As at today's date the Company has carried out no trading, has declared no dividends and the only transactions of the Company have been as follows:

- on incorporation, one share was issued to parent company; and
- on 2 July 2003, the Company acquired 900,000 common shares in the Kido's Ice Cream Corporation, a joint stock company incorporated under the laws of Vietnam. The investment represents 30% of the share capital of the entity and was acquired for a consideration of US\$447,000. Costs associated with the acquisition totalled US\$50,000.

The investment was financed by loans of US\$350,000 from Mr Geicke and US\$150,000 from Mr Gradel, which are to be repaid by the issue of shares in Vietnam Opportunity Fund Limited after admission to AIM.

The Company has not entered into any material contracts at the date of this report other than those at paragraph 7 of Part 6 of the Document.

Balance sheet

The balance sheet of the Company as at 24 September 2003 was as follows:

	<i>Notes</i>	<i>US\$'000</i>
Investments		497
Cash		3
Creditors	2	(500)
		<u> </u>
Net assets		<u> </u>
Capital and reserves		
Share capital	3	–
		<u> </u>
Shareholders' funds		<u> </u>

*Notes to the balance sheet***1. Accounting policies**

The balance sheet has been prepared in accordance with the historical cost convention.

2. Creditors

	<i>US\$'000</i>
Amounts payable to directors	(500)
	<u> </u>

3. Share capital

	<i>US\$'000</i>
Authorised	
50,000 ordinary shares of \$1 each	50
	<u> </u>
Allotted, called up and not paid	
1 ordinary share of \$1	–
	<u> </u>

On incorporation the authorised share capital of the Company was US\$50,000 comprising 50,000 ordinary shares of US\$1 each, of which 1 ordinary share of US\$1 was issued.

Yours faithfully,

GRANT THORNTON

The information below, which relates only to Vietnamese, United States, United Kingdom, Hong Kong and Cayman Islands taxation, is applicable to the Company and to persons who are resident, ordinarily resident or carrying on a trade in those jurisdictions (except where indicated) and who hold Ordinary Shares as investments. It is based on existing law and practice and is subject to subsequent changes therein. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

Cayman Islands

The Government of the Cayman Islands, will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or the Shareholders. The Cayman Islands are not party to any double taxation treaties.

The Company has applied for and has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares, debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Company to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Company.

Currently no stamp duty will be levied in the Cayman Islands on the issue or transfer of the Ordinary Shares.

The only Government charge payable by the Company in the Cayman Islands is an annual charge to be calculated on the nominal value of the authorised share capital of the Company. At current rates, this will not exceed \$660 in any one year.

Vietnam

Upon remitting profits abroad or retaining profits abroad (including gains made on capital transfers), the foreign investor must pay tax on the amounts remitted at the rates of 3 per cent. 5 per cent. or 7 per cent. depending on the amount of the parties' legal capital (akin to equity) contribution in the business. However, profits remittance tax (PRT) will be removed with effect from 01 January 2004 in accordance with the newly introduced Law on BIT.

Vietnam does not have a separate capital gains tax, but has a Capital Assignment Profit Tax ("CAPT") within the BIT Law which applies to transfers of interests of foreign investors in a Vietnamese entity. The taxable gain is determined as the excess of the sales proceeds less cost (which is the initial value of contributed legal capital for the first transfer) less transfer expenses.

The purchaser is required to withhold the tax due from the payment to the vendor, and account for this to the tax authorities. The applicable tax rate is 25 per cent. However, if the seller is a tax resident of a country that has entered into a double tax treaty with Vietnam which provides exemption from Vietnamese tax on such capital gains, the gain would generally not be subject to any Vietnamese tax unless the assets

of the target company consist principally of immovable property situated in Vietnam (this still requires a specific exemption application to be lodged). Up to December 2003, PRT will also apply if the sales proceeds are remitted or retained overseas.

Individual investors are exempted from PIT on gains arising on the sale of shares.

There are also some conflicting decisions issued by the taxation authorities on how gains on sales of shares in Vietnamese companies (not foreign invested) will be taxed – the two positions are that withholding tax will apply under Circular 169, or CAPT will apply.

Enterprises with foreign-invested capital are exempted from paying import duties on goods imported for the construction and establishment of an enterprise and on goods used for the production of goods destined for export. Import duties on other goods are generally low, if they are needed and unavailable in Vietnam. Goods that are seen to be of a luxury nature receive higher rates. With the Common Effective Preferential Tariff implementation, Vietnam has transferred all goods in the Temporarily Exclusive List to the Inclusive List with effect from 01 July 2003. This means that the tariff rates of the transferred goods will be significantly reduced from current rates of 30 per cent. – 80 per cent. to 20 per cent. or lower. According to the Ministry of Finance's proposal, the tariff rates of all goods in the Inclusive List will be reduced to 0 per cent. – 5 per cent. by 2006, and at that time 60 per cent. of goods in the Inclusive List will have a tariff rate of 0 per cent.

Exports are an encouraged area in Vietnam and export duties are only charged on a few items, basically natural resources such as rice, minerals, forest products, seafood and scrap metal.

Royalties on the utilisation of natural resources are levied at rates ranging from 1 to 40 per cent.

Hong Kong

Tax position of the Company

The Company will be subject to Hong Kong Profits Tax if (a) it carries on a trade, profession or business in Hong Kong and (b) its profits from such trade, profession or business have a Hong Kong source.

Not subject to Hong Kong Profits Tax in any event are profits from the sale of shares and other securities listed on a stock exchange outside Hong Kong, dividends and capital gains.

The Board proposes to conduct the affairs of the Company so as to ensure, that as far as practicable, the Company will not be liable for profits tax in Hong Kong.

Tax position of Hong Kong investors

There is no capital gains tax in Hong Kong. Capital gains are not chargeable to Hong Kong Profits Tax if they arise from the disposal of Ordinary Shares by an investor. However, any disposal gains derived by an investor who carries on a share trading business in Hong Kong may be considered as trading gains, which will be subject to Hong Kong Profits Tax at the rate of 17.5 per cent (for corporations) and 15.5 per cent (for individuals), based on rates for the year of assessment 2003/04.

Dividends which the Company pays on its Ordinary Shares to Hong Kong resident investors will not be chargeable to tax in Hong Kong under current legislation and practice.

Hong Kong Stamp Duty is levied on the disposal of Hong Kong Shares, with the vendor and purchaser being liable to pay 0.1 per cent each on the higher of the consideration for the transfer or the market value of the Shares transferred. For the purposes of Hong Kong Stamp Duty, Hong Kong Shares includes shares issued in Hong Kong, those dealt with on a recognised Hong Kong Exchange, and overseas company's who's share register is kept in Hong Kong. If the seller or purchaser is not resident in Hong Kong and stamp duty is not paid, the purchaser will be liable for the seller's stamp duty liability.

