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## Fund background

Vietnam Infrastructure Limited ('VNI') is a closed-end fund trading on the AIM Market of the London Stock Exchange.

ISIN: KYG936121022  
 Bloomberg: VNI LN  
 Reuters: VNI.L

## Investment objective

Medium to long-term capital gains with some recurring income and short-term profit taking. Investment areas include energy, transport, industrial park development, telecommunications infrastructure, water utilities and agribusiness. VNI invests primarily in private companies, including operating companies, and brown field projects.

[Click here for VNI's website.](#)

## Fund managing director

Tony Hsun

## Investment Manager

VNI is managed by VinaCapital Investment Management Ltd (VCIM) and requires investment approvals from an Investment Committee.

[More information about VCIM is available here.](#)

## Manager's comment

As of 30 September 2014, VNI's net asset value was USD231.4 million or USD0.66 per share, an increase of 8.2% from a net asset value per share of USD0.61 from 30 June 2014. VNI's share price closed at USD0.47 at the end of September, an increase of 14.6% compared to the closing price of USD0.41 at the end of June. VNI's discount narrowed during the quarter to 29.2% from 32.2% in June. During the same time period, VNI bought back 1.2 million shares which are held in treasury. As of 30 September 2014, the Company spent USD18.2 million, repurchasing 51.6 million shares, representing 12.8% of the total shares on issue.

On 21 November 2014, VNI announced that it will hold an Extraordinary General Meeting (EGM) at 4:30pm local time on 15 December 2014 at the offices of Edmond de Rothschild Securities (UK) Limited, 4 Carlton Gardens, London SW1Y 5AA. A copy of the EGM's Circular and Proxy Form can be obtained by clicking on the following links:

[VNI Circular](#)

[VNI Proxy Form](#)

On 24 November 2014, shareholders supported the unanimous recommendations by members of the Board regarding all six resolutions which were put to a vote at the Company's Annual General Meeting (AGM) held in London. The voting results for each separate resolution can be found in the detailed results announcement on the Company's website or by clicking on the below link:

[Detailed results of the Annual General Meeting](#)

## Capital markets

The VN Index increased by 4.1% in USD terms, closing the third quarter at 598.8, while the MSCI Asia ex-Japan and MSCI Emerging Markets indices decreased by 2.5 and 4.3%, respectively. Trading value and volume on Vietnam's stock exchanges was USD8.5 billion on 11.6 billion shares, an increase of 48.6% in terms of value while volume increased by 27.4% compared to the previous quarter. The combined market capitalization for both of Vietnam's bourses was USD57.4 billion compared to USD53.7 billion a quarter ago. The VN Index traded on a trailing P/E of 15.0x and P/B of 2.0x according to Bloomberg.

Foreign investors were net sellers of Vietnamese equities, accounting for net selling of USD55.9 million in the third quarter. The top acquired companies were PetroVietnam Drilling (PVD), FLC Group JSC (FLC), Pha Lai Thermal Power (PPC), Mobile World Group (MWG) and Da Nang Rubber (DRC) while Vincom Group (VIC), Masan Group (MSN), Kinh Do Corporation (KDC), Hoang Anh Gia Lai Group (HAG) and Hoa Phat Group (HPG) were most actively divested.

## Performance summary

30 September 2014

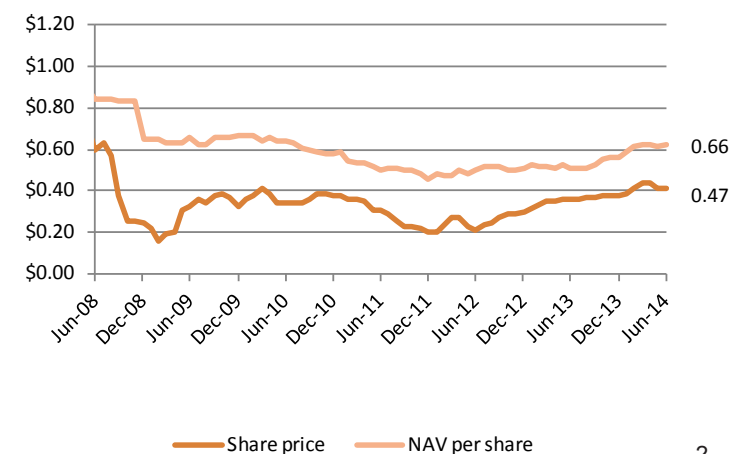
NAV per share (USD):	0.66
Change (Quarter-on-quarter)	8.2%
Total NAV (USD 'm):	231.4
Share price (USD):	0.47
Market cap (USD 'm):	163.9
Premium/(discount)	29.2%

