

Prospectus

Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the additional Shares to be admitted to the Official List and trading on its regulated market. It is expected that admission of the additional Shares will become effective on or about 5 July 2006. The Directors do not anticipate that an active secondary market will develop in the additional Shares. No application has been made for the additional Shares to be listed on any other stock exchange.



(an exempted company incorporated with limited liability under the laws of the Cayman Islands)

PROSPECTUS DATED 30 JUNE 2006

in relation to the proposed placing of up to 3,435,999 additional Shares of US\$0.05 each at a price equivalent to the Net Asset Value per Share on 28 February 2006 plus a premium of 10 per cent.

PLACING AGENT



No copy of this Prospectus has been registered in any jurisdiction in connection with the placing of the additional Shares. This Prospectus is distributed in connection with a private placing of the additional Shares, none of which will be issued to any person other than a person to whom a copy of this Prospectus is provided by the Placing Agent.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") and may not be offered or sold in the United States or to U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act, as specified herein. Prospective purchasers are hereby notified that the sellers of the Shares may be relying on an exemption from the registration requirements of Section 5 of the 1933 Act provided by Rule 144A thereunder.

This Prospectus does not constitute, and may not be used for the purposes of an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus comes are required to inform themselves about and to observe such restrictions. No action has been taken which would permit a public offering of the Shares in any jurisdiction where action for that purpose would be required.

No person receiving a copy of this Prospectus in any territory may treat the same as constituting an invitation to him, unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements.

The contents of this Prospectus are not to be construed as a recommendation or advice to any investor in relation to the subscription, purchase, holding or disposition of additional Shares and investors should consult their professional advisers accordingly.

The Directors, whose names appear on pages 27 to 29 below, accept responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Company. No assurance can be given that existing laws will not be changed or interpreted adversely. Investors are not to construe this document as legal or tax advice. Each investor intending to acquire the additional Shares should consult his own counsel and accountant for advice concerning the various legal, tax and economic considerations relating to his investment. Each investor is responsible for the fees of his own counsel, accountants and other advisers. The Directors, the Company, the Investment Manager, the Placing Agent and other parties involved in this Placing do not accept any responsibility for any adverse tax liabilities which may accrue to holders of Shares as a result of this Placing.

Summary statements relating to the tax position of investors in jurisdictions in which it is intended to place the Shares are set out in Appendix I. These summary statements are based on advice received by the Company, but, as individual investors may be affected differently in different situations, these statements do not constitute advice to investors, are necessarily general in nature and are not definitive of any particular investor's tax position in relation to the additional Shares.

This Prospectus is being distributed by the Placing Agent to selected persons for their own use in connection with the subscription of additional Shares in the Company. This Prospectus and the information contained in it may not be used other than by the person to whom it is addressed and for the purpose of considering an investment in additional Shares, and may not be reproduced in any form or transmitted to any other person.

No action has been taken to permit the distribution of this Prospectus in any jurisdiction where action would be required for such purpose. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any relevant restrictions. Intending investors should inform themselves: (a) as to the legal requirements within their own countries for the subscription of or purchase or holding of the additional Shares; (b) as to any foreign exchange restrictions which may be relevant to them personally; and (c) as to any tax consequence arising from the purchase, holding or disposition of the additional Shares which may be relevant to them.

An investor should not subscribe for additional Shares unless satisfied that he and/or his investment representative have asked for and received all information which would enable him to evaluate the merits and risks of the proposed investment. There are significant risks associated with an investment in the Company. Investment in the Company is not suitable for all investors. The Company will only accept investments from Professional Investors who can accept the risks associated with such an investment including a substantial or complete loss of their investment. There can be no assurance that the Company will achieve its investment objective. Each prospective investor should carefully review this Prospectus and carefully consider the risks before deciding to invest.

The attention of investors is drawn to the "Risk Factors" set out on pages 12 to 15 below and to potential conflicts of interest described in the section entitled "Conflicts of Interest" on page 31 of this Prospectus.

The information contained herein has been prepared based on the relevant legislation and regulations of the Cayman Islands and on the relevant legislation and regulations of Vietnam and interpretations thereof which are believed to reflect accurately current interpretations by the relevant authorities. It should, however, be recognised that legislation and regulations, and their interpretation, vary within Vietnam and no attempt has been made to review all relevant legislation and regulations applicable in all sectors and all parts of the country in which the Company may invest and, in view of the deficiencies in the legal system described under the section entitled "Risk Factors" on pages 12 to 15 below, no assurance can be given that the information contained in this Prospectus with regard to the legislation and regulations of Vietnam and their interpretation by any relevant authority is complete or accurate.

The Directors particularly draw investors' attention to the following restrictions:

Cayman Islands

The public in the Cayman Islands may not be invited to subscribe for the additional Shares and this Prospectus does not constitute an offer to sell or issue the additional Shares to the public in the Cayman Islands.