Ordinary Shares may also be subject to Hong Kong Estate Duty on the death of the beneficial owner of such Ordinary Shares if the shares are registered in Hong Kong or the Share Register is kept in Hong Kong (regardless of the place of the owner's residence, citizenship or domicile). The maximum rate of estate duty under existing legislation is 15 per cent.

United Kingdom

The Company

The Company intends to conduct its affairs so that, for United Kingdom corporation tax purposes, it will not be regarded as resident within the United Kingdom nor as carrying on a business through a permanent establishment located in the United Kingdom. On that basis and on the assumption that it has no United Kingdom source income the Company will have no liability in respect of either United Kingdom corporation tax or income tax.

United Kingdom Resident Investors

Holders of Ordinary Shares who are resident in the United Kingdom may be liable to United Kingdom income tax or corporation tax in respect of dividend income received from the Company and to United Kingdom capital gains tax or corporation tax on chargeable gains in respect of capital gains realised on a disposal of Ordinary Shares.

(a) Taxation of dividends

A distribution by the Company with respect to the Ordinary Shares in the form of a dividend may give rise to income chargeable in the United Kingdom to either income tax or corporation tax. In the case of a dividend this will be regarded as income taxable under schedule D case IV of the Income and Corporation Taxes Act 1988 (the "UK Taxes Act"). An individual who is a higher rate tax payer will be chargeable to tax at the rate of 25 per cent. of the income received.

(b) Taxation of capital gains

Any gain or loss realised by a United Kingdom resident holder of Ordinary Shares on a sale or other disposal (including from liquidation or dissolution of the Company) may be subject to United Kingdom capital gains tax or corporation tax on chargeable gains. The amount of the gain will be the difference between the acquisition cost of the Ordinary Shares and that the disposal

proceeds, subject to the availability of taper relief in the case of an individual and indexation relief in the case of a company.

UK Offshore Funds Legislation

The Company will not be a collective investment scheme for the purposes of the United Kingdom offshore funds legislation.

Section 739 Taxes Act 1988

Individual investors ordinarily resident in the UK for tax purposes should note that Chapter III (Sections 739 and 740) of Part VII of the UK Taxes Act may render them liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to income in respect of undistributed income or profits of the Company on an annual basis.

Controlled Foreign Companies Legislation

The attention of companies resident in the United Kingdom is drawn to the fact that the “controlled foreign companies provisions” contained in Sections 747 to 756 of the UK Taxes Act could be material to any company so resident that holds alone, or together with certain other associated persons, 25 per cent., or more of the Ordinary Shares, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. Persons who may be treated as “associated” with each other for these purposes include two or more companies one of which controls the other(s) or all of which are under common control. The effect of such provisions could be to render such companies liable to United Kingdom corporation tax in respect of undistributed income and profits of the Company.

United States of America

General

This summary is based upon the income tax laws of the United States as in effect on the date of this document, which are subject to change, possibly with retroactive effect. Prospective investors should consult their own tax advisors as to the United States tax consequences of the purchase, ownership and disposition of Ordinary Shares, in addition to the effect of any state or local tax laws or the laws of any jurisdiction other than the United States. It is particularly important for investors who are United States holders to consult their own tax advisors as to the rules summarized below with respect to passive foreign investment companies.

The Ordinary Shares will be properly characterized as equity interests in (as opposed to indebtedness of) the Company, and the Company will so characterize all Ordinary Shares for all United States federal income tax purposes. This characterization by the Company will be binding on every holder, unless the holder discloses its inconsistent characterization on such holder’s United States federal income tax return. The United States Internal Revenue Service (the “Service”) will not be bound by the characterization of the Ordinary Shares by the Company or the holders.

The Company

The Company will be classified as a “corporation” for all United States federal income tax purposes. The Company intends to conduct its affairs so that, for United States federal income tax purposes, it will not be engaged in a trade or business within the United States. So long as the Company is not so engaged, it will not be subject to United States federal income tax, apart from certain withholding taxes, and the Company does not intend to invest in securities that would produce income subject to the United States federal withholding tax.

Notwithstanding that the subscription price for Ordinary Shares and the determination of Net Asset Value will be in US dollars, because the Company plans to maintain a substantial portion of its investment portfolio in Vietnamese Dong-denominated securities, incur significant Vietnamese Dong denominated expenses, and maintain its books and records in Vietnamese Dong, and although the matter is not free from doubt, it is the view of the United States counsel to the Company that the functional currency of the Company for United States federal income tax purposes will be the Vietnamese Dong. The Company intends to report as a Vietnamese Dong functional currency taxpayer to the extent relevant for United States federal income tax purposes.

Investors – United States Holders

“United States holders” include holders of Ordinary Shares who are citizens or residents of the United States; any corporation, partnership, or other entity created or organized in or under the laws of the United States or any political subdivision thereof, and any estate or trust, the income of which is subject to United States federal income tax regardless of its source. A “resident” of the United States includes an individual that (i) is lawfully admitted for permanent residence in the United States, (ii) is present in the United States for 183 days or more during a calendar year; or (iii) (a) is present in the United States for 31 days or more during a calendar year, (b) is present in the United States for an aggregate of 183 days or more, on a weighted basis, over a 3-year period ending in such calendar year, and (c) does not have a closer connection to a “tax home” that is located outside the United States.

(a) Taxation of dividends

Subject to the discussion below of the consequences of the Company being treated as a passive foreign investment company, and the consequences of a United States holder making a qualified electing fund election with respect to the Company, United States holders of Ordinary Shares generally will be required to include in gross income when received, dividends paid on Ordinary Shares. Dividends paid in Vietnamese Dong, or any currency other than the US dollar, will be translated into US dollars at the spot rate on the date the dividends are paid to a United States holder, regardless of whether the dividends are in fact converted on that date.

A distribution by the Company with respect to the Ordinary Shares, including a pro rata redemption of Ordinary Shares, will be treated first as a dividend to the extent of the current or accumulated earnings and profits of the Company as determined under the United States federal income tax principles, then as a tax-free return of basis in the Ordinary Shares, with the balance of the distribution, if any, treated as a gain realized by the United States holder from the sale or disposition of the Ordinary Shares.

The dividends paid by the Company will not be eligible for the dividends received deduction otherwise allowed to corporations under the United States Internal Revenue Code of 1986, as amended (“the Code”). For purposes of the United States foreign tax credit limitation, dividends paid by the Company generally will constitute foreign source “passive income” (or, in the case of a holder who is a “financial services entity” as defined in regulations under the Code, “financial services income”). All non-corporate United States holders, and all United States holders that are corporations and which own less than 10 per cent. of the voting stock of the Company, will not be entitled to claim a foreign tax credit for any taxes paid by the Company.