## Cumulative change (% change)

	3mth	1yr	3yr
NAV per share	8.8	24.9	32.2
Share price	13.7	28.1	103.3

## Annual performance history (% change)

	YTD	2013	2012	2011
NAV per share	16.9	12.0	10.8	-20.2
VN Index	18.0	20.4	18.9	-25.6



## Portfolio by sector

Sector	# of holdings	NAV (USDm)	% of NAV
Agribusiness	3	4.8	2.1%
General Infrastructure	2	27.3	11.8%
IP and township	5	37.0	16.0%
Oil and gas	4	50.3	21.7%
Power	2	9.6	4.2%
Telecommunications	4	69.1	29.9%
Transport & logistics	2	17.1	7.4%
Industrials	1	3.0	1.3%
Others	4	5.7	2.5%
Cash		7.4	3.2%
<b>Total</b>	<b>27</b>	<b>231.4</b>	<b>100.0%</b>

## Portfolio by asset class

Asset class	# of holdings	NAV (USDm)	% of NAV
Listed	17	115.1	49.8%
Private equity	6	103.1	44.6%
Bond	4	5.7	2.5%
Cash		7.4	3.2%
<b>Total</b>	<b>27</b>	<b>231.4</b>	<b>100.0%</b>

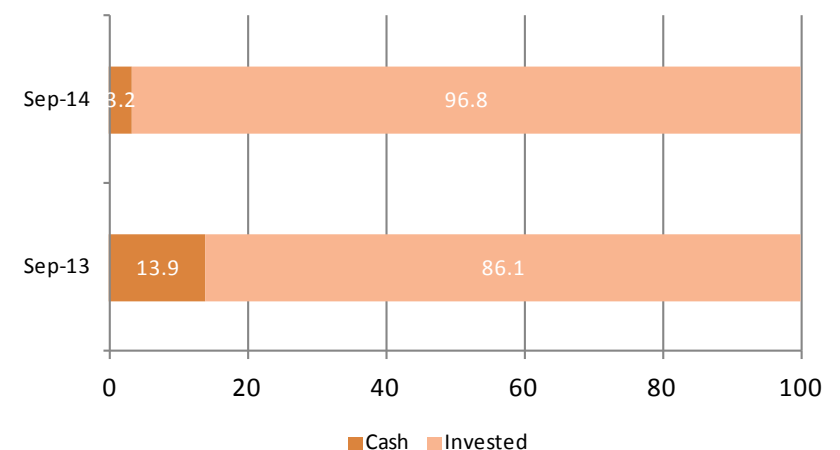
## Top ten holdings

Investee	% of NAV	Book value (USD'000)	Asset class	Sector	Description
SEATH	26.9%	62,296	Private equity	Telecommunications	Vietnam's largest private BTS holding company
Ba Thien IP	10.8%	24,963	Private Equity	IP and township	308ha IP project in Vinh Phuc province, near Hanoi
PVD	9.8%	22,644	Listed	Oil and gas	PetroVietnam subsidiary; oil and gas drilling services
PVS	7.0%	16,252	Listed	Oil and gas	A leading oil and gas technical services company
HPG	7.0%	16,119	Listed	General infrastructure	A leading steel conglomerate
CII	4.8%	11,168	Listed	General infrastructure	Vietnam's top infrastructure investment company
GAS	4.8%	11,067	Listed	Oil and gas	Vietnam's largest oil and gas producer
VALC	4.6%	10,679	Private Equity	Transport & logistics	The first aircraft leasing company in Vietnam
SJD	3.2%	7,328	Listed	Power	A profitable hydro power plant of capacity 77.8MW
FPT	3.0%	6,830	Listed	Telecommunications	A leading telecommunication company in Vietnam

## Cash balance (USD'000)

Committed cash	NAV (USD'000)
General infrastructure	4,800

## Invested funds (% of NAV)



## Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's gross domestic product (GDP) growth reached 6.2 percent in the third quarter of 2014, bringing year-to-date 2014 GDP growth to 5.6 percent. We are starting to see some positive effects from the lowering of the corporate income tax rate from 25 to 22 percent at the beginning of the year. The government continues to support its target of 5.8 percent GDP growth for 2014.