France

The private or public placing or sale in France of the additional Shares has not been authorised by the Autorité des Marchés Financiers ("AMF") under article 14 of Decree 89-624 of 6 September 1989 and the (direct or indirect) marketing in France of the additional Shares has not been authorised by the AMF under AMF General Regulations as implemented by the AMF Instruction No. 2005-01 dated 25 January 2005.

Accordingly, the additional Shares may not be placed, sold or offered in France nor may this Prospectus or any offering document or material relating to the additional Shares be circulated or distributed, directly or indirectly to any person in France, unless such offering document or material have been requested by the investor himself without any prior active marketing of the additional Shares in France as defined by the AMF.

Hong Kong

This Prospectus relates to a private placement and does not constitute an offer to the public in Hong Kong to subscribe for Shares. No steps have been taken to register this Prospectus as a prospectus in Hong Kong. Accordingly, the Shares may not be offered or sold by means of any document in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance. Further no person may issue, or have in its possession for the purposes of issue, any advertisement, invitation or document, whether in Hong Kong or elsewhere, relating to the Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

The offer of the additional Shares is personal to the person to whom this Prospectus has been delivered by or on behalf of the Company, and a subscription for additional Shares will only be accepted from such person (or a company which such person shall have certified to be its controlled subsidiary) for such minimum amount of additional Shares as described in this Prospectus. This Prospectus and the information contained in it may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transmitted to any person in Hong Kong. It is a condition of the offer that each person who agrees to subscribe for additional Shares provides a written undertaking that it (or its principal) is acquiring such additional Shares for investment purposes only and not with a view to distributing or reselling such additional Shares and that it will not offer for sale, resell or otherwise distribute or agree to distribute such additional Shares within six (6) months from their date of issue to such person.

Ireland

It is not the present intention of the Directors that the Shares will be marketed in Ireland, and no marketing of the Shares in Ireland may take place in the future without the prior consent of the Financial Services Regulatory Authority.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore in Singapore and may not be circulated or distributed in Singapore nor may any of the Shares be offered for subscription or purchase, directly or indirectly, nor may any invitation to subscribe for or purchase any of the Shares be made in Singapore, directly or indirectly, except in circumstances in which such offer or sale is made pursuant to, and in accordance with the conditions of, an exemption invoked under Subdivision (4) of Division 1 of Part XIII of the

Singapore Securities and Futures Act (Cap 289) (the “SFA”) and to persons to whom the additional Shares may be offered or sold under such exemption. Accordingly, the Shares may not be offered or sold, or be made the subject of an invitation for subscription or purchase, nor may this Prospectus or any other offering document or material in connection with the offer or sale, or invitation for subscription or purchase of the additional Shares be circulated or distributed, directly or indirectly,

other than (i) to an institutional investor pursuant to Section 274 of the SFA, or (ii) to a relevant person, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption of the SFA. Section 276 of the SFA will have to be complied with upon the subsequent sale of Shares acquired pursuant to an exemption under Section 274 or Section 275 of the SFA.

Switzerland

Neither the Company nor the additional Shares being offered hereby have been registered with the Swiss Federal Banking Commission as a foreign mutual fund pursuant to Article 45 of the Swiss Investment Fund Act of March 18, 1994 and the corresponding Swiss Investment Fund Ordinance. Accordingly, the Shares may not be offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering materials relating to the Company or the Shares may be distributed in connection with any such public offering. The Shares may only be offered in or from Switzerland to institutional investors and to a limited number of other investors without any public offering.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “relevant member state”), with effect from and including the date on which the Prospectus Directive is implemented in that member state (the “Relevant Implementation Date”), this Prospectus does not make or constitute an offer of Shares to the public in that relevant member state prior to the publication of a prospectus in relation to the Shares, which has been approved by the competent authority in that relevant member state in accordance with the Prospectus Directive or, where appropriate, published in another relevant member state and notified to the competent authority in that relevant member state in accordance with Article 18 of the Prospectus Directive except that it may, with effect from and including the Relevant Implementation Date, constitute an offer of Shares to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Shares to the public” in relation to any Shares in any relevant member state means (i) the communication in any form and by any means of sufficient information on the terms of the offer under this Prospectus and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

Each subscriber for or purchaser of Shares offer pursuant to this prospectus located within a member state of the European Economic Area will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Company and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Company of such fact in writing may, with the consent of the Company, be permitted to subscribe for or purchase Shares.

United Kingdom

This Prospectus is directed only at persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (each, a “relevant person”) and must not be acted on or relied on by any person who is not a relevant person. Any investment or investment activity to which this Prospectus relates is available only to relevant persons, will be engaged in only with relevant persons and must only occur in circumstances in which section 21(1) of FSMA does not apply to the Company.

The Company has been advised that it may become a “collective investment scheme” as defined in the Financial Services and Markets Act 2000, as amended, if there is any redemption or repurchase of Shares by the Company, as set out in more detail in Appendix 1.

