

**VIETNAM PROPERTY FUND LIMITED
("VPF" or "the Company")
ANNUAL REPORTS AND ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2008**

Summary

The Directors present their first report and the audited financial statements of Vietnam Property Fund Limited ("VPF") for the period from 17 October 2007 (date of incorporation) to 30 June 2008. VPF is a newly organised, close-ended investment company incorporated under the laws of the Cayman Islands, which has been formed with the primary purpose of investing in real estate in Vietnam.

The investment objective of VPF is to provide shareholders with attractive capital returns over the mid to long term by investing in a portfolio of real estate Investments, primarily in Vietnam. VPF's shares are listed on London's Alternative Investment Market and were admitted to trading on 25 April 2008. The Company has been established with unlimited duration. However, the Articles of Association require VPF to put before its annual general meeting in 2018 a special resolution to wind up the Company effective on 30 June 2020. If the special resolution is not passed, VPF will put before the annual general meeting in each successive odd numbered year a special resolution to wind up VPF effective 30 June in the second year following the year in which such annual general meeting is held.

VPF will focus on two distinct investment areas: listed and pre-listed equity in Vietnam, and real estate projects. The latter will include sectors such as office for lease, residential, retail, tourism and leisure, and industrial. With the primary focus on Vietnam, the Company may invest up to 20% of its assets in Real Estate in countries neighbouring Vietnam.

Results and dividends

VPF's loss for the period from 17 October 2007 to 30 June 2008 was US\$232,600. The full financial position at 30 June 2008 is set out in the audited financial statements. The directors do not recommend the payment of a dividend.

Investment Climate and Outlook

2008 has severely tested the Vietnamese government's stewardship of their economy. After the stellar performance of the country's stock markets in 2006, a correction was *perhaps*, inevitable. VPF therefore started its operations in less than welcoming conditions. We have witnessed considerable tumult in the recent months, with the current status being characterised by liquidity strapped bank, and a resultant lethargy across all property market sectors. The central bank continues to focus on inflation, and with the CPI likely to hit 30% before year-end, we believe they will keep the reins tight on new lending through until the last quarter. Likewise, the government believes that many of the state and lower tier banks are over exposed to property lending, leading to sector-wide restrictions. As the government encourages domestic banks to reduce property exposure on their balance sheets, we are seeing new deal offers at near distressed asset levels. Foreign banks have recommenced financing activities now that the currency is showing a bit more stability, but access is limited to borrowers with a name and reputation. This wash out of credit has caused two groups of developers to emerge: the ones denying that their projects have stalled, and the ones that have expended all their capital on land banks and now have empty coffers.

As VPF remained cash heavy throughout the down cycle, these conditions have put us in a very favourable position, to both source deals from local contacts and tap into credit markets if needed. The Investment Manager believes these factors will continue to drive new opportunities throughout the next 12 months. In addition to monitoring asset prices in Hanoi and Ho Chi Minh City, VPF will be spreading its reach into key periphery provinces, such as Can Tho, Ba Ria-Vung Tau, Hai Phong, and Danang.

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From a deal perspective, following extensive negotiations since the reporting period end, VPF is pressing ahead with the acquisition of a land tract in the outer suburbs of Ho Chi Minh City. Rapid population growth in urban areas is forcing an expansion to the city boundaries, without the infrastructure necessarily being in place. The call for new accommodation, together with supporting infrastructure, is therefore significant. By identifying these land tracts ahead of their conversion from outer to inner suburbs, we anticipate significant deep value and opportunity for the Company in pursuing such transactions.

VPF has further had the opportunity to strengthen positions in strategic property companies and move closer to completing targeted property development transactions. The Company continues to source equity positions in property-related companies, not solely for capital appreciation, but more with a view to achieving onward direct investment exposure. This strategy is exemplified by the Company's recent acquisition of a holding in one of Vietnam's premier construction companies, and ongoing due diligence on a well respected local developer, with a focus on the more affordable end of the housing spectrum, and promise of a subsequent direct investment opportunity.

Full updates on the VPF and its investment activities can be found on the website: www.vietnampropertyfund.com.

ENQUIRIES:

Vietnam Property Fund Limited

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Christopher Wren, Executive

**VIETNAM PROPERTY FUND LIMITED
BALANCE SHEET
AS AT 30 JUNE 2008**

	2008 USD
CURRENT ASSETS	
Cash and cash equivalents	86,482,426
Other receivables	101,219
	86,583,645
CURRENT LIABILITIES	
Accrued expenses	160,740
Other payables	313,500
	474,240
NET ASSETS	86,109,405
EQUITY	
Issued share capital	900,010
Share premium	85,441,995
Accumulated losses	(232,600)
TOTAL EQUITY	86,109,405
NUMBER OF ORDINARY SHARES IN ISSUE	90,000,000
NET ASSET VALUE PER ORDINARY SHARE	0.96

VIETNAM PROPERTY FUND LIMITED
INCOME STATEMENT
PERIOD FROM 17 OCTOBER 2007 TO 30 JUNE 2008

	Period from 17 October 2007 to 30 June 2008
	USD
INCOME	
Bank interest income	315,590
TOTAL INCOME	<u>315,590</u>
EXPENSES	
Administrative and custodial fees	(15,064)
Directors' fees	(12,624)
Legal and professional fees	(12,642)
Management fee	(309,626)
Other operating expenses	(198,234)
TOTAL EXPENSES	<u>(548,190)</u>
LOSS FOR THE PERIOD	<u>(232,600)</u>
BASIC EARNINGS PER ORDINARY SHARE	<u>(0.003)</u>