Vietnam's month-on-month consumer price index (CPI) increased 0.4 percent in September, bringing the year-on-year inflation rate to 3.6 percent. Price changes were driven by an increase in education costs (6.8 percent), due to the beginning of the school year. Petroleum prices fell 1.9 percent during the month, reflecting several price cuts over the past several weeks.

FDI disbursements, an important capital inflow and major source of support for the VND, reached USD8.9 billion as of September 2014, up 3.2 percent over the same period last year, while new foreign direct investment (FDI) commitments over the same period fell 17.8 percent behind last year's record, albeit the comparison is skewed as several large commitments were signed late in 2013 for major projects like Samsung's mobile phone and electronics factories.

Year-to-date to September 2014, South Korea remains the highest contributor to FDI with USD3.6 billion registered, followed by Hong Kong, Japan and Singapore. Samsung has the largest investment project registered in 2014 at USD1.0 billion, followed by Dai An Vietnam-Canadian International Hospital worth USD225.0 million and Texhong Hai Ha Industrial Park from China worth USD215.0 million. To date, Samsung has a total registered investment capital of USD8.0 billion for the manufacturing of mobile phones and electronic devices and produces 120 million smart phones, or 30 percent of their worldwide sales, from factories located in Vietnam.

After a short period of heightened tensions, China related anxieties have subsided especially after the oil-rig removal one month ahead of schedule. The visit to China by a high-ranking Vietnamese official also contributed to a normalization of relations. The economic effects have been muted as major indicators such as bilateral trading, investment flows, and state to state contacts, have remained uninterrupted. Latest figures showed that trade flows between the two countries have remained on track and stayed on a par with 2013. Chinese investments in Trans-Pacific Partnership related industries such as fabrics and textiles have shown no signs of being scaled back. We believe the bilateral economic and financial relationships between Vietnam and China are of mutual benefit and sustainable going forward.

## Fixed income

The primary bond market witnessed weaker demand during September, with a total of just USD600 million worth of government and government-backed bonds issued, representing a decline of 42.2 percent from August (USD1.04 billion). New bond issues were limited in September and no bonds were offered with less than a five year tenor, given the government has achieved 81 percent of its annual target. The secondary bond market rebounded from last month with trading volume increasing 29.1 percent to USD2.88 billion worth of bonds transacted. Secondary government bond yields continued their decline, falling between 32 and 96 basis points across the yield curve.

## Macroeconomic indicators

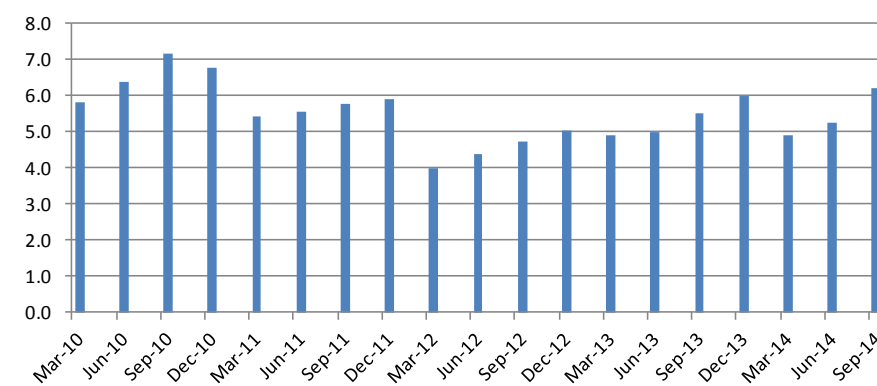
	2013	Sep-14	2014 YTD	Year-on-year
GDP growth <sup>1</sup>	5.4%	6.2%	5.6%	
Inflation	6.0%	0.4%	2.2%	3.6%
FDI (USDbn)	21.6	0.4	7.6	-17.80%
Imports (USDbn)	131.3	13.0	107.2	11.1%
Exports (USDbn) <sup>2</sup>	132.2	12.4	109.6	14.1%
Trade surplus/(deficit)	0.9	-0.6	2.4	
Exchange rate (USD/VND) <sup>3</sup>	21,115	21,245	-0.6%	
Bank deposit rate (VND)	7.5%	6.5%	-100 bps	

Sources: GSO, SBV, VCB | 1. Annualized rate, updated quarterly 2. Includes gold 3. (-) Denotes a devaluation in the currency, Vietcombank ask rate