(b) Taxation of capital gains

Subject to the discussion below of the consequences of the Company being a passive foreign investment company, gain or loss realized by a United States holder on the sale or other disposition of an Ordinary Share (including upon liquidation or dissolution of the Company or as a result of non-pro rata redemption of Ordinary Shares) will be subject to United States federal income tax, as a capital gain or loss, in an amount equal to the difference between such United States holder’s adjusted tax basis in the Ordinary Share and the amount realized on its disposition. The United States holder’s adjusted tax basis in an Ordinary Share will generally be equal to the US dollar cost of acquiring the Ordinary Share reduced (but not below zero) by the US dollar value of any distribution that is treated as a tax-free return of basis.

If the Company is or becomes a passive foreign investment company, and a United States holder does not (or cannot) make the election to treat the Company as a qualified electing fund as described below, any gain recognized on a disposition or deemed disposition of an Ordinary Share by a United States holder will be treated as ordinary income (rather than as a capital gain) and as an “excessive distribution”, with the consequences described below. Nevertheless, any loss recognized on disposition or deemed disposition of an Ordinary Share by a United States holder will continue to be treated as a capital loss.

Any capital gain or loss recognized upon the sale or other disposition of an Ordinary Share will be either short-term or, if held for more than one year, long-term. For non-corporate United States holders, the United States income tax rate applicable to the net long-term capital gain recognized for a year currently will not exceed 20 per cent. The deductibility of a capital loss is subject to limitations.

For purposes of the United States foreign tax credit limitation, a gain realized on the disposition of an Ordinary Share will be United States source gain. There is a substantial risk, however, that a loss will be allocated against foreign source income by reference to the source of income received under the Ordinary Share.

(c) Passive Foreign Investment Companies

Special United States federal income tax rules apply to holders of equity interest in a “passive foreign investment company” (“PFIC”). The Company will constitute a PFIC for United States federal income tax purposes if 75 per cent. or more of its gross income were to consist of passive income, or 50 per cent. or more of its average assets were to consist of passive assets, during any taxable year. Passive assets are defined as assets that give rise, or that reasonably could give rise during the reasonable

foreseeable future, to passive income. Passive income includes (i) interest on loans including interest on loans to an investee entity, (ii) dividends from stock in a corporation, including an investee entity, in which the Company directly or indirectly owns less than 25 per cent. of the value of the stock in the corporation, and (iii) gains from the sale of any partnership interests or any stock, including a substantial risk of gains from the sale of stock in a corporation directly or indirectly owned 25 per cent. or more by the Company.

If the Company is or becomes a PFIC, and unless a United States holder makes the election described below, a United States holder would be required to allocate to each day in its holding period with respect to the Ordinary Shares a pro rata portion of any distribution received, or deemed received under certain attribution rules, from the Company which is treated as an “excess distribution”. Generally, an excess distribution is any distribution (including the portion of the proceeds from a redemption of Ordinary Shares that is treated as a dividend) from the Company that exceeds 120 per cent. of the average annual amount distributed (as measured in the currency of such distribution) by the Company during the three preceding years (or such shorter period as the United States holder may have held the Ordinary Shares). In addition, the full amount of any gain recognized on a disposition or deemed disposition (including a liquidation, a redemption that is treated as a disposition, or a pledge) of Ordinary Shares in the Company will be treated as an excess distribution. The excess distribution amount is allocated ratably over the United States holder’s entire holding period. The amount allocated to the current taxable year is taxed as ordinary income. Any amount of the excess distribution allocable to a prior taxable year will be subject to a deferred United States federal income tax charge, calculated as the sum of the amount of tax imposed on the allocable excess distribution at the highest applicable rate in effect for each year plus the accumulated interest on the determined amount of tax. Given the Company’s distribution and investment policies, there is a substantial risk that a United States holder will receive an amount treated as an excess distribution with respect to the Ordinary Shares if the Company is or becomes a PFIC.

The potential adverse tax consequences of the above PFIC rules might be mitigated if the United States holder could make, and so made, an election to treat the Company as a qualified electing fund (“QEF”) for United States federal income tax purposes. The Company undertakes to make good faith efforts to comply with all accounting, record keeping and reporting requirements necessary for the United States holders to make such elections.

If the United States holder makes a QEF election, and if the Company is or becomes a PFIC and the Company complies with certain reporting requirements, the United States holder must include annually in gross income, whether or not such amounts are distributed to the United States holder, its pro rata Ordinary Share of the Company’s ordinary income (including net foreign currency gains in excess of losses) and net realized capital gains, in units of Vietnamese Dong translated into US dollars at the average exchange rate for such taxable year of the Company. In the event that any undistributed amounts previously taken into income by an electing holder are subsequently distributed by the Company, such subsequent distribution would not be taken into income in such subsequent taxable year (except as discussed below) and would not be subject to a deferred United States federal income tax taxable year (except as discussed below) and would not be subject to a deferred United States federal income tax charge. However, the difference between the US dollar value of that subsequent distribution and the US dollar value of the attributable earnings previously included in the United States holder’s income will be treated as foreign source ordinary income or loss, as appropriate, that will be taken into account by the holder in the year of receipt of the distribution.

Some of the investee entities may be characterized, for United States federal income tax purposes, as partnerships rather than as corporations. With respect to any investee entities that is characterized as a partnership, the Company will recognize, for United States federal income tax purposes, its pro rata Ordinary Share of such entity's profit or loss, regardless of whether that entity makes actual distributions to the Company. To the extent that such profit exceeds actual distributions, the Company will be considered to earn for United States federal income tax purposes an amount greater than the amount distributed to it by the investee entities. To the extent that the investee entities incurs a loss, the Company would recognize its distributive Ordinary Share of such loss for United States federal income tax purposes. These computations will directly affect the amount of income recognized by a United States holder that has made a QEF election.

There can be no assurance that the Company will distribute an amount for a year equal to a United States holder's annual inclusion amount if the Company is or becomes a PFIC and a QEF election with respect to the Company is made by the holder.

For the purpose of the PFIC rules, under certain circumstances, Ordinary Shares held by a "non-United States holder" may be attributed to a United States holder owning an interest, directly or indirectly, in that non-United States holder. In such event, dividends and other transactions in respect of the Ordinary Shares held by the non-United States holder would be attributed to such United States holder for purpose of applying the above PFIC rules.

A United States holder must file Internal Revenue Service Form 8621 for each taxable year in which the United States holder owns Ordinary Shares and for which the Company is a PFIC.

