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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

[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 31 December 2014, VNI's audit reviewed net asset value was USD211.7 million or USD0.60 per share, a decrease of 8.8% from a net asset value per share of USD0.66 from 30 September 2014. VNI's share price closed at USD0.49 at the end of December, an increase of 4.3% compared to the closing price of USD0.47 at the end of September. VNI's discount narrowed during the quarter to 18.6% from 29.2% in September.

Capital markets

The VN Index decreased by 9.7% in USD terms, closing the fourth quarter at 545.6, while the MSCI Asia ex-Japan and MSCI Emerging Markets indices decreased by 0.2% and 4.9%, respectively. Trading value and volume on Vietnam's stock exchanges was USD8.9 billion on 11.8 billion shares, an increase of 5.6% in terms of value while volume increased by 2.1% compared to the previous quarter. The combined market capitalization for both of Vietnam's bourses was USD52.6 billion compared to USD54.4 billion a quarter ago. As at 31 December 2014, the VN Index traded on a trailing P/E of 13.3x and P/B of 1.8x according to Bloomberg.

Foreign investors were net sellers of Vietnamese equities, accounting for net selling of USD97.8 million in the four quarter. The top acquired companies were Saigon Securities Inc. (SSI), Mobile World Group (MWG), Becamex Infrastructure Development (IJC), Vinh Hoan Corporation (VHC) and Phu My Fertiliser (DPM) while Sacombank (STB), Hoang Anh Gia Lai Group (HAG), PetroVietnam Drilling (PVD), Hoang Anh Gia Lai Group (HAG) and Hoa Phat Group (HPG) were most actively divested.

Performance summary

31 December 2014

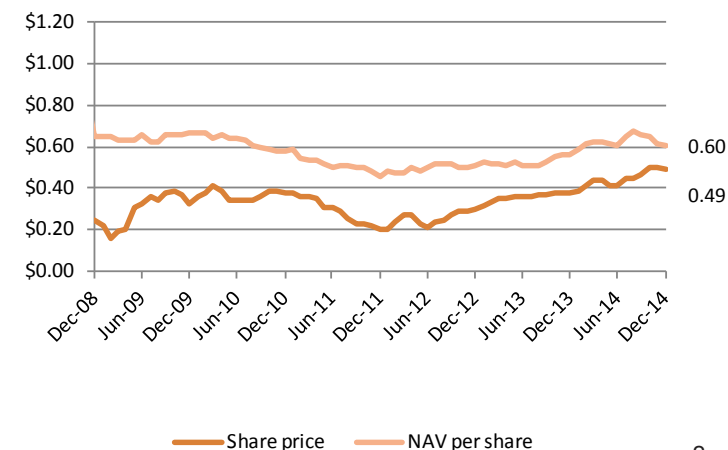
| | |
|-----------------------------|-------|
| NAV per share (USD): | 0.60 |
| Change (Quarter-on-quarter) | -8.8% |
| Total NAV (USD 'm): | 211.7 |
| Share price (USD): | 0.49 |
| Market cap (USD 'm): | 171.6 |
| Premium/(discount) | 18.6% |

Cumulative change (% change)

| | 3mth | 1yr | 3yr |
|---------------|------|------|-------|
| NAV per share | -8.8 | 6.6 | 32.3 |
| Share price | 4.8 | 29.3 | 145.0 |

Annual performance history (% change)

| | YTD | 2013 | 2012 | 2011 |
|---------------|-----|------|------|-------|
| NAV per share | 6.6 | 12.0 | 10.8 | -20.2 |
| VN Index | 6.6 | 20.4 | 18.9 | -25.6 |



Portfolio by sector

| Sector | # of holdings | NAV (USDm) | % of NAV |
|-------------------------|---------------|--------------|---------------|
| Agribusiness | 3 | 4.6 | 2.2% |
| Construction & Material | 3 | 0.5 | 0.2% |
| Consumers | 1 | 0.2 | 0.1% |
| General Infrastructure | 2 | 24.1 | 11.4% |
| Industrials | 1 | 4.5 | 2.1% |
| IP and township | 5 | 33.2 | 15.7% |
| Oil and gas | 4 | 16.9 | 8.0% |
| Power | 2 | 9.8 | 4.6% |
| Telecommunications | 5 | 71.1 | 33.6% |
| Transport & logistics | 2 | 15.9 | 7.5% |
| Others | 1 | 0.4 | 0.2% |
| Cash & equivalents | | 30.5 | 14.4% |
| Total | 29 | 211.7 | 100.0% |