**VIETNAM PROPERTY FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
PERIOD FROM 17 OCTOBER 2007 TO 30 JUNE 2008**

	Issued share capital USD	Share premium USD	Accumulated losses USD	Total USD
At 17 October 2007	-	-	-	
Issuance of share capital during the period	900,010	85,441,995	-	86,342,005
Loss for the period	-	-	(232,600)	(232,600)
At 30 June 2008	<u>900,010</u>	<u>85,441,995</u>	<u>(232,600)</u>	<u>86,109,405</u>

VIETNAM PROPERTY FUND LIMITED
STATEMENT OF CASH FLOWS
PERIOD FROM 17 OCTOBER 2007 TO 30 JUNE 2008

	Period from 17 October 2007 to 30 June 2008 USD
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	(232,600)
Adjustments for:	
Bank interest income	(315,590)
	<hr style="width: 100%; border: 0.5px solid black;"/> (548,190)
Increase in payables and other liabilities	474,240
	<hr style="width: 100%; border: 0.5px solid black;"/> (73,950)
Bank interest received	214,371
	<hr style="width: 100%; border: 0.5px solid black;"/> 140,421
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of share capital	90,000,010
Payments for share issuance costs	(3,658,005)
	<hr style="width: 100%; border: 0.5px solid black;"/> 86,342,005
Net cash flows generated from financing activities	86,342,005
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,482,426
Cash and cash equivalents at the beginning of the period	<hr style="width: 100%; border: 0.5px solid black;"/> -
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<hr style="width: 100%; border: 0.5px solid black;"/> 86,482,426

VIETNAM PROPERTY FUND LIMITED
NOTES TO THE ACCOUNTS
PERIOD FROM 17 OCTOBER 2007 TO 30 JUNE 2008

1. Preparation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared on the historical cost basis, except for financial instruments classified as at fair value through profit or loss. The financial statements are presented in United States Dollars ("USD"), which is also the functional currency of the Company.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Realised and unrealised foreign exchange gains or losses arising on foreign currency translation are credited or charged to the income statement

2. Issued Share Capital

	2008 USD
<u>Authorised:</u>	
1,000,000,000 ordinary shares of USD0.01 each	10,000,000
1,000 management share of USD0.01 each	10
	10,000,010
	10,000,010
<u>Issued:</u>	
90,000,000 ordinary shares at par value of USD0.01 each	900,000
1,000 management share at par value of USD0.01 each	10
	900,010
	900,010

Proceeds from the issue of shares during the period were as follows:

	2008 USD
<u>Issue of shares:</u>	
90,000,000 ordinary shares at par value of USD1 each	90,000,000
1,000 management share at par value of USD0.01 each	10
	90,000,010
<u>Less share issuing fees:</u>	
Legal fees	(959,278)
Placing fees	(2,698,727)
	(3,658,005)
Proceeds from the issue of shares	86,342,005
Less issued share capital	(900,010)
	85,441,995
Share premium	85,441,995

**VIETNAM PROPERTY FUND LIMITED
NOTES TO THE ACCOUNTS
PERIOD FROM 17 OCTOBER 2007 TO 30 JUNE 2008**

3. Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share was based on the net asset attributable to the ordinary shares as at 30 June 2008 of USD86,109,405 and the 90,000,000 ordinary shares in issue as at that date.

4. Tax

Under the current law of the Cayman Islands, the Company is not required to pay any taxes in the Cayman Islands on either income or capital gains and no withholding taxes will be imposed on distributions by the Company to its shareholders or on the winding-up of the Company.

The Company is subject to 10% withholding tax on the interest received from any Vietnamese companies. Dividends remitted by Vietnamese investee companies to foreign investors are not subject to withholding taxes.

Although the Company is incorporated in the Cayman Islands where tax is exempt, its activities are primarily focused on Vietnam. In accordance with the prevailing tax regulations in Vietnam, if an entity was treated as having a permanent establishment, or as otherwise being engaged in a trade or business in Vietnam, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax in Vietnam. As at the date of this report the following information is uncertain:

- Whether the Company is considered as having permanent establishments in Vietnam; and
- The amount of tax that may be payable, if the income is subject to tax.

The implementation and enforcement of tax regulations in Vietnam can vary depending on numerous factors, including the identity of the tax authority involved. The administration of laws and regulations by government agencies may be subject to considerable discretion, and in many areas, the legal framework is vague, contradictory and subject to interpretation. The Directors believe that it is unlikely that the Company will be exposed to tax liabilities in Vietnam.

5. Basic Earnings per Share

The calculation of basic earnings per ordinary share for the period was based on the loss for the period attributable to the ordinary shares of USD232,600 and the weighted average of 90,000,000 ordinary shares in issue during the period.

**VIETNAM PROPERTY FUND LIMITED
ANNUAL REPORT AND ACCOUNTS
PERIOD FROM 17 OCTOBER 2007 TO 30 JUNE 2008**

The financial information set out in this announcement does not constitute the Company's statutory accounts for the period ended 30 June 2008, but is derived from those accounts. Full sets of accounts are available by contacting either from the offices of Dragon Capital Markets (Europe) Limited or Seymour Pierce Limited, contactable at the addresses detailed below. Alternatively the Annual Report and Accounts may be viewed and downloaded from the Company website, www.vietnampropertyfund.com, and were published on 26 September 2008.

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