United States of America

The Shares have not been and will not be registered under the Securities Act of 1933 of the United States, as amended (“the 1933 Act”), or the securities laws of any of the States of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any “U.S. Person” as defined in Regulation S under the 1933 Act (“Regulation S”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws.

The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Purchasers and subscribers of Shares may be required to give certificates as to, among other things, their status as U.S. Persons or non-U.S. Persons and to give undertakings as to the persons and manner in which they may sell or transfer their interests.

The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (“the 1940 Act”). Based on interpretations of the 1940 Act by the United States Securities and Exchange Commission (the “SEC”) relating to foreign investment companies, if, *inter alia*, either (i) the Company or (ii) if the Company is determined to be integrated with Vietnam Emerging Equity Fund Limited, a Cayman Islands company, the Company and Vietnam Emerging Equity Fund Limited (treated as a single issuer) (together the “Integrated Issuer”) has more than 100 beneficial owners who are U.S. Persons, the Company may become subject to certain requirements under the 1940 Act. To ensure that the Company does not become subject to such requirements, the Directors may require the compulsory redemption of Shares beneficially owned by U.S. Persons.

Notwithstanding the foregoing prohibitions, Shares may be offered to a limited number of investors in the United States that qualify as “Accredited Investors” (within the meaning of Rule 501(a)(1),(2),(3) or (7) under the 1933 Act) that are also “qualified institutional buyers” (within the meaning of and reliance on Rule 144A under the 1933 Act, “QIBs”) and Qualified Purchasers. The Directors do not intend to permit Shares acquired by investors subject to the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and by other benefit plan investors (as defined on page 68 below) to equal or exceed 25 per cent of the value of the Shares (excluding Shares held by persons who have discretionary authority or control with respect to the assets of the Company, persons who provide investment advice for a fee, direct or indirect, with respect to such assets, and any affiliates of such persons).

The Investment Manager has not been nor will it be registered as an investment adviser under the United States Investment Advisers Act of 1940, as amended.

The Shares have not been approved or disapproved by the SEC or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

No “benefit plan investor” (as defined on page 69 below) will be entitled to purchase or hold or subscribe for Shares if that will result in 25 per cent or more of the Shares being held by benefit plan investors (excluding Shares held by persons who have discretionary authority or control with respect to the assets of the Company, persons who provide investment advice for a fee, direct or indirect, with respect to such assets, and any affiliates of such persons), in order to avoid the assets of the Company being treated as “plan assets” for the purposes of ERISA.

A description of United States selling restrictions is set out in Appendix II.

For New Hampshire residents only

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED (“RSA”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT THE SHARES ARE EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR THE SHARES OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS

AMENDMENTS TO THE UNITED STATES INVESTMENT COMPANY ACT OF 1940 HAVE LOOSENEED CERTAIN RESTRICTIONS CONTAINED IN SUCH ACT. THE BOARD OF DIRECTORS, IN ITS SOLE DISCRETION AND ACTING UPON THE ADVICE OF COUNSEL, MAY DETERMINE TO RELY ON SUCH AMENDMENTS (INCLUDING, WITHOUT LIMITATION THE EXEMPTION CREATED FOR OFFERS AND SALES OF SECURITIES OF INVESTMENT COMPANIES TO "QUALIFIED PURCHASERS" PURSUANT TO SECTION 3 (C) (7) OF SUCH ACT) TO RELAX, TO THE EXTENT LEGALLY PERMISSIBLE, CERTAIN RESTRICTIONS AND LIMITATIONS DESCRIBED IN THIS PROSPECTUS AND PROVIDED FOR IN THE COMPANY'S MEMORANDUM AND ARTICLES OF ASSOCIATION UPON THE ACQUISITION, HOLDING, TRANSFER AND DISPOSITION OF SHARES OF THE COMPANY BY 'U.S. PERSONS', AS REFERRED TO IN THIS PROSPECTUS AND IN SUCH MEMORANDUM AND ARTICLES OF ASSOCIATION.

To permit compliance with Rule 144A under the 1933 Act in connection with the sale of the Shares, the Company will be required to furnish, upon request of a holder of a Share, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the 1933 Act if at the time of the request the Company is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “1934 Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) under the 1934 Act.