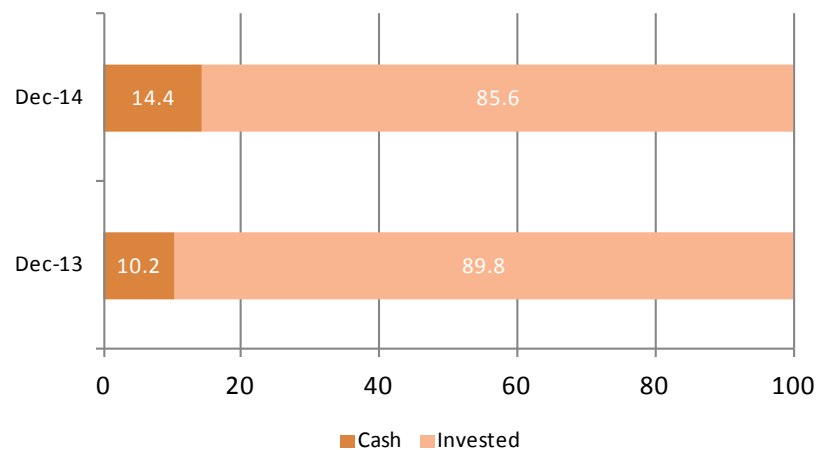
Portfolio by asset class

| Asset class | # of holdings | NAV (USDm) | % of NAV |
|--------------------|---------------|--------------|---------------|
| Listed | 21 | 79.1 | 37.3% |
| Private equity | 7 | 101.7 | 48.1% |
| Bond | 1 | 0.4 | 0.2% |
| Cash & equivalents | | 30.5 | 14.4% |
| Total | 29 | 211.7 | 100.0% |

Top ten holdings

| Investee | % of NAV | Book value (USD'000) | Asset class | Sector | Description |
|-------------|----------|----------------------|----------------|------------------------|--|
| SEATH | 30.6% | 64,705 | Private equity | Telecommunications | Vietnam's largest private BTS holding company |
| Ba Thien IP | 10.7% | 22,652 | Private Equity | IP and township | 308ha IP project in Vinh Phuc province, near Hanoi |
| HPG | 7.0% | 14,729 | Listed | General infrastructure | A leading steel conglomerate |
| VALC | 5.0% | 10,616 | Private Equity | Transport & logistics | The first aircraft leasing company in Vietnam |
| CII | 4.4% | 9,416 | Listed | General infrastructure | Vietnam's top infrastructure investment company |
| PVD | 3.9% | 8,262 | Listed | Oil and gas | PetroVietnam subsidiary; oil and gas drilling services |
| SJD | 3.6% | 7,653 | Listed | Power | A profitable hydro power plant of capacity 77.8MW |
| FPT | 3.0% | 6,351 | Listed | Telecommunications | A leading telecommunication company in Vietnam |
| PVS | 2.7% | 5,614 | Listed | Oil and gas | A leading oil and gas technical services company |
| Long An IP | 1.7% | 3,671 | Private Equity | IP and township | Major IP and port project in Long An province |

Invested funds (% of NAV)



Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's gross domestic product (GDP) growth reached 6.9% in the fourth quarter of 2014, bringing full year 2014 GDP growth to 6.0%, exceeding the original government target of 5.8%. The final quarter of the year finished with strong economic growth mainly as a result of improvements in the manufacturing sector and rising exports.