## Government bond yields (%)

	1yr	2yr	3yr	5yr
August-14	4.65	5.11	5.43	6.42
September-14	4.33	4.67	4.92	5.46

## Quarterly GDP growth (%)



## Southeast Asia Telecommunications Holdings Pte. Ltd. (SEATH)

Southeast Asia Telecommunications Holdings Pte. Ltd. (SEATH) is VNI's base transceiver station (BTS) holding company. Established in Singapore, it is the largest private investor in the tower business in Vietnam, owning absolute stakes in three local BTS companies, including GII, MIS and VNC-55 based in Ho Chi Minh City, Hanoi and Danang, respectively.

As at 30 September 2014, the company has close to 1,930 BTS towers across Vietnam. These towers are leased under long-term contracts with key mobile operators at a tenancy ratio of 1.2, providing stable cash flow and favorable margins. The company is on track with its expansion strategy into In-building Systems (IBS) to further enhance its profitability and provide stable income to the fund.

For the first nine months of 2014, SEATH achieved an EBITDA margin of 50.3 percent and net margin of 20.0 percent.

## Company highlights

Current NAV (USD mil)	62.3
% of VNI's NAV	26.9
Number of towers	1,930
Tenancy Ratio	1.20
EBITDA margin (FY 2014)	50.3%
Net margin (FY 2014)	20.0%

## Ba Thien II Industrial Park (Ba Thien 2)

Ba Thien 2 Industrial Park is a 308ha project located in Vinh Phuc province, just 20km from Noi Bai International Airport and 45km from Hanoi city. In addition to its strategic location, Ba Thien 2 Industrial Park enjoys advantageous economic features and preferential local investment policies. It offers a combination of industrial land and ready-built factories with high-quality infrastructure and utilities for tenants.

Ba Thien 2 has now completed the second phase (40ha) infrastructure construction and land reclamation. The waste water treatment plant and the VinaCPK office building have completed concrete work. Both are expected to finish construction by the end of 2014 and come into operation in the Q1 2015. Also, two additional underground water tanks have been built to increase the capacity of water storage to 1500m<sup>2</sup> in order to meet usage requirements.

Currently there are six tenants leasing a total area of 22.6ha, in addition to three new tenants completing factory construction and starting operations; Nippon Paint, Deahuynst and Suzukaku, with total of 9.1 ha. The Hong Kong Garment factory, TAL and Samsung supplier, Sekonix have deposited 10% to lease 8ha and 3.5ha respectively.

## Company highlights

Current NAV (USD mil)	24.9
% of VNI's NAV	10.8
Total area (ha)	309
Industrial area (ha)	221
Leased ratio	10%
Number of tenants	6

## PetroVietnam Drilling JSC (PVD)

PetroVietnam Drilling JSC (PVD) is a leading Vietnamese drilling-related services company, with parent, PetroVietnam, owning a 51 percent stake. The company owns and operates five drilling rigs, including three jack-up rigs, one tender assist drilling rig (TAD) and 1 land rig, in addition to its leased jack-up fleet.

For Q3 2014, PVD reported revenue of VND5,521 billion (+43% year-on-year) and net profit of VND591 billion (+14% year-on-year), led mainly by an average 10% annual increase in drilling day rates; an increased number of hired rig from 3 in Q3 2013 to 6 in Q3 2014 and a subsequent 39% increase in drilling-related services. For 9M 2014, PVD achieved revenue of VND15,489 billion and net profit of VND1,923 billion, exceeding its 2014 earnings guidance by 16%.

In August 2014, PVD paid out a cash dividend of VND2,000/share and share dividend at a ratio of 10:1.

As at 30 September 2014, PVD closed at VND97,000 per share, implying a trailing P/E ratio of 12.3x and P/B ratio of 2.5x.

## Hoa Phat Group (HPG)

Hoa Phat Group (HPG) is a leading steel manufacturer, specializing in construction steel and steel pipe. The company currently holds 18% market share in construction steel, up from 17% in the previous quarter, thanks to new capacity from Phase II of its steel integrated complex which came into operation in October 2013.

For Q3 2014, HPG reported revenue of VND5,747 billion (+37% year-on-year) and net profit of VND857 billion (+73% year-on-year). HPG's results were attributable to a 43.1% year-on-year growth in construction steel sales volume and improving gross margins to approximately 23% from a sharp drop in material prices. For 9M 2014, HPG achieved revenue of VND18,944 billion and net profit of VND2,671 billion.