DIRECTORY

CONTENTS

| CLAUSE | PAGE |
|---|-----------|
| PROSPECTUS DATED 30 JUNE 2006 | 1 |
| SUMMARY | 10 |
| RISK FACTORS | 12 |
| <i>Investment Risks and Trading Risks in General</i> | <i>12</i> |
| <i>Lack of Operating History</i> | <i>12</i> |
| <i>Business Dependent Upon Key Individuals</i> | <i>13</i> |
| <i>Limited Liquidity</i> | <i>13</i> |
| <i>Investments in Listed Companies</i> | <i>13</i> |
| <i>Investments in Pre-Listing Companies</i> | <i>13</i> |
| <i>Competition – Investee Companies</i> | <i>13</i> |
| <i>Limited Investment Opportunities</i> | <i>13</i> |
| <i>Legal System</i> | <i>14</i> |
| <i>Political and Economic Risk</i> | <i>14</i> |
| <i>Accounting, Auditing and Financial Reporting Standards</i> | <i>14</i> |
| <i>Exchange Risk</i> | <i>14</i> |
| <i>Currency Conversion and Capital Controls</i> | <i>14</i> |
| <i>Legal Considerations</i> | <i>15</i> |
| <i>Absence of an Active Secondary Market</i> | <i>15</i> |
| <i>Conflicts of Interest of Investment Manager</i> | <i>15</i> |
| DEFINITIONS | 16 |
| KEY FUND INFORMATION | 21 |
| RATIONALE FOR THE INCREASE IN ISSUED SHARES | 22 |
| THE FUND | 24 |
| INTRODUCTION | 24 |
| INVESTMENT OBJECTIVE | 24 |
| INVESTMENT POLICIES | 24 |
| INVESTMENT RESTRICTIONS | 25 |
| INVESTMENT PROCEDURES AND INVESTMENT REALISATION | 26 |
| FOREIGN EXCHANGE POLICY | 26 |
| BOARD OF DIRECTORS | 27 |
| INVESTMENT MANAGER | 29 |
| ADMINISTRATOR | 30 |
| SECRETARIAL SERVICES | 30 |
| CUSTODIAN | 30 |
| CLEARING | 31 |
| CONFLICTS OF INTEREST | 31 |
| <i>Other Clients</i> | <i>31</i> |
| <i>Other Activities</i> | <i>32</i> |
| <i>Contracts with the Company or Investee Companies</i> | <i>32</i> |
| <i>Ownership of Shares</i> | <i>32</i> |
| <i>Placing Agent</i> | <i>32</i> |
| <i>Handling of Conflicts</i> | <i>32</i> |

DIRECTORY

| | |
|--|-----------|
| FEES AND EXPENSES | 33 |
| <i>Management Fee</i> | 33 |
| <i>Other Fees and Expenses</i> | 33 |
| PLACING PROCEDURES..... | 35 |
| PLACING PROCEDURES AND INVESTING IN THE COMPANY | 35 |
| <i>Verification of Identity</i> | 36 |
| THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE | 37 |
| OVERVIEW OF ECONOMIC REFORM AND RESULTING GROWTH | 37 |
| <i>Rising Exports and the Trade Balance</i> | 38 |
| <i>Domestic Demand</i> | 39 |
| <i>Foreign Direct Investment</i> | 40 |
| <i>Conclusion</i> | 40 |
| OVERVIEW OF THE VIETNAM STOCK EXCHANGE | 41 |
| INFORMATION RELATING TO THE SHARES | 43 |
| SHARE CAPITAL | 43 |
| RIGHTS ATTACHING TO THE SHARES | 43 |
| LISTING OF THE SHARES | 43 |
| FURTHER ISSUE OF SHARES | 43 |
| DETERMINATION OF NET ASSET VALUES | 44 |
| TRANSFERS OF SHARES | 45 |
| COMPULSORY TRANSFER OR REDEMPTION OF SHARES | 45 |
| INCOME DISTRIBUTIONS | 45 |
| CAPITAL DISTRIBUTIONS | 46 |
| SUPPLEMENTARY INFORMATION ABOUT THE COMPANY | 47 |
| ESTABLISHMENT | 47 |
| DURATION OF THE COMPANY | 47 |
| FINANCIAL STATEMENTS AND REPORTS | 48 |
| DIRECTORS' INTERESTS | 48 |
| CONSTITUTION | 48 |
| <i>Memorandum of Association</i> | 49 |
| <i>Articles of Association</i> | 49 |
| MATERIAL CONTRACTS | 55 |
| <i>Investment Management Agreement</i> | 55 |
| <i>Placing Agreement</i> | 56 |
| <i>Custodian Agreement</i> | 56 |
| <i>Administration Agreement</i> | 57 |
| <i>Secretarial Services</i> | 58 |
| LITIGATION..... | 58 |
| DOCUMENTS AVAILABLE FOR INSPECTION | 58 |
| MISCELLANEOUS..... | 59 |
| <i>Investments</i> | 59 |
| <i>Statement of Indebtedness</i> | 60 |
| <i>Working Capital</i> | 60 |
| <i>Share Information</i> | 60 |
| <i>Significant Owners</i> | 60 |
| TAXATION..... | 61 |