Because the Company is a newly formed company and has no operating history, it cannot be concluded that it will not be a PFIC in any year.

If the Company is or becomes a PFIC, and the QEF election is not or cannot be made, an investment in Ordinary Shares by a United States holder could subject the holder to substantial adverse United States federal income tax consequences. Prospective United States holders should consult their own tax advisors regarding the potential application of the current PFIC rules and about the impact of any legislation, proposed or enacted, that could affect the PFIC rules.

(d) Passive Foreign Investment Company Rules Applicable to Tax Exempt Organisations ("TEO") and Registered Investment Companies

The Services issues a series of proposed regulations under Section 1291 of the Code on April 1, 1992 ("Proposed Regulations"). Amongst other things, the Proposed Regulations address the application of the PFIC rules to a United States holder that is a TEO Ordinary Shareholder, or a regulated investment company (a "RIC Ordinary Shareholder") within the meaning of Section 851(a) of the Code.

With respect to a TEO Ordinary Shareholder, the Proposed Regulations stated that if the Ordinary Shareholder of a PFIC is an organization exempt from tax under the Code, the PFIC rules will apply to such Ordinary Shareholder only if a dividend from the PFIC would be taxable to the organization under the Code, that is, if the Ordinary Shares of the PFIC held by such organization constituted debt-financed property as defined above. Thus, provided that a TEO Ordinary Shareholder does not incur acquisition

indebtedness, a dividend from, or a gain derived from the disposition of, Ordinary Shares would not be subject to United States federal income taxation. Accordingly, under the Proposed Regulations, the PFIC rules would not apply to such TEO Ordinary Shareholder.

The preamble to the Proposed Regulations provides that, until the Proposed Regulations become effective Ordinary Shareholders of PFICs must apply “reasonable interpretations” of the PFIC rules in determining their tax consequences. It further provides that the United States Treasury Department and the Service regard the Proposed Regulations as a reasonable interpretation of the Code. Accordingly, the United States counsel to the Company believes that it would be reasonable for a TEO Ordinary Shareholder of the Company to treat dividends from, and gains derived from the disposition of, Ordinary Shares (if the Company is or become a PFIC) as not subject to taxation under the PFIC rules, provided the Ordinary Shares held by such person do not constitute debt-financed property. Accordingly, a TEO Ordinary Shareholder would not have to make a QEF election with respect to the Company if it is or becomes a PFIC provided the Ordinary Shares do not constitute debt-financed property.

If the Company is or becomes a PFIC, a TEO Ordinary Shareholder whose Ordinary Shares constitute debt-financed property will be subject to United States federal income taxation under the PFIC rules. It is unclear whether such a TEO Ordinary Shareholder may choose to make a QEF election with respect to its interest in the Company in such case. If the QEF election is available and is made, the TEO Ordinary Shareholder would be subject to taxation under the QEF rules, which requires the electing Ordinary Shareholder to currently include in gross income its pro rata Ordinary Share of the Company’s ordinary earnings and net capital gain. Although no authority on the point exists, it is likely that some or all of such items would be treated as unrelated business taxable income of a TEO Ordinary Shareholder due to the application of the debt-financed property rules.

If the Company is or becomes a PFIC, a RIC Ordinary Shareholder of the Company will be subject to taxation under the PFIC rules, unless it makes a QEF election with respect to the Company. The PFIC rules would impose a tax liability at the RIC-level equal to the deferred tax amount attributed to excess distributions made by the Company that are not allocable to the current year, which liability may not be eliminated by means of a corresponding distribution (and dividends paid deduction) by the RIC. If the Company is or become a PFIC, there is a risk that RIC Ordinary Shareholders of the Company will have income inclusions attributable to excess distributions with respect to Ordinary Shares. Accordingly, in order to avoid the RIC-level tax, such holders may choose to make a QEF election with respect to the Company. A RIC Ordinary Shareholder that so elects will be required to take into account its pro rata Ordinary Share of the annual ordinary earnings and net capital gain of the Company in computing the holder’s investment company taxable income and net capital gain irrespective of actual distributions made by the Company. By distributing all of its investment company taxable income and net capital gain (inclusive of its pro rata Ordinary Share of ordinary earnings and net capital gain attributable to the Company), the RIC Ordinary Shareholder will not be liable for any federal income tax. In addition, a RIC Ordinary Shareholders’ pro rata Ordinary Share of the Company’s ordinary earnings and net capital gain will not qualify as dividends for the purpose of the 75 per cent. gross income test as described in Section 851(b)(2) if the Code, to the extent that corresponding distributions are not made by the Company in the same taxable year. Finally, the Proposed Regulations contain a mark-to-market election for RICs that own Ordinary Shares of a PFIC. However the election will not be available until the Proposed Regulations become effective.

Investors-Non-United States Holders

Subject to the discussion of United States backup withholding tax below, a holder of Ordinary Shares other than a United States holder (a “non-United States holder”) will not be subject to United States federal income or withholding tax on income derived by the Company, dividends paid to a holder by the Company or gains realized on the sale of Ordinary Shares, provided that (i) such income items are not effectively connected with the conduct by the non-United States holder of a trade or business within the United States, (ii) the non-United States holder is not or was not present in, or does not have or did not have a permanent establishment in, the United States, (iii) there has not been a present or former connection between the non-United States holder and the United States, including, without limitation, such non-United States holder’s status as a citizen or former citizen thereof or resident or former resident thereof, or (iv) in the case of a gain from the sale or disposition of Ordinary Shares, the non-United States holder is not present in the United States for 183 days or more during the taxable year of the sale or certain other conditions are met.

United States Backup Withholding Tax

Under current temporary regulations, dividends paid on Ordinary Shares will not be subject to United States backup withholding tax. However, if proposed regulations are adopted in their current form, on a prospective basis, dividends paid on Ordinary Shares to United States holders or non-United States holders through United States or United States-related persons will be subject to a 30 per cent. United States backup withholding tax if certain information reporting requirements are not satisfied. In addition, under current temporary regulations, the proceeds of sales of the Ordinary Shares by United States holders or non-United States holders through United States or United States-related brokers would be subject to the 30 per cent. United States backup withholding requirements if certain information reporting requirements are not satisfied. United States holders can avoid the imposition of backup withholding tax by reporting their taxpayer identification number to their broker or paying agent on Internal Revenue Service Form W-9. Non-United States holders can avoid the imposition of backup withholding tax by providing a duly completed Internal Revenue Service Form W-8 to their broker or paying agent.

Any amounts withheld under the backup withholding tax rules from a payment to a holder will be allowed as a refund or a credit against such holder’s United States federal income tax, provided that the required information is furnished to the Service.