Additionally, Vietnam's month-on-month consumer price index (CPI) declined 0.2% in December, the third consecutive month of deflation, bringing full year 2014 inflation to just 1.8%, marking the lowest annual rate in over 13 years. During the month, transportation costs plunged 3.1% as a result of numerous price cuts in gasoline. Going forward, we feel oil prices; consumer demand; and domestic inventories, specifically for food and foodstuffs, will have the largest impact on inflation. With inflation expected to remain at multi-year lows, the State Bank of Vietnam (SBV) could have more room to reduce interest rate caps further, thereby encouraging commercial banks to lower lending rates.

Vietnam's currency (VND) came under slight pressure in December with the official market exchange rate finishing the year at 21,450 per US Dollar, a depreciation of just 1.6% from a year ago and within the government's target of less than 2.0% each calendar year. The SBV should be able to maintain this continual goal despite any temporary monetary pressure, given Vietnam's trade surplus of approximately USD2.0 billion, foreign direct investment disbursements reaching USD12.5 billion in 2014, increasing overseas remittances and an overall balance of payments in an estimated surplus of USD10.0 billion at the year's end.

Fixed income

After selling USD1.0 billion worth of 10-year government bonds in 2014 at an average yield of 4.8% (below the offer rate of 5.1%), the government plans to issue an additional USD1.0 billion in 2015. Recent upgrades in Vietnam's sovereign debt ratings by Moody's and Fitch have allowed the government to successfully place more long term debt.

For the month of December, on the primary bond market, a total of USD1.49 billion worth of government and government-backed bonds were issued, representing an increase of 394% from November 2014 (USD302 million). On the secondary bond market, trading volume increased 31.4%, with USD4.49 billion worth of bonds transacted for the month. Secondary government bond yields increased between 10 and 39 basis points across the yield curve.

Media links

Below is a list of recent articles related to the investment environment in Vietnam and VinaCapital activity.

[VNC - Falling oil price and rising dollar: Impact on VND](#)

[VNC - Prospects for deflation in Vietnam](#)

[VNC - Vietnam's Economy: A review of 2014 and our 2015 outlook](#)

Macroeconomic indicators

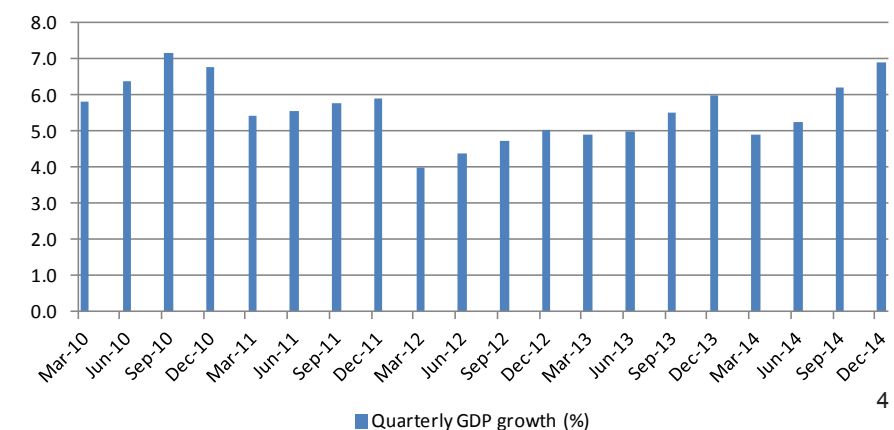
| | 2013 | Dec-14 | 2014 YTD | Year-on-year |
|--------------------------------------|--------|--------|----------|--------------|
| GDP growth ¹ | 5.4% | 6.9% | 6.0% | 6.0% |
| Inflation | 6.0% | -0.2% | 1.8% | 1.8% |
| FDI commitments (USDbn) | 21.6 | 2.2 | 15.6 | 9.6% |
| Imports (USDbn) | 131.3 | 14.0 | 148.0 | 12.1% |
| Exports (USDbn) ² | 132.2 | 13.1 | 150.0 | 13.6% |
| Trade surplus/(deficit) | 0.9 | -0.9 | 2.0 | |
| Exchange rate (USD/VND) ³ | 21,115 | 21,450 | -1.6% | |
| Bank deposit rate (VND) | 7.5% | 6.0% | -150 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 |
|-------------|------|------|------|------|
| December-14 | 4.76 | 5.04 | 5.22 | 6.23 |
| November-14 | 4.37 | 4.73 | 5.08 | 5.84 |

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, Ha Noi and Da Nang, respectively.