As at 30 September 2014, HPG traded at VND57,500 per share, equivalent to a trailing P/E ratio of 8.8x and P/B ratio of 2.4x.

## Financial highlights

<b>Profit and loss (VND bn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	11,929	14,863	15,489
Net income	1,322	1,878	1,923
Net margin	11.1%	12.6%	12.4%
EPS (adjusted)	4,802	6,822	6,345
<b>Balance sheet (VND bn)</b>			
Total assets	19,084	21,490	22,953
Shareholders' equity	6,992	9,875	11,854
ROE (%)	18.9%	19.0%	21.6%
<b>Valuation (VND bn)</b>			
PER (x)	5.9	8.9	12.3
P/B (x)	1.3	1.7	2.5
Dividend yield (%)	2.4%	1.6%	2.1%

## Financial highlights

<b>Profit and loss (VND bn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	16,827	18,934	18,944
Net income	994	1,954	2,671
Net margin	5.9%	10.3%	14.1%
EPS (adjusted)	2,372	4,663	5,552
<b>Balance sheet (VND bn)</b>			
Total assets	18,957	22,961	21,054
Shareholders' equity	8,085	9,498	11,475
ROE (%)	12.3%	20.6%	31.0%
<b>Valuation (VND bn)</b>			
PER (x)	15.3	8.8	8.8
P/B (x)	1.9	1.8	2.4
Dividend yield (%)	5.5%	4.9%	5.2%

## Vietnam Aircraft Leasing JSC (VALC)

VALC is the first and only aircraft leasing company in Vietnam. Founded in 2007 by some of the largest state-owned enterprises including Vietnam Airlines, Bank for Investment and Development of Vietnam, and Petro-Vietnam, the company quickly grew into one of Vietnam Airlines' key leasing partners with a fleet of airplanes including the ATR-72 and Airbus A321.

VALC has recorded record revenues and profits for the 3Q 2014 with revenues of USD60.8 million and net profit of USD14.9 million. The company has achieved roughly 88.7% of its 2014 annual target in terms of profit before tax. Additionally, the company had been approved for further review on the sale and lease back of aircrafts for Vietjet Air.

With its entire fleet under long-term lease to Vietnam Airlines, VALC continues to provide stable cash yields to its shareholders.

## PetroVietnam Technical Services Corporation (PVS)

PetroVietnam Technical Services (PVS) is an oil and gas service provider in Vietnam, with multiple business lines that include oil platform mechanical & construction (M&C) and transportation, petro port operations, and maintenance services (O&M) for offshore vessels. PVS holds a significant market share in the industry, with approximately 80 percent market share of platform service ships and three floating production storage and offloading (FPSO) facilities operating in Vietnam.

For Q3 2014, PVS reported revenue of VND9,526 billion (+24.2% year-on-year) and net profit of VND368 billion (-23.7% year-on-year). Revenue growth drivers mostly came from the FSO/FPSO segment, M&E, O&M services whereas a loss in the seismic survey (ROV) segment as well as maintenance and repair of PVS's own vessels in charter shipping service hindered profit growth during the quarter. For 9M2014, PVS achieved revenue of VND22,923 billion and net profit of VND1,168 billion.

On 24 July 2014, PVS paid out a cash dividend of VND1,200/share, equivalent to a cash dividend yield of 3.0%.

As at 30 September 2014, PVS closed at VND40,200 per share, representing a trailing P/E ratio of 10.8x and P/B ratio of 2.1x.

## Financial highlights

<b>Profit and loss (USD m)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	19	71	61
Net income	6	16	15
Net margin	31.2%	21.8%	24.5%
EPS (adjusted)	0.046	0.117	0.054
<b>Balance sheet (USD m)</b>			
Total assets	603	782	765
Shareholders' equity	64	64	64
ROE (%)	9.5%	24.3%	23.2%

## Financial highlights

<b>Profit and loss (VND bn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	24,591	25,397	22,923
Net income	1,118	1,516	1,168
Net margin	4.5%	6.0%	5.1%
EPS (adjusted)	2,504	3,394	2,614
<b>Balance sheet (VND bn)</b>			
Total assets	21,223	23,821	26,949
Shareholders' equity	6,246	8,217	8,706
ROE (%)	17.9%	18.5%	17.9%
<b>Valuation (VND bn)</b>			
PER (x)	5.5	6.0	10.8
P/B (x)	1.0	1.1	2.1
Dividend yield (%)	7.3%	5.9%	3.0%