DIRECTORY

| | |
|---|------------|
| VIETNAM | 61 |
| <i>Non-Vietnamese investments</i> | 61 |
| <i>Investee Companies – corporate income tax</i> | 61 |
| <i>Investee Companies – profit remittance tax</i> | 61 |
| <i>Capital gains tax</i> | 61 |
| CAYMAN ISLANDS | 62 |
| FRANCE | 62 |
| <i>The Company</i> | 62 |
| <i>Shareholders</i> | 62 |
| HONG KONG | 64 |
| <i>The Company</i> | 64 |
| <i>Shareholders</i> | 64 |
| SINGAPORE | 64 |
| <i>The Company</i> | 64 |
| <i>Shareholders</i> | 64 |
| UNITED KINGDOM | 65 |
| <i>The Company</i> | 65 |
| <i>Shareholders</i> | 65 |
| <i>Stamp Duty and Stamp Duty Reserve Tax</i> | 65 |
| <i>General</i> | 66 |
| SWITZERLAND | 66 |
| <i>General</i> | 66 |
| UNITED STATES | 66 |
| <i>United States Federal Income Tax Considerations</i> | 66 |
| <i>The Company</i> | 67 |
| <i>Shareholders</i> | 67 |
| <i>Dividends</i> | 67 |
| <i>Dispositions</i> | 67 |
| <i>Passive Foreign Investment Company</i> | 67 |
| <i>Information Reporting and Backup Withholding</i> | 68 |
| <i>ERISA Considerations</i> | 68 |
| UNITED STATES SELLING RESTRICTIONS | 71 |
| AUDITED FINANCIAL STATEMENTS | 73 |
| AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2005..... | 73 |
| AS AT AND FOR THE PERIOD FROM 7 MAY 2003 TO 30 SEPTEMBER 2004 | 93 |
| DIRECTORY | 109 |
| DIRECTORS OF THE COMPANY | 109 |
| EXECUTIVE DIRECTORS OF THE INVESTMENT MANAGER | 109 |

SUMMARY

SUMMARY

THIS IS A SUMMARY OF THE IMPORTANT INFORMATION SET OUT IN THE PROSPECTUS AND SHOULD BE REGARDED ONLY AS A SUMMARY AND INTRODUCTION TO THE PROSPECTUS. IT IS NOT A COMPLETE DESCRIPTION OF ALL OF THE IMPORTANT INFORMATION TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SHARES OF A FUND AND SHOULD BE READ IN CONJUNCTION WITH, AND IS SUBJECT TO THE FULL PROVISIONS SET OUT IN THE PROSPECTUS RELATING TO THE RELEVANT SHARES OF A FUND.

Company – The Company is a closed-end investment company which was incorporated in the Cayman Islands on 7 May 2003. The Company has an authorised share capital of US\$600,000, consisting of 12,000,000 Shares of par value US\$0.05 each. The Company is offering the additional Shares on the basis of 2 additional Shares for every 5 existing Shares held at an offering price per Additional Share equivalent to the Net Asset Value per Share on 28 February 2006 plus a premium of 10 per cent. In addition to such price, the Placing Agent may charge a placing fee of up to US\$ 0.10 per Additional Share, which the Placing Agent is entitled to retain. There will be no placing fee for subscriptions by Shareholders who are existing Shareholders of the Company and registered and recorded as legal owners of Shares as at 8 March 2006. Clause 3 of the Memorandum of Association of the Company provides that the Company's objects are unrestricted (except as prohibited by law), but, without limiting the foregoing, the principal objects of the Company include, inter alia, to carry on business as an investment holding company and to buy, sell and deal in, acquire, invest in and hold by way of investment interests in development projects wheresoever located, bonds, obligations, certificates of deposit, treasury bills, trade bills, bank acceptances, bills of exchange, monetary instruments, currency, shares, stocks, debentures, debenture stock, financial futures contracts, warrants, options of all kinds and securities of all kinds, created, issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, in any part of the world, or by any company, organisation, bank, association or partnership, whether with limited or unlimited liability, constituted or carrying on business in any part of the world, units of participation in any unit trust scheme, mutual fund or collective investment scheme in any part of the world, policies of assurance, and any rights and interests to or in any of the foregoing (whether issued or to be issued), and from time to time to sell, deal in, vary or dispose of any of the foregoing.

Classes of Shares – The Shares including the additional Shares currently being offered constitute the only class of shares in the Company. All Shares have the same rights, whether in regard to voting, dividends, return of share capital and otherwise, with the exception of one Share which has been issued to the Investment Manager. However, pursuant to the Deed of Waiver, the Investment Manager has irrevocably waived any and all rights and benefits attached to such Share, including, but not limited to, the right to receive notice of, attend and vote at general meetings of the Company, the right to participate pro rata in dividends or other distributions declared and paid by the Company and the right to participate pro rata in the distribution of assets on the winding-up of the Company, during any period in which any other Shares in the capital of the Company are in issue. Details of the classes of Shares are set out in the Prospectus.

Investment Objective and Policies – The investment objective of the Company is to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies, whether established with domestic or foreign ownership, which are either Listed Companies or Pre-Listing Companies. The investment restrictions applying to the Company are set out in the Prospectus.