As at 31 December 2014, the company had 1,924 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. SEATH expects to see decent growth in its tenancy ratio in FY2015 as mobile network operators intensify their competition for 3G users, which has picked up since the second half of 2014. The company is well on track with its expansion strategy into In-building Systems (IBS) to further enhance its profitability and provide stable income to the fund.

Estimated financial results for FY2014 show EBITDA and net margins of 54.1% and 15.2% respectively.

Company highlights

| | |
|-------------------------|-------|
| Current NAV (USD mil) | 64.7 |
| % of VNI's NAV | 30.6 |
| Number of towers | 1,924 |
| Tenancy Ratio | 1.20 |
| EBITDA margin (FY 2014) | 54.1% |
| Net margin (FY 2014) | 15.2% |

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 completed the 2nd 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 Q1 2015. The two additional underground water tanks are built to increase the capacity of water storage to 1500m² to meet high usage of the new tenant TAL.

There are six tenants leasing a total area of 22.6ha in addition to three tenants completing factory construction and starting operation on the site (Nippon Paint, Deahuynt 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) | 22.7 |
| % of VNI's NAV | 10.7 |
| Total area (ha) | 309 |
| Industrial area (ha) | 221 |
| Leased ratio | 10% |
| Number of tenants | 6 |

PetroVietnam Drilling JSC (PVD)

PetroVietnam Drilling JSC (PVD) is the leading Vietnamese drilling-related services company. The State Owned PetroVietnam, currently owns a 51% stake. The company operates eleven drilling rigs including nine jack-up rigs, one tender assist drilling rig (TAD), and one land rig.

Management estimates FY14 revenue at VND30.5tn, an increase of 31% year-on-year and net profit reached VND2.3 – 2.4 trillion, an increase of 22 – 28% year-on-year. The key growth drivers were a 10% increase in the average day-rates for PVD's own jack-up rigs and a higher utilization rate for both owned and leased rigs. Additionally, the well services segment achieved an increase in capacity due to higher demand for all supporting services.

We think recent decline in oil prices will have a negative effect on PVD with profit expected to decline by around 7% per annum in the next 2 years as owned rigs are not impacted (most contracts signed until 2016) but leased rigs and services will be impacted.

As at 31 December 2014, PVD closed at VND64,500 per share, implying a trailing P/E ratio of 8.1x and P/B ratio of 1.7x. PVD share price underperformed the VN Index (PVD +5.7% vs. VN Index +8.1%).

Hoa Phat Group (HPG)

Hoa Phat Group (HPG) is a leading industrial manufacturer in Vietnam. Established in 1992 as a trading company, HPG has evolved into a holding group with thirteen subsidiaries, specializing in construction materials such as steel, steel pipe, furniture, refrigerators, construction and mining equipment, real estate and industrial park operations. HPG has a well established nationwide distribution and sales network, with a strong platform for future product expansion and diversification.

Due to low cost production and new capacity from Phase II in operation since 2013, HPG has been able to increase its market share to 19.1% (No 1 in Vietnam), up from 17% as at the beginning of 2014 at the expense of other steel producers.

HPG announced impressive result for 2014, with revenue of VND26 trillion (+34% year-on-year) and net profit of VND3.2 trillion (+64% year-on-year). Growth drivers came from a 43% year-on-year sale volume increase in construction steel, lower input raw material and roughly VND600bn profit contribution from real estate - Mandarin project.

As of 31 Dec 2014, HPG was traded at VND53,000 per share, equivalent to a trailing PER of 8.0x and PBR of 2.2x.