ERISA Considerations

The United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the Code set forth certain restrictions on (a) employee benefit plans (as defined in section 3(3)) of ERISA), (b) plans described in Section 4975(e)(1) of the Code, including individual retirement accounts and Keogh plans, (c) any entity whose underlying assets include plan assets by reason of a plan’s investment in such entity (each of (a), (b), and (c) herein after referred to as a “Plan” or “Benefit Plan”) and (d) persons who have certain specified relationships to such Plans (“parties in interest” under ERISA and “disqualified persons” under the Code).

ERISA also imposes specific requirements on fiduciaries of Plans subject to ERISA, namely, that they make prudent investments, that they diversify investments, and that they make investments in accordance with Plan documents and in the best interests of participants and their beneficiaries. In addition, assets of a Plan subject to ERISA must at all times comply with the “indicia of ownership” rules set forth in Section 404(b) of ERISA.

Further, a party in interest under ERISA and a disqualified person under the Code are prohibited from engaging in certain transactions with respect to Plans or their assets (a “Prohibited Transaction”). A violation of these Prohibited Transaction rules may result in a breach of fiduciary duty under ERISA and the imposition of an excise tax or other penalties and liabilities under ERISA and/or the Code for such persons. A Prohibited Transaction could occur upon the subscription for, acquisition or holding of Ordinary Shares by a Benefit Plan if the Manager, a co-investor, HSBC, the Company, a Director, or any of their respective affiliates, were a party in interest or a disqualified person with respect to such Plan.

However, both ERISA and the Code provide for certain statutory and administrative exemptions from the Prohibited Transaction rules which could apply in this case. Further, the US Department of Labour has issued a number of class exemptions that may apply to otherwise Prohibited Transactions arising from the acquisition or holding of Ordinary Shares, including: Class Exemption 75-1 (Transactions Involving Employee Benefit Plans and Certain Broker-Dealers, Reporting Dealers and Banks), Class Exemption 84-14 (Plan Asset Transactions Determined by Independent Qualified Professional Asset Managers), Class Exemption 90-1 (Acquisition or Holding of Employer Securities or Real Property by Insurance Company Pooled Separate Accounts), Class Exemption 91-38 (Transactions Involving Bank Collective Investment Funds), Class Exemption 95-60 (Transactions Involving Insurance Company General Accounts) and Class Exemption 96-23 (Transactions Involving In-House Asset Managers). The availability of each of these statutory, administrative and class exemptions is subject to a number of important conditions which each Benefit Plan’s fiduciary must consider in determining whether such exemption applies.

However, the Directors have decided to reduce the potential exposure for violations of the Prohibited Transaction rules. Accordingly, the Ordinary Shares may not be purchased by any Plan if the Manager, a co-investor, HSBC, the Company or a Director, or any of their respective affiliates, is a fiduciary with respect to such Plan. In addition the Ordinary Shares may not be purchased by any Plan with respect to which the Company is a “party in interest” or a “disqualified person”.

Ordinary Shares acquired by a Plan would be considered assets of that Plan. A Plan fiduciary should also consider, however, whether a Plan investing in the Ordinary Shares would be deemed to own also an undivided interest in the underlying assets of the Company under relevant US Department of Labour “Plan Asset” regulations. If the assets of the Company are deemed to be assets of such Plan, then any person who (i) exercises authority or control over the management of the Company or the disposition of the Company’s assets, (ii) renders investment advice with respect to the Company’s assets, or (iii) has any discretionary authority or discretionary responsibility in the administration of the Plan, could be held to be a “fiduciary” under ERISA and the Code, and all of the ERISA and Code fiduciary and Prohibited Transaction rules would apply to the structure and operation of the Company and the investment or other disposition of the Company’s assets.

The US department of Labour “Plan Asset” regulations provide, however, that the underlying assets of the Company will not be considered “Plan Asset” if investment by “benefit plan investors” in the Company is less than 25 per cent. of the value of any class of equity interest of the Company. For the purpose of the “Plan assets” rules, a “benefit plan investor” is any of the following: (i) any “employee benefit plan” defined in Section 3(3) of ERISA, which includes any “employee pension benefit plan” or “employee welfare benefit plan” as defined in ERISA whether or not such Plan is established or maintained in the United States or any other jurisdiction and whether or not such Plan is subject to Title I of ERISA; (ii) any Plan described in Section 4975(e)(1) of the Code; and (iii) any entity whose underlying assets include Plan Assets by reason of a Plan’s investment in the entity.

Any purchaser or other transferee of the Ordinary Shares will be required to certify whether or not it is a “benefit plan investor” and the purchase by or transfer of the Ordinary Shares by any Plan will be subject to the consent of the Directors.

Fiduciaries of Plans who are considering an investment of Plan assets in the Ordinary Shares should consult with their own counsel regarding compliance with these rules.

Other Jurisdictions

Prospective purchasers of Ordinary Shares should consult their own professional tax advisors as to the tax consequences of the purchase, ownership and disposition of Ordinary Shares.

Any person who is in any doubt as to his tax position or requires more detailed information than the general outline above should consult his professional advisers.

1. HISTORY

- 1.1 The Company was incorporated with limited liability in the Cayman Islands as an exempted company under the Companies Law, (2002 Revision) of the Cayman Islands on 14 March 2003 with registered number CR-124038 and with the name Vietnam Millennium Fund Limited. On 15 July 2003 the Company changed its name to Vietnam Opportunity Fund Limited. The Company operates under the law and ordinances and regulations made thereunder. Its registered office is at PO Box 309 GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- 1.2 The Memorandum of Association of the Company provides that the objects of the Company are unrestricted, a copy of the Memorandum of Association is available for inspection at the address specified in paragraph 10 of Part 6 of this document.
- 1.3 Since its incorporation, the Company has not traded and no accounts of the Company have been made up.

2. SHARE CAPITAL

- 2.1 The authorised share capital and maximum issued share capital of the Company (all of which will be fully paid-up) immediately following Admission will be as follows:

<i>Authorised No. of Shares</i>	<i>\$ nominal</i>	<i>Issued No. of Shares</i>	<i>\$ nominal</i>
50,000,000	500,000	9,500,000	9,500,000

- 2.2 The authorised share capital of the Company on its incorporation was \$50,000 divided into 5,000,000 Ordinary Shares of \$0.01 each of which one subscriber share is in issue prior to Admission. On 2 September 2003 the authorised share capital was increased to \$500,000 divided into 50,000,000 Ordinary Shares of \$0.01 each. On 24 September 2003, 9,499,999 Ordinary Shares were allotted, at a subscription price of \$1.00 per Ordinary Share, conditional on Admission.
- 2.3 Save as referred to in paragraph 2.2 above and pursuant to the agreements set out in paragraphs 7.6, 7.7 and 7.8 below, since the date of its incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 2.4 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.5 Any unallotted Ordinary Shares will remain authorised but unissued.