Dividend Policy – The Board shall declare any such dividends to the holders of Shares as appear to the Board to be appropriate. No dividend may be declared or paid other than from funds lawfully available for distribution including share premium. The Company's income from investments will be applied first to pay the fees and other expenses of the Company. The Company expects that its net income (excluding capital gains), if any, after paying such fees and expenses, will be distributed to Shareholders annually, subject to retention of sufficient funds to meet anticipated fees and other expenses and subject to the ability to convert Dong income or other income in non-convertible currencies into US dollars for purposes of paying such dividends. See the Prospectus for further details.

Risk Factors – Investment in Vietnam carries a high degree of risk. The Company's investments in Vietnam will be subject to certain special risks as well as normal investment risks. There can be no assurance that the investments of the Company will be successful or that its objectives will be attained. Accordingly, investment in the Company should be considered to be speculative in nature and only suitable for sophisticated investors who are aware of the risks involved in investment in the Company and who have the ability and willingness to accept the anticipated lack of liquidity in the investments of the Company, the illiquid nature of investment in the Shares and the risk of total

SUMMARY

loss of capital resulting from investment in Vietnam. A more detailed description of certain risk factors relevant to investors in the Company is set out under **Risk Factors** in the Prospectus.

Subscription for Shares – Additional Shares will only be issued during the Offer Period of the Fund, details of which are contained in the Prospectus. Following the closing of the Offer Period no further Shares will be issued in the Company.

Repurchase of Shares – Subject to relevant provisions of Cayman Islands' law and the Articles, the Company may from time to time by not less than 30 calendar days' notice to Shareholders redeem all or any portion of the Shares held by the Shareholders at the redemption price denominated in US dollars and calculated in accordance with the calculation policy as outlined in the Prospectus.

HOLDERS OF SHARES HAVE NO RIGHT TO REQUIRE THEIR SHARES TO BE REDEEMED BY THE COMPANY

Fees and Expenses – Details of the fees and expenses to be borne by the Company are contained in the Prospectus.

Reports and Accounts – The Company's fiscal year ends on 30 September of each year. The Company will send to The Irish Stock Exchange and to each of its registered Shareholders (i) on or before 31 March of each year, an annual report including audited financial statements for the preceding fiscal year, and (ii) on or before 31 July of each year, a semi-annual report including unaudited financial statements for the semi-annual period up to the last Valuation Day in the preceding March. The Company's financial statements for the periods ended 30 September 2004 and 2005 are attached as Appendix III. The Company's Net Asset Value will be calculated as at each Valuation Day and will be reported to The Irish Stock Exchange.

Listing – Application has been made to the Financial Services Regulator for the approval of the Prospectus and application has been made to the Irish Stock Exchange for the additional Shares of the Company to be admitted to the official list of the Irish Stock Exchange.

Directors of the Company – The Directors of the Company are Philip Smiley, Christopher Vale, Tony Jordan, Ms. Dinh Thi Hoa and Markus Winkler.

Supply and inspection of documents – Copies of the following documents may be inspected at the offices of the Administrator during usual business hours on weekdays, except Saturdays and public holidays:

- (a) the Certificate of Incorporation of the Company;
- (b) the Memorandum of Association of the Company and the Articles;
- (c) the Placing Agreement;
- (d) the Custodian Agreement;
- (e) the Administration Agreement;
- (f) the Investment Management Agreement;
- (g) the Secretarial Services Agreement;
- (h) the Companies Law of the Cayman Islands; and
- (i) a list of past and current directorships and partnerships held by each Director over the last 5 years.

RISK FACTORS

RISK FACTORS

Investment in Vietnam carries a high degree of risk. The Company's investments in Vietnam will be subject to certain special risks as well as normal investment risks. There can be no assurance that the investments of the Company will be successful or that its objectives will be attained. Accordingly, investment in the Company should be considered to be speculative in nature and only suitable for sophisticated investors who are aware of the risks involved in investment in the Company and who have the ability and willingness to accept the anticipated lack of liquidity in the investments of the Company, the illiquid nature of investment in the Shares and the risk of total loss of capital resulting from investment in Vietnam.

Investment Risks and Trading Risks in General

All securities investments present a risk of loss of capital. The Directors believe that the Company's investment policy will moderate this risk through a careful selection of securities. However, the Company will be subject to market risk, interest rate risk, credit risk and foreign currency risk:

(a) Market risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether or not those changes are caused by factors specific to the individual asset or factors affecting all assets in the market.

The Company will be exposed to market risk on all of its investments. In the case of its investments in Listed Companies, such market risk relates to the Vietnam Stock Exchange and other exchanges, if any, where the Company's investments are listed.

Furthermore, there is no certainty that the market price of the additional Shares will fully reflect their underlying net asset value. Shares of closed-end investment companies frequently trade at a discount to net asset value. This characteristic of shares of a closed-end fund is a risk separate and distinct from the risk that the Net Asset Value may decrease.