Financial highlights

| Profit and loss (VND bn) | FY12A | FY13A | FY14A |
|---------------------------------|--------------|--------------|--------------|
| Revenue | 11,929 | 14,863 | 20,813 |
| Net income | 1,322 | 1,878 | 2,375 |
| Net margin | 11.1% | 12.6% | 11.4% |
| EPS (adjusted) | 4,802 | 6,822 | 7,836 |
| Balance sheet (VND bn) | | | |
| Total assets | 19,084 | 21,490 | 23,276 |
| Shareholders' equity | 6,992 | 9,875 | 11,440 |
| ROE (%) | 18.9% | 19.0% | 27.7% |
| Valuation (VND bn) | | | |
| PER (x) | 5.9 | 8.9 | 8.2 |
| P/B (x) | 1.3 | 1.7 | 1.7 |
| Dividend yield (%) | 2.4% | 1.6% | 3.1% |

Financial highlights

| Profit and loss (VND bn) | FY12A | FY13A | FY14A |
|---------------------------------|--------------|--------------|--------------|
| Revenue | 16,827 | 18,934 | 25,525 |
| Net income | 994 | 1,954 | 3,144 |
| Net margin | 5.9% | 10.3% | 12.3% |
| EPS (adjusted) | 2,372 | 4,663 | 6,435 |
| Balance sheet (VND bn) | | | |
| Total assets | 18,957 | 22,961 | 22,089 |
| Shareholders' equity | 8,085 | 9,498 | 11,797 |
| ROE (%) | 12.3% | 20.6% | 35.5% |
| Valuation (VND bn) | | | |
| PER (x) | 15.3 | 8.8 | 8.2 |
| P/B (x) | 1.9 | 1.8 | 2.2 |
| Dividend yield (%) | 5.5% | 4.9% | 5.7% |

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.

In 2014, VALC reported total revenues of USD81.02 million, achieving the company's 2014 target. This is comprised of rental revenues on operating lease portfolio of USD76.8 million, interest income of USD 3.88 million and other revenue of USD0.33 million. VALC recorded earnings before income taxes of USD24.4 million in 2014, an increase of USD3.6 million or 18% compared to 2013. VALC operating performance was principally driven by interest rates on debt and interest income.

VALC's fleet is principally comprised of fuel-efficient and technologically current aircraft, namely, the company's ten Airbus A321-200s and an ATR 72-500 turboprop aircraft. The company added an EC130T2 helicopter to its overall fleet in 2014.

VALC continues to find opportunities in diversifying its operating lease portfolio, reducing the risks associated with individual customer defaults and the impact of adverse geopolitical and regional economic events by engaging projects with Vietjet Air and Jet Star, two low-cost carriers operating in Vietnam. Additionally, VALC is entering a sale and lease back program of jet engines with Vietnam Airlines.

PetroVietnam Technical Services Corporation (PVS)

PetroVietnam Technical Services Corporation (PVS) is the leading oil and gas services in Vietnam with PetroVietnam, owning a 51% stake. The company operates five main services, including ships servicing offshore operation, floating production and offloading (FPSO) vessels, port, seismic survey, construction (oil platform) and maintenance service offshore platform and vessels.

For 2014, PVS announced consolidated results with revenue of VND31.4 trillion (+23% year-on-year) and profit after tax of VND1.76 trillion (+12% year-on-year), thanks to full year operation of floating storage and offloading unit (FSO) Bien Dong and the increase of income from associate and JV companies.

Similar to PVD, we think PVS profit will decline by around 10% per annum in the next 2 years if current low oil prices environment persists.

As at 31 December 2014, PVS closed at VND26,900 per share, implying a trailing P/E ratio of 7.8x and P/B ratio of 3.0x. PVS share price outperformed the VN Index (PVS +32.5% vs VN Index +8.1%).

Financial highlights

| Profit and loss (USD m) | FY12A | FY13A | FY14A |
|--------------------------------|--------------|--------------|--------------|
| Revenue | 19 | 71 | 81 |
| Net income | 6 | 16 | 20 |
| Net margin | 31.2% | 21.8% | 25.0% |
| EPS (adjusted) | 0.046 | 0.117 | 0.140 |
| Balance sheet (USD m) | | | |
| Total assets | 603 | 782 | 760 |
| Shareholders' equity | 64 | 64 | 64 |
| ROE (%) | 9.5% | 24.3% | 31.6% |