2.6 There is no provision of Cayman Islands law or the Articles which confer rights of pre-emption upon the issue or sale of any Ordinary Shares in the Company.

3. SUBSIDIARY

The Subsidiary was incorporated with limited liability in the British Virgin Islands as an exempted company on 10 June 2003 with registration number 547565. The entire issued share capital of the Subsidiary of \$1.00 is held by the Company. The Subsidiary was incorporated solely for the purpose of holding a single investment in Vietnamese securities further details of which are set out on page 20 in Part 2 of this document.

4. ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

4.1 Voting Rights

Subject to any rights or restrictions attached to any Shares, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative, shall have one vote and on a poll every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative, shall have one vote for every Share of which he is the holder.

4.2 Dividends

- (i) Subject to the Companies Law (2002 Revision) of the Cayman Islands (the “Statute”) and this paragraph 4.2 (i), the Directors may declare dividends and distributions on Shares in issue and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefore. No dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.
- (ii) Except as otherwise provided by the rights attached to Shares, all dividends shall be declared and paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for dividend as from a particular date, that Share shall rank for dividend accordingly.
- (iii) The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- (iv) The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments

shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

- (v) Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through by post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- (vi) No dividend or distribution shall bear interest against the Company.
- (vii) Any dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend shall remain as a debt due to the Member. Any dividend which remains unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

4.3 Winding-Up

- (i) If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This paragraph 4.3 (i) is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
- (ii) If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for

the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

4.4 Transfers

- (i) Shares are transferable subject as hereinafter provided. The Directors may, in their absolute discretion, decline to register any transfer of a Share (not being a fully-paid Share), provided that such discretion may not be exercised in such a way as to prevent dealings in the Shares from taking place on an open and proper basis. The Directors may also decline to register the transfer of any Shares in respect of which the Company has a lien. Shares are not transferable to natural persons under the age of 18 or, without the specific consent of the Directors, to United States Persons. If the Directors refuse to register a transfer they shall notify the transferee within two months of such refusal.
- (ii) The instrument of transfer of any Share shall be in any usual or common form for use in the Cayman Islands or in any other form approved by the Directors and shall be executed by or on behalf of the transferor (and, in the case of a transfer of any Share that is nil-paid or partly-paid, signed by the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

4.5 Variation of Share Capital

The Company may by Ordinary Resolution:

- (i) increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (ii) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (iii) by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and
- (iv) cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

4.6 Variation of Rights

If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in

writing of the holders of at least three-quarters of the issued Shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class.

4.7 Directors

- (i) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- (ii) A Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- (iii) A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- (iv) No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.
- (v) A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

4.8 Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

4.9 Issue of Ordinary Shares

Subject to the provisions, if any, in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper.

5. DIRECTORS' INTERESTS

5.1 Save as disclosed below none of the Directors has any interests, beneficial or otherwise, in the share capital of the Company nor does (so far as is known to, or could with reasonable diligence be ascertained by, the Directors) any person connected with the Directors have any interests in such share capital, in each case whether or not held through another party. The interests of the Directors in the Ordinary Shares as they are expected to be immediately following Admission are as follows:

	Following Admission Ordinary Shares	%
Horst Geicke	700,000	7.37

(1) *Pursuant to an option agreement (details of which are set out at paragraph 7.6 below) Mr Geicke has entered into a contract to receive a further 500,000 Ordinary Shares by 9 December 2003 which allotment will either (at Mr Geicke's option) be for cash or as consideration for the transfer to the Company of Mr Geicke's holding of shares in AA Construction and Architecture Joint Stock Company.*

5.2 There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed. However, in respect of Directors' fees, the Chairman and the other Directors will each receive \$10,000 per annum. These fees may be waived at the discretion of each Director.

- 5.3 In addition to their directorships of the Company, the Directors held or have held the following directorships, and are or were members of the following partnerships, within the past five years:

Name	Current directorships, partnerships, and affiliations	Previous directorships and partnerships
Horst Geicke	Pacific Alliance Group Ltd. VinaCapital Group Ltd. International Gaming and Lottery Technologies Ltd. ACM Landholdings Inc. (Manila) Pacific Century Resources Ltd. Montrose Food & Wine H.K. Limited ACL Holdings Ltd. Geicke H.K. Limited Chateau Pomeaux – Pomerol Bordeaux Kelon Private Equity Partners Cambodia Development Lottery Corporation Biopharm Asia Limited Coast 2 Coast Holdings Limited Frowein Asia Limited Pleasant Company Limited Hong Kong – Thailand Business Council Limited Young Presidents’ Organization – Hong Kong Chapter, Limited German Chamber of Commerce, Hong Kong	GGC Office Products Limited South China Breweries Limited Jacadi Holdings Limited AG Pacific Holdings Limited
Robert Knapp	Millennium Partners LP MVC Capital Inc.	Vietnam Frontier Fund
Jonathan Choi	Kingsway International Holdings Limited SW Kingsway Capital Holdings Limited Sun Wah Hi-Tech Holdings Ltd. Sun Wah Hi-Tech Holdings (China) Ltd. Sun Wah Hi-Tech Education Foundation Limited Sun Wah Invest Ltd. Sun Wah Marine Products (Chung Shan) Investment Co Ltd. Sun Wah Marine Products Trading Company Limited Sun Wah Marine Products (Holdings) Ltd. Sun Wah Media Holdings Limited Sun Wah-Pearl Linux Limited Sun Wah Linux Limited Sun Wah Software Holdings Ltd. Sun Wah Software Engineering Factory Limited Sunford Capital Holdings Ltd. SW China Infrastructure Ltd. SW China Technology Limited	Rich Career Limited Sun Wah Biometrics Limited Sun Wah Land Development Limited

Name	Current directorships, partnerships, and affiliations	Previous directorships and partnerships
	SW China Strategic Holdings Ltd.	
	Kingsluck Limited	
	Media World Holdings Limited	
	All Glory Investment Limited	
	Century Kingdom Investment Limited	
	China Investment Group Limited	
	Chinese Media Executives Association Limited	
	Citifood Company International Limited	
	East Ocean Investment Limited	
	King Choice Development Limited	
	Loyalmont Limited	
	Nice Trip Development Limited	
	San Kei (China) Investment Limited	
	San Kei Centre (Shenyang) Limited	
	San Kei Land Development Company Limited	
	Shinyo Fisheries Limited	
	Sincere King Limited	
	Wellman Investment Limited	
	Welson Investment Limited	
	Winman Investment Limited	
	Friends of Hong Kong Association Limited	
	Hong Kong Culture Association Charitable Foundation Limited	
	Hong Kong Culture Association Limited	
	Northeast University of Technology Education and Development Fund Limited	

At the date of this document none of the Directors of the Company:

- (i) has any unspent convictions in relation to indictable offences; or
- (ii) has been bankrupt or entered into an individual voluntary arrangement; or
- (iii) was a director with an executive function of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
- (iv) has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- (v) has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

(vi) has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

5.4 Mr Geicke will have an interest in arrangements between the Company and the Manager by virtue of being a Director and interested (directly or indirectly) in the Company's Ordinary Shares and by virtue of being indirectly interested in the shares of the Manager. Save as set out in this paragraph 5.4 and as otherwise set out in this document, none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.