(b) Interest rate risk

Interest rate risk is the risk that the value of interest-bearing assets will fluctuate in value as a result of changes in interest rates.

(c) Credit risk

To the extent that the Company is exposed to the credit of a counterparty on an unsecured basis, it generally will not have a priority claim to any of the counterparty's assets upon a default. If the counterparty has secured creditors, the secured creditors will be entitled to repayment from the counterparty's assets in priority to the Company. Moreover, the Company may have to share the residual value of a defaulting counterparty's assets with other unsecured creditors. Consequently, there can be no assurance that the Company would recover any of the amount owed to the Company by a defaulting counterparty.

(d) Foreign currency risk

Foreign currency risk is more fully described at "Exchange Risk" and "Currency Conversion" at page 14.

In addition, investors should be particularly aware of certain specific risk factors relating to Vietnam, the Company, and the nature of the Company's investments. These include:

Lack of Operating History

The Company and the Investment Manager were both formed less than 4 years ago. There can be no assurance that the Company will achieve its investment objective.

RISK FACTORS

Business Dependent Upon Key Individuals

The success of the Company is significantly dependent upon the expertise of Kevin Snowball and Jonathon Waugh and any future unavailability of their services could have an adverse impact on the Company's performance.

Limited Liquidity

It may be considerably more difficult for the Company to exit its investments than it is for investors in more developed geographic regions. The Vietnam Stock Exchange only started operations in July 2000, may be more regulated than other regional stock exchanges, and may continue to exhibit limited liquidity. See description of the Vietnam Stock Exchange at pages 41 and 42.

In addition, the Company will endeavour to realise investments in Pre-Listing Companies through listings on the Vietnam Stock Exchange. However, few companies have listed shares on the Vietnam Stock Exchange and there is no guarantee that the Vietnam Stock Exchange will provide liquidity for the Company's investments in Pre-Listing Companies.

Investments in Listed Companies

Trading on the Vietnam Stock Exchange is subject to various restrictions. Price changes are subject to daily limits of 5 per cent in either direction. Foreign investors who wish to purchase shares through the Vietnam Stock Exchange must register through a custodian licensed to hold securities on behalf of foreigners. Total foreign ownership of a Listed Company is currently limited to 49 per cent of the issued shares.

Investments in Pre-Listing Companies

While the Company does not intend to invest more than 30 per cent of its assets at the time of investment in Pre-Listing Companies, and while such investments may offer the opportunity for significant capital gains, such investments also involve a high degree of business and financial risk.

Generally, the Company's investments in Pre-Listing Companies will be difficult to value, and there will be little or no protection for such investments. If a listing on the Vietnam Stock Exchange is not possible, investments in Pre-Listing Companies may have to be held for an appreciable time and may in such period require further infusions of capital in order to avoid insolvency. Sales of securities in Pre-Listing Companies which fail to obtain a listing may not be possible and, if possible, may only be possible at substantial discounts.

Competition – Investee Companies

Competition in business in Vietnam is increasing swiftly, partly as a result of the country's increasing internationalisation. The financial viability of some investments made by the Company may be affected by changes in Vietnam's trade regime. The Company's investments in export-oriented industries, for example, may be affected by changes in trade regimes or by protectionist measures in foreign countries. Similarly, the Company's investments in Investee Companies selling into the domestic market may be adversely affected by increasing competition from international firms as trade barriers are reduced, such as those resulting from increasing compliance with the Common Effective Preferential Tariff programme under the ASEAN Free Trade Area and the U.S. - Vietnam Bilateral Trade Agreement. As a result of such changes, and other market forces, including those resulting from Vietnam's potential entry into the World Trade Organisation, the Company's investments could suffer substantial declines in value at any stage.

Limited Investment Opportunities

Other companies, institutions and investors, both Vietnamese and foreign are active in seeking investments in 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.

Although there has been a gradual easing of restrictions, foreign investment in the securities of companies in Vietnam is nevertheless still restricted or controlled to varying degrees. These restrictions or controls limit foreign

RISK FACTORS

investment in many areas and preclude it altogether in certain sectors. The laws of Vietnam normally limit the amount of investment by foreign persons in a particular company and may require prior governmental approval for such investment. In addition, Vietnam restricts investment opportunities in companies or industries deemed important to national interests. The Company could be adversely affected by delays in, or a refusal to grant, any required governmental approval for investment in a particular company, as well as by the application to the Company of any restrictions on investments.

Legal System

The laws and regulations affecting the Vietnamese economy are in an early stage of development and are not well established. Although the legal system in Vietnam is improving, and the Government appears to be planning substantial further legal reforms, 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 improvements will continue. As Vietnam's legal system develops, there are inconsistencies and gaps in laws and regulations, 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. Furthermore, the judicial system may not be reliable or objective and the ability to enforce acknowledged legal rights is often lacking.

There is therefore not the same degree of certainty as investors would expect if they invested in other jurisdictions.