Financial highlights

| Profit and loss (VND bn) | FY12A | FY13A | FY14A |
|---------------------------------|--------------|--------------|--------------|
| Net revenue | 24,590 | 25,390 | 31,373 |
| Net profit | 1,120 | 1,575 | 1,760 |
| Net margin (%) | 4.6% | 6.2% | 5.6% |
| EPS (adjusted) (VND) | 3,758 | 3,378 | 3,940 |
| Balance sheet (VND bn) | | | |
| Total assets | 15,050 | 16,070 | 26,226 |
| Shareholders' equity | 6,250 | 8,220 | 9,298 |
| ROE (%) | 17.9% | 19.2% | 18.9% |
| Valuation | | | |
| PER (x) | 3.7 | 6.0 | 6.8 |
| P/B (x) | 0.7 | 1.1 | 3.0 |
| Dividend yield (%) | 4.0% | 4.1% | 4.5% |

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 Q4 2014, CII reported revenue of VND1,012 billion (+606% year-on-year) and a net profit of VND143 billion (+89% year-on-year), underpinned by a one-time recognition of VND684 billion from the 25B Road BT project and strong growth from its construction and toll collection revenue. Excluding the one-off booking, CII's revenue would have increased by 129% year-on-year. For FY 2014, CII achieved revenue of VND2,649 billion (+275% year-on-year) and a net profit of VND388 billion (+350 year-on-year).

As of 31 December 2014, CII closed at VND20,300 per share, representing a trailing P/E of 10.2x and P/B of 1.5x respectively.

Long An Industrial Services and Residential

Long An SEA mixed use project is a 1,925-hectare green-field project in Long An Province, 30km south of Ho Chi Minh City. The project is divided into four components, comprising a 396ha industrial park, a 236ha industrial service area, a 1,145ha residential area and a 145ha sea port with 2.4km of frontage. VNI held stakes in the Project's industrial park (37.5%), sea port (50.%) and industrial service area (37.5%). The Company does not have any stake in the Project's residential area.

The Company has entered a conditional agreement to divest its stake in the project with domestic joint venture partner, Dong Tam Group ("DTG"). It finalized the sales of two of the Project's components, the industrial park and sea port, to DTG in December 2012. Both parties are under negotiation to obtain Long An People's Committee policy approval for transfer of development rights of Group 2 (Industrial Services and Residential) to DTG.

Financial highlights

| Profit and loss (VND bn) | FY12A | FY13A | FY14A |
|---------------------------------|--------------|--------------|--------------|
| Revenue | 237 | 707 | 2,606 |
| Net profit | 417 | 86 | 388 |
| Net margin | 175.9% | 12.2% | 14.9% |
| EPS (adjusted) (VND) | 3,691 | 763 | 2,078 |
| Balance sheet (VND bn) | | | |
| Total assets | 6,638 | 8,017 | 9,035 |
| Shareholders' equity | 1,477 | 1,631 | 2,681 |
| ROE (%) | 28.2% | 5.3% | 19.3% |
| Valuation | | | |
| PER (x) | 6.3 | 25.3 | 9.8 |
| P/B (x) | 1.8 | 1.3 | 1.4 |
| Dividend yield (%) | 3.4% | 6.2% | 5.9% |

Company highlights

| | |
|--------------------------|-------|
| Current NAV (USD mil) | 3.67 |
| % of VNI's NAV | 1.7 |
| Industrial services (ha) | 239 |
| Residential (ha) | 1,145 |
| EBITDA margin | N/A |
| Net margin | N/A |

FPT Corporation (FPT)

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

For Q4 2014, FPT reported revenue of VND10,828 billion (+26% year-on-year) and net profit of VND450 billion (-5.1% year-on-year). Revenue growth drivers came from IT product distribution, software outsourcing, telecom and retail. However, profit lagged due to sluggish results from system integration, domestic software solutions, IT services and online gaming segments. For 2014, FPT achieved revenue of VND35,114 billion (+23% year-on-year) and net profit of VND1,628 billion (+1.2% year-on-year).

For 2015, FPT targets total revenue of VND39,600 billion (+13% year-on-year) and net profit of VND1,888 billion (+16% year-on-year).