5.5 No loan or guarantee has been granted or provided by the Company to any Director.

6. SUBSTANTIAL SHARE INTERESTS

6.1 As at 23 September 2003 (the latest practicable date prior to publication of this document), the Company was not aware of any persons who, immediately following Admission, could, directly or indirectly, jointly or severally, exercise control over the Company.

6.2 The Company is aware that immediately following Admission the following persons will be interested, directly or indirectly, in 3 per cent. or more of the issued Ordinary Shares:

Name	No. of shares as at Admission	Percentage
Millennium Partners LP	2,500,000	26.32%
Ideal Trade Investments Ltd.	1,500,000	15.79%
Deutsche Bank Securities Inc.	1,250,000	13.16%
The Value Catalyst Fund Limited	1,000,000	10.53%
Horst Geicke	700,000	7.37%
Omni Worldwide Ltd. ⁽¹⁾	500,000	5.26%
American Fidelity Corporation	350,000	3.68%

(1) *Mr Horst Geicke is interested in 20 per cent. of the issued share capital of Omni Worldwide Ltd.*

Save as disclosed in this paragraph, the Directors are not aware of any person who, following Admission, will be interested directly or indirectly in 3 per cent. or more of any class of issued share capital of the Company.

7. MATERIAL CONTRACTS

The following contracts, not being entered into in the ordinary course of business, have been entered into by the Company since incorporation and are, or may be, material:

- 7.1 A nominated adviser agreement dated 12 September 2003 between the Company and Grant Thornton Corporate Finance as nominated adviser pursuant to which the Company has appointed Grant Thornton Corporate Finance to act as nominated adviser to the Company for the purposes of AIM commencing on the date of the agreement and terminable at anytime by either party on not less than seven days notice. In the agreement the Company and the Manager have given indemnities to Grant Thornton Corporate Finance. The Company has agreed to pay Grant Thornton Corporate Finance an ongoing retainer of £15,000 per annum for the twelve months following Admission, increasing to £20,000 per annum thereafter.
- 7.2 A broker agreement dated 24 September 2003 between the Company, Collins Stewart and the Manager pursuant to which the Company has appointed Collins Stewart as Broker to the Company for the purposes of AIM, commencing on the date of the agreement and terminable by either party on not less than three months notice in writing. In the agreement, the Company and the Manager have given indemnities to Collins Stewart. The Company has agreed to pay Collins Stewart an annual retainer of £15,000.
- 7.3 An Introduction Agreement dated 24 September 2003 between the Company, Grant Thornton Corporate Finance, Collins Stewart, the Manager, Pacific Alliance Group Holdings Limited (“PAG”) and the Directors pursuant to which Grant Thornton Corporate Finance has been appointed by the Company to act as its Nominated Adviser for the purposes of the Introduction and Collins Stewart has been appointed by the Company as Broker for the purpose of the Introduction. In the Agreement, the Company, the Manager, PAG and the Directors have given certain warranties, and the Company, the Manager and PAG have given indemnities to Grant Thornton Corporate Finance. The Agreement is conditional, inter alia, on Admission occurring not later than 8:00 am on 30 September 2003. The Agreement may also be terminated by Grant Thornton Corporate Finance and Collins Stewart prior to Admission in certain circumstances, including if there has been a material breach of any of the warranties or if, before Admission, there shall have occurred certain force majeure events which, in the reasonable opinion of Grant Thornton Corporate Finance and/or Collins Stewart are likely to be materially prejudicial to the Company or to Admission.
- 7.4 The Management Agreement dated 24 September 2003 between the Company and the Manager whereby the Manager was appointed to manage the investments of the Company in accordance with the investment policy from time to time approved by the Directors. Under the terms of the agreement, subject to the overall supervision of the Directors, the Manager has discretionary authority to make investment decisions for the Company and to manage the assets of the Company and has complete discretion to buy, sell, retain, exchange or otherwise deal in investments for the account of the Company. The Manager is entitled to receive a management fee from the Company of 2.5 per cent. of the NAV per annum. The management fee is payable monthly in arrears. The Manager is also entitled to receive a

performance fee equal to 20 per cent. of total returns received by the Company in respect of individual investments where the amount received by the Company is equal to (i) the cost of such investment plus (ii) an annualised return equal to 10 per cent. compounded for each year or fraction of a year (in terms of complete calendar months) during which such investment is held plus (iii) a sum equal to the amount of any write down in respect of any other investment which has not already been taken into account. The Agreement contains an indemnity in favour of the Manager against claims by third parties except to the extent that the claim is due to the negligence, wilful default or fraud of the Manager or any party to whom the Manager has delegated any of its functions. This Agreement may be terminated by either party giving to the other not less than six months' notice expiring on or at any time after the second anniversary of the commencement date of the Agreement or otherwise in circumstances (inter alia) where one of the parties has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding-up of one of the parties.

- 7.5 Custody, Administration and Registrar Agreements each dated 24 September 2003 between the Company, the Manager and HSBC Trustee (Cayman) Limited ("HSBC") whereby HSBC is appointed as custodian of the assets of the Company and as registrar and administrator of the Company. HSBC shall be entitled to receive an annual fee from the Company of the higher of \$18,000 or 0.08 per cent. of NAV per annum with regard to the custody services to be provided and an annual fee of \$2,000 for registrar services. Each of the Agreements contain an indemnity in favour of HSBC against claims by third parties except to the extent that the claim is due to the negligence, wilful default or fraud of HSBC. Each of the Agreements may be terminated by either party giving to the other not less than three months' notice in writing at any time or otherwise in circumstances where either party goes into liquidation.
- 7.6 An option agreement dated 24 September between the Company (1) and Horst Geicke (2) pursuant to which Mr Geicke has agreed, by 9 December 2003, to either (i) subscribe for a further 500,000 Ordinary Shares a \$1.00 per share or (ii) transfer to the Company his 10 per cent. shareholding in AA Construction and Architecture Joint Stock Company (a Vietnamese registered company) (the "AA Construction Shares") the consideration for which would be satisfied by the issue, credited as fully paid of 500,000 Ordinary Shares. In the event that Mr Geicke sells the AA Construction Shares prior to 9 December 2003 he has also agreed to account to the Company in full for any further consideration received on such sale. The agreement is conditional on Admission and in the event that the AA Construction Shares are transferred to the Company Mr Geicke will give limited warranties as to title in favour of the Company.
- 7.7 Assignment agreements each dated 24 September 2003 respectively between Horst Geicke and Christopher Gradel (1) and the Company (2) pursuant to which Mr Geicke and Mr Gradel have agreed to assign respectively the benefit of loans totalling \$350,000 and \$150,000 (which loans were made to the Subsidiary) to the Company for a consideration to be satisfied by the issue (or transfer), credited as fully paid up, of 350,000 and 150,000 Ordinary Shares respectively. Further details of these loans are set out on page 20 of Part 1 above.