## Ho Chi Minh City Infrastructure Investment JSC (CII)

Ho Chi Minh City Infrastructure Investment JSC (CII) is one of Vietnam's leading infrastructure companies, that invests in projects under build-operate-transfer (BOT), build-transfer (BT) and build-own-operate (BOO) contracts, real estate projects as well as providing traffic toll collection equipment and services. Its diverse portfolio includes three traffic toll stations, water treatment plants, industrial parks and township developments.

For Q3 2014, CII reported revenue of VND218 billion (-44.4% year-on-year) and net profit of VN71 billion (+35.7% year-on-year). CII's revenue fell as a result of the lack of one-off revenue from Kinh Duong Vuong and Dien Bien Phu toll stations, while the company's profit was mainly driven by a financial gain from a partial divestment of one of its subsidiaries and the reversal of a securities investment provision. For 9M 2014, CII achieved revenue of VND1,637 billion and net profit of VND245 billion.

In August 2014, CII obtained shareholders' approval to restructure its BT/BOT business. Accordingly, CII will transfer all of its BT/BOT projects on bridge and roads to its subsidiary (CII Bridge and Road) and reduce the ownership from 89% to about 51% following the restructuring.

As at 30 September 2014, CII closed at VND21,100 per share, representing a trailing P/E ratio of 7.5x and P/B ratio of 1.3x.

## PetroVietnam Gas (GAS)

PetroVietnam Gas (GAS) is the country's sole pipeline supplier of dry gas for 45 percent power output and 80 percent fertilizer output in Vietnam. GAS is also the leading liquefied petroleum gas (LPG) supplier with a 70 percent market share in Vietnam. Listed on Ho Chi Minh stock exchange as the largest company in terms of market capitalization, GAS is currently 96.7 percent owned by PetroVietnam.

For Q3 2014, GAS posted revenue of VND19,606 billion (+15% year-on-year) and net profit of VND2,951 billion (+1.8% year-on-year). Revenue growth was mainly attributable to a 3% year-on-year increase in sale volume and a 5% increase in average selling prices. However, gross profit margin contracted from 25.3% in Q3 2013 to 21.6% in Q3 2014 due to falling LPG selling prices and thin-margin contribution from the Hai Thach-Moc Tinh gas field, which GAS only receives transport tariffs. For 9M 2014, GAS achieved revenue of VND54,373 billion and net profit of VND9,337 billion.

On 22 September 2014, GAS paid out 2014's first tranche of cash dividend of VND1,500/share, equivalent to a yield of 1.4%.

As at 30 September 2014, GAS closed at VND106,000 per share, equivalent to a trailing P/E ratio of 17.4x and P/B ratio of 5.7x.

## Financial highlights

<b>Profit and loss (VND bn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	237	707	1,637
Net profit	417	86	245
Net margin	175.9%	12.2%	14.9%
EPS (adjusted) (VND)	3,691	763	2,168
<b>Balance sheet (VND bn)</b>			
Total assets	6,638	8,017	9,090
Shareholders' equity	1,477	1,631	1,764
ROE (%)	28.2%	5.3%	18.5%
<b>Valuation</b>			
PER (x)	6.3	25.3	7.5
P/B (x)	1.8	1.3	1.3
Dividend yield (%)	3.4%	6.2%	5.7%

## Financial highlights

<b>Profit and loss (VND bn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	68,301	65,445	54,373
Net income	9,807	12,385	9,337
Net margin	14.4%	18.9%	17.2%
EPS (adjusted)	5,175	6,536	4,927
<b>Balance sheet (VND bn)</b>			
Total assets	45,146	50,503	53,208
Shareholders' equity	27,191	33,461	35,368
ROE (%)	36.1%	37.0%	35.2%
<b>Valuation (VND bn)</b>			
PER (x)	7.5	10.2	17.4
P/B (x)	2.7	3.8	5.7
Dividend yield (%)	5.6%	6.0%	2.8%



## FPT Corporation (FPT)

FPT Corp (FPT) is a leading technology company in Vietnam, specializing in software development, system integration, telecom services and distribution.