As of 31 December 2014, FPT traded at VND48,000/share, equivalent to a trailing P/E of 10.1x and P/B of 2.0x.

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. SJD took over two Build-Own-Operate Hydropower Companies, Ry Ninh II (RHC) by end-2013 and Na Loi (NLC) by end-2014, bringing its total capacity to 95 MW.

For Q4 2014, SJD reported revenue of VND75 billion (+8.9% year-on-year) and net profit of VND37 billion (+100% year-on-year). Revenue growth was driven by a 33% year-on-year increase in SJD's own electricity volume to 116 million kilowatts per hour, from a rise in rainfall during the period. Profit growth was underpinned by a decline in management expenses from VND11 billion in Q4 2013 to VND4.5 billion in Q4 2014 and an increase in financial income from VND1.6 billion in Q4 2013 to VND9.2 billion in Q4 2014. For 2014, SJD achieved revenue of VND391 billion (+6.5% year-on-year) and net profit of VND183 billion (+15.2% year-on-year).

On 27 November 2014, SJD paid out a cash dividend of VND2,200/share, equivalent to dividend yield of 7%.

In December 2014, SJD issued 5 million shares to swap with NLC's shareholders (excluding Song Da Corp) to consolidate NLC.

As of 31 December 2014, SJD closed at VND31,500 per share, implying a trailing PER of 7.9x and PBR of 1.5x.

Financial highlights

| Profit and loss (VND bn) | FY12A | FY13A | FY14A |
|---------------------------------|--------------|--------------|--------------|
| Revenue | 24,594 | 27,028 | 35,114 |
| Net income | 1,540 | 1,608 | 1,628 |
| Net margin | 6.3% | 5.9% | 4.6% |
| EPS (adjusted) | 5,625 | 5,842 | 4,733 |
| Balance sheet (VND bn) | | | |
| Total assets | 14,209 | 17,571 | 20,396 |
| Shareholders' equity | 6,182 | 7,209 | 8,079 |
| ROE (%) | 24.9% | 22.3% | 26.9% |
| Valuation (VND bn) | | | |
| PER (x) | 6.0 | 6.3 | 10.1 |
| P/B (x) | 1.5 | 1.8 | 2.0 |
| Dividend yield (%) | 6.0% | 8.1% | 4.2% |

Financial highlights

| Profit and loss (VND bn) | FY12A | FY13A | FY14A |
|---------------------------------|--------------|--------------|--------------|
| Revenue | 24,594 | 27,028 | 391 |
| Net income | 1,540 | 1,608 | 183 |
| Net margin | 6.3% | 5.9% | 46.9% |
| EPS (adjusted) | 3,778 | 3,878 | 4,469 |
| Balance sheet (VND bn) | | | |
| Total assets | 14,209 | 17,571 | 1,296 |
| Shareholders' equity | 6,182 | 7,209 | 995 |
| ROE (%) | 24.9% | 22.3% | 18.4% |
| Valuation (VND bn) | | | |
| PER (x) | 3.6 | 4.9 | 7.9 |
| P/B (x) | 0.8 | 1.0 | 1.5 |
| Dividend yield (%) | 14.3% | 10.8% | 7.0% |

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 |
|--|---------|---------|---------|---------|---------|
| Statement of Income (USD'000) | | | | | |
| 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 |
| Statement of financial position (USD'000) | | | | | |
| 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 |
| Share information | | | | | |
| 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 |
| Ratio | | | | | |
| 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

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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: Subject to relevant regulatory approvals - Two classes of ordinary shares, Private Equity share class and Listed Portfolio share class, 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: The base and incentive fee has been revised as a result of the extraordinary general meeting held on 15 December 2014. For a full description of the new fees that have been adopted as a result of the restructuring of the Company, please refer to the latest Circular which can be downloaded here:

[15 December 2014 EGM Circular](#)

Investment objective: The investment objectives for the Company have been revised as a result of the extraordinary general meeting held on 15 December 2014. For a full description of the new investment objectives that have been adopted as a result of the restructuring of the Company, please refer to the latest Circular which can be downloaded here:

[15 December 2014 EGM Circular](#)