- 7.8 A share acquisition agreement dated 24 September 2003 between Horst Geicke and William Ng (the “Sellers”) (1) and the Company (2) pursuant to which the Company has agreed to acquire the entire issued share capital of Vietnam Investment Property Holdings Limited (a company established under the laws of the British Virgin Islands) from the Sellers for a Consideration equivalent to \$600,000 to be satisfied by the issue, credited as fully paid up, of 600,000 Ordinary Shares. The agreement is conditional on Admission and contains warranties from the Sellers in favour of the Company.
- 7.9 Deed of restriction dated 24 September between the Company, Grant Thornton Corporate Finance and Horst Geicke (the “Covenantor”) pursuant to which the Covenantor covenants to the Company and Grant Thornton Corporate Finance, that subject to certain exceptions, during the period until the first anniversary of Admission he will not directly or indirectly transfer, sell or otherwise dispose of the legal or beneficial ownership of any Ordinary Shares to which the deed relates.
- 7.10 Lock-in Undertakings contained in subscription agreements entered into between the Company and its proposed Shareholders of various dates as described on page 27 Part 2 of this document.

Save as itemised in paragraph 7 above, as at the date of this document there are no other contracts (not being contracts entered into in the ordinary course of business) entered into by the Company since its incorporation which are or may be material or which contain any provision under which the Company has any obligation or entitlement which is material to it as at the date hereof.

8. WORKING CAPITAL

The Directors are of the opinion having made due and careful enquiry that the working capital available to the Company will, from the time of Admission, be sufficient for the present purposes of the Company, that is for at least the next 12 months.

9. GENERAL

- 9.1 Under the arrangements in force at the date of this document, the total amount of fees which it is estimated will be payable to the Directors in respect of the current and future financial periods of the Company will not exceed in aggregate \$30,000 in respect of the financial year ending 30 June 2004.
- 9.2 Save as otherwise set out in this document and except for fees payable to the professional advisers whose names are set out on pages 6 and 7 of this document, no person has received fees, securities in the Company or other benefit to a value of £10,000 (or its currency equivalent) whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 9.3 The Company is not and has not since incorporation been involved in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Company to be pending or threatened by or against it.

- 9.4 Grant Thornton Corporate Finance, Collins Stewart and the Manager have given and not withdrawn their written consent to the issue of this document with the references to their names in the form and context in which they appear.
- 9.5 Grant Thornton Corporate Finance has been appointed nominated adviser to the Company. Under the AIM Rules the nominated adviser owes certain responsibilities to the London Stock Exchange. In accordance with these rules, Grant Thornton Corporate Finance has confirmed to the London Stock Exchange that it has satisfied itself that the Directors of the Company have received independent advice and guidance as to the nature of their responsibilities and obligations under the rules and that, to the best of its knowledge and belief, all relevant requirements of the AIM Rules (save for compliance with Regulation 9 of the Regulations in respect of which the nominated adviser is not required to satisfy itself) have been complied with. In giving its confirmation to the London Stock Exchange, Grant Thornton Corporate Finance has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself. No liability whatsoever is accepted by Grant Thornton Corporate Finance for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Company and its Directors are solely responsible. Grant Thornton Corporate Finance does not regard itself as being a “responsible person” (as that term is used in the Regulations) in relation to this document.
- 9.6 Grant Thornton of Enterprise House, 115 Edmund Street, Birmingham B3 2HJ have given and not withdrawn their written consent to the inclusion in this document of their Accountants’ Reports in Part 4 of this document and the references to such reports and to their names in the form and context in which they appear.
- 9.7 The costs and expenses of, and incidental to, Admission will be borne by the Company and will be approximately \$350,000. The gross assets of the Company following Admission will be \$9,500,000 and the estimated assets net of expenses of the Company will be \$9,150,000 which will be applied in accordance with the Company’s investment policy.
- 9.8 There has been no significant change in the financial or trading position of the Company since the date of its incorporation.
- 9.9 The Company has not, nor has it had since its incorporation, any employees and does not own any premises.
- 9.10 In compliance with the requirements of AIM, the Directors undertake to propose a resolution for the winding-up of the Company if no investments have been made within 2 years of Admission.
- 9.11 VinaCapital Investment Management Limited is or may be a promoter of the Company and will receive remuneration under the Management Agreement summarised in paragraph 7.4 above.

- 9.12 All related parties and applicable employees (as these terms are defined in the AIM Rules) have agreed pursuant to Rule 7 of the AIM Rules not to dispose of any interests in any of the ordinary shares for a period of 12 months from Admission.
- 9.13 Share certificates representing the Ordinary Shares are expected to be despatched to holders who do not wish to receive their Ordinary Shares in uncertificated form, by post and at their own risk within 5 business days of Admission.
- 9.14 Temporary documents of title will not be issued. Pending the despatch of definitive share certificates (if applicable), instruments of transfers will be certified against the register of members of the Company.
- 9.15 The Directors have applied for the Ordinary Shares to be admitted to Euroclear with effect from Admission. Accordingly, it is expected that the Ordinary Shares will be enabled for settlement in Euroclear following Admission.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company and at the offices of Lawrence Graham, 190 Strand, London, WC2R 1JN during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) until 30 September 2003:

- 10.1 the memorandum and articles of association of the Company;
- 10.2 the material contracts referred to in paragraph 7 above;
- 10.3 the written consents referred to in paragraphs 9.4 and 9.6 above; and
- 10.4 this document.

11. AVAILABILITY OF THE DOCUMENT

Copies of this document are available for collection free of charge during normal business hours on any weekday (Saturdays and relevant public holidays excepted) from the offices of Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP or VinaCapital Investment Management Limited, Unit 1703, Sun Wah Tower, 115 Nguyen Hue Boulevard, District 1, Ho Chi Minh City, Vietnam until 30 October 2003.