For Q3 2014, FPT reported revenue of VND9,076 billion (+21% year-on-year) and net profit of VND389 billion (+18% year-on-year). FPT's revenue growth was driven by software development (+44%), distribution and retailing (+23%) and the telecom segment (+21%). For 9M 2014, FPT achieved revenue of VND24,040 billion and net profit of VND1,178 billion.

In September 2014, FPT acquired an additional 3.9 million shares of FPT Telecom at a price of VND52,000/share to raise its stake in the subsidiary from 42.5% to 45.64% after the transaction.

On 20 August 2014, FPT paid out the first tranche of its 2014 dividend of VND1,000 per share.

As at 30 September 2014, FPT closed at VND52,000 per share, implying a trailing P/E ratio of 10.8x.

## Can Don Hydropower (SJD)

Can Don Hydro Power JSC (SJD) is a Build-Operate-Transfer (BOT) Hydropower Company located in Binh Phuoc Province of Vietnam, with designed capacity of 77.6 MW. By end-2013, SJD took over Ry Ninh II (RHC), a Build-Own-Operate (BOO) Hydropower Company, bringing its total capacity to 85.7 MW.

For Q3 2014, SJD reported consolidated revenue of VND162 billion (+17.6% year-on-year) and net profit of VND77 billion (+4.2% year-on-year). The company's gross margin fell to 58.8% in Q3 2014 from 66.5% in the same period a year ago, due to lower average selling prices of USD4.1 cents versus USD4.5 cents by one of its acquired entities. For 9M 2014, SJD has achieved revenue of VND316 billion and a net profit of VND146 billion.

SJD announced it will pay a cash dividend of VND2,200/share in Q4 2014, equivalent to a dividend yield of 7.3%.

As at 30 September 2014, SJD closed at VND29,900 per share, implying a trailing P/E ratio of 7.4x and P/B ratio of 1.3x.

## Financial highlights

<b>Profit and loss (VND bn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	24,594	27,028	24,040
Net income	1,540	1,608	1,178
Net margin	6.3%	5.9%	4.9%
EPS (adjusted)	5,625	5,842	3,425
<b>Balance sheet (VND bn)</b>			
Total assets	14,209	17,571	19,946
Shareholders' equity	6,182	7,209	7,629
ROE (%)	24.9%	22.3%	20.6%
<b>Valuation (VND bn)</b>			
PER (x)	6.0	6.3	10.8
P/B (x)	1.5	1.8	2.3
Dividend yield (%)	6.0%	8.1%	3.8%

## Financial highlights

<b>Profit and loss (VND bn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>9M14</b>
Revenue	24,594	27,028	316
Net income	1,540	1,608	146
Net margin	6.3%	5.9%	46.3%
EPS (adjusted)	3,778	3,878	3,569
<b>Balance sheet (VND bn)</b>			
Total assets	14,209	17,571	1,323
Shareholders' equity	6,182	7,209	947
ROE (%)	24.9%	22.3%	20.6%
<b>Valuation (VND bn)</b>			
PER (x)	3.6	4.9	7.4
P/B (x)	0.8	1.0	1.3
Dividend yield (%)	14.3%	10.8%	7.4%

**The manager update section provides investors with information on the policies and practices of VinaCapital Investment Management Ltd (VCIM), as well as updates on VinaCapital relevant to the performance of its investment funds.**

## **Valuation and NAV calculation**

The accurate and fair valuation of assets held in fund portfolios is a central component of successful fund management. VCIM follows international best practice whenever possible in its valuation process.

## **Relevant dates**

VNI's financial year-end is 30 June. Audited annual results must be announced within six months of this date. Interim results at 31 December receive an auditor review and must be announced within three months of this date. VNI calculates its unaudited NAVs monthly and this is normally announced within ten days of month-end. Update reports are issued on a monthly and quarterly basis, in addition to an annual report with the audited final results.

## **The methods used to value different assets:**

### *Listed equities*

The value of listed securities is based on the last traded price of the security on the stock exchange where it trades, or if there is more than one stock exchange on which the security trades, that which is considered the principal stock exchange for that security.

### *OTC equities*

The market price of OTC equities is determined based on a sample of closing prices obtained from a minimum of three leading securities companies in Vietnam. The price used is normally the average of the sample, with outlying prices removed to avoid bias.

### *Private equities*

Unquoted securities will initially be valued at cost. Revaluations of unquoted investments are conducted at 30 June annually in accordance with the guidelines issued by the British Investment Fund Association.

All other assets and liabilities are recorded at their respective fair values or cost, as required by the International Financial Reporting Standards and as set out in the Notes to the Consolidated Financial Statements.

## **More information on valuation is available on the Investing policy page of the VNI website:**

[VNI Investing policy.](#)

## **Audit and valuation committees**

VNI has an audit and valuation committee composed of independent non-executive members of the board of directors of the fund, and chaired by an independent director. The committee meets quarterly.

### **VNI Audit and Valuation Committee**

Ekkehard Goetting (Chairman)

Robert Binyon

Rupert Carington

## Historical financial information

Years ended 30 June	2010	2011	2012	2013	2014
<b>Statement of Income (USD'000)</b>					
Total income from ordinary activities	3,143	-47,620	21,547	7,670	34,581
Total expenses from ordinary activities	-7,313	-7,066	-6,423	-7,138	-7,290
Operating profit before income tax	-4,170	-54,686	15,124	532	27,291
Income tax expense	-	-32	-2,408	-918	-1,557
Profit for the year	-4,170	-54,718	12,716	-386	25,734
Minority interests	-95	1,483	6,836	-6	-15
Profit attributable to ordinary equity holders	-4,075	-56,201	5,880	-380	25,749
<b>Statement of financial position (USD'000)</b>					
Total assets	262,050	213,458	218,526	205,216	224,074
Total liabilities	-4,417	-9,377	-6,368	-7,756	-10,100
Net assets	257,633	204,081	212,158	197,460	213,974
<b>Share information</b>					
Capital distribution (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	-1	-14	10	0	7
Share price as 30 June	0.34	0.31	0.21	0.36	0.40
Ordinary share capital (thousand shares)	402,100	402,100	401,169	374,523	351,698
Market capitalization at 30 June (USD'000)	136,714	122,641	83,844	134,828	140,679
Net asset value per ordinary share (USD)	0.64	0.50	0.50	0.53	0.61
<b>Ratio</b>					
Return on average ordinary shareholder's funds	-1.0%	-14.0%	2.8%	-0.1%	7.7%
Total expense ratio (% of NAV)	2.34%	2.36%	2.45%	2.60%	2.60%

## Board of Directors

VNI's Board of Directors is composed entirely of independent non-executive directors.

Member	Role
Rupert Carington	Non-executive Chairman (Independent)
Ekkehard Goetting	Non-executive Director (Independent)
Luong Van Ly	Non-executive Director (Independent)
Robert Binyon	Non-executive Director (Independent)
Paul Garnett	Non-executive Director

## VinaCapital Investment Management Ltd (VCIM)

Member	Role
Don Lam	Chief Executive Officer
Brook Taylor	Chief Operating Officer
Tony Hsun	Managing Director, Infrastructure
Louie Doan	Deputy Managing Director, Infrastructure

## Contact

David Dropsey  
Investor Relations/ Communications  
ir@vinacapital.com  
+848-3821-9930  
www.vinacapital.com

Brokers  
Edmond de Rothschild Securities  
+44 (0)20 7845 5960  
funds@lcf.co.uk

Numis Securities  
+44 (0)20 7260 1327  
funds@numis.com

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## Fund summary

**Fund launch:** 5 July 2007

**Term of fund:** Ten years and then subject to shareholder vote for continuation

**Fund domicile:** Cayman Islands

**Legal form:** Exempted company limited by shares

**Investment manager:** VinaCapital Investment Management Ltd

**Structure:** Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

**Auditor:** PricewaterhouseCoopers (Hong Kong)

**Nominated adviser:** Grant Thornton UK LLP

**Custodian and Administrator:** Standard Chartered (Singapore)

**Brokers:** Edmond de Rothschild Securities (Bloomberg: LCFR), Numis Securities (Bloomberg: NUMI)

**Lawyers:** Wragge Lawrence Graham & Co (UK), Maples and Calder (Cayman Islands)

**Base and incentive fee:** Base fee of 2% of NAV. Incentive fee of 20% of total NAV increase after achieving the higher of an 8% compound annual return and the high watermark.

**Investment objective:** Medium to long term capital gains with some recurring income through investment in the following infrastructure and infrastructure-related sectors: Energy; Transportation; Industrial Parks; Telecommunication; and Water and environmental utilities.

**Investment objective by geography:** Greater Indochina comprising: Vietnam (minimum of 70%), Cambodia, Laos, and southern China.