Political and Economic Risk

The value of the Company's assets and of an investment in the Company may be adversely affected by changes in Government, Government personnel or Government policies, which may include, among other things, changes in economic policy, taxation, investment regulations, securities regulations and foreign currency conversion or repatriation. While Vietnam has implemented many reforms which have improved the overall framework for investors and companies in which they invest, there is no guarantee that reform will continue or that it will continue at any particular pace.

Accounting, Auditing and Financial Reporting Standards

Vietnam's accounting, auditing and financial reporting standards, practices and disclosure requirements differ from those in more developed countries. Less information may therefore be available to the Company than in respect of investments in more developed countries. However, the Company intends to make investments in Pre-Listing Companies on the basis of financial statements audited by a major international firm of accountants, and Listed Companies are all required to have audited financial statements. In addition, the Investment Manager intends to encourage the management of Investee Companies to adopt international accounting standards and practices in order to improve the standing of their company in the view of international investors.

Exchange Risk

The Net Asset Value per Share is expressed in US dollars and will fluctuate in accordance with, among other things, changes in the foreign exchange rate between the US dollar and the Dong. Shareholders' investments in the Company will be made in US dollars, and the Company will have to convert such US dollars into Dong prior to making investments. It will have to convert Dong back to US dollars prior to distributing any income and realisation proceeds from such investments. There can be no assurance that fluctuations in exchange rates will not have an adverse effect on (a) the Net Asset Value, or (b) the distributions received by Shareholders in US dollars after conversion of the income and realisation proceeds from the Company's Dong-denominated investments. In 2001, 2002, 2003, 2004 and 2005 the Dong depreciated against the US dollar by 3.9 per cent, 1.94 per cent, 1.54 per cent, 0.83 and 0.79 per cent respectively. The Company may seek to hedge against a decline in the value of the Company's investments resulting from currency depreciation but only if and 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 depreciation.

Currency Conversion and Capital Controls

Many of the Company's investments are expected to be in securities that are denominated in Dong and that pay dividends in Dong. The Company will need to convert Dong back to US dollars to make distributions to Shareholders, but the Dong is currently not a convertible currency. The Government does not guarantee that hard

RISK FACTORS

currency will be available to the Company or that it will receive any priority if there is a shortage.

With respect to sales of investments in Pre-Listing Companies, Prime Minister's Decision 36 provides that foreign investors can convert income and realisation proceeds into hard currency and remit them overseas upon the fulfilment of all tax obligations in accordance with Vietnamese law. However, in the absence of any regulations implementing these provisions of Decision 36, especially regulations in respect of the requirements to demonstrate the fulfilment of all tax obligations, the mechanics of conversion will depend on the State Bank of Vietnam's regulations. For investments in Pre-Listing Companies, relevant regulations are either not yet in existence or currently not clear. Until the State Bank of Vietnam issues clear procedures for conversion of Dong into foreign currency by an offshore investment fund, it is possible that the Company may have difficulty accomplishing such conversion. This may include the need to obtain a special approval, and such approval may not be received quickly or at all. Any delay in conversion increases the Company's exposure to depreciation of the Dong against other currencies. If conversion is not effected at all, some of the Company's assets may be denominated in a non-convertible currency.

Legal Considerations

The issue of the Shares in certain jurisdictions may be restricted by law. Investment in the Company may involve legal requirements, foreign exchange restrictions and tax considerations unique to each investor. Prospective investors should consult their own legal and tax advisers prior to making an investment decision. Shares that are acquired in violation of applicable law, as determined by the Company, may be required to be transferred or may be compulsorily redeemed by the Company.

Absence of an Active Secondary Market

Although the Company expects to list the additional Shares on The Irish Stock Exchange, it does not expect that an active secondary market will develop in the Shares. However, PXP Capital Markets Limited, a company which is related to the Investment Manager, will assist where possible in providing entry and exit opportunities for investors in accordance with applicable laws and regulations.

Conflicts of Interest of Investment Manager

Potential conflicts of interest are more fully described at pages 31 to 34.

DEFINITIONS

DEFINITIONS

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

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| <i>additional Shares</i> | The ordinary Shares of the Company to be offered or issued pursuant to this Prospectus, whose rights and restrictions are explained in the section entitled "Information relating to the Shares" on page 43 below and in the Articles |
| <i>Administrator</i> | The administrator of the Company is Bank of Bermuda (Cayman) Limited |
| <i>Administrator's Agent</i> | HSBC Institutional Trust Services (Asia) Limited |
| <i>Administration Agreement</i> | The agreement dated 11 July 2003 and made between the Company and the Administrator under which the Administrator agrees to provide administration and share registrar services to the Company |
| <i>Affiliate</i> | In relation to any body corporate, a body corporate which is a direct or indirect Subsidiary or Holding company of such body corporate, or which is a direct or indirect Subsidiary of the ultimate Holding company of such body corporate; and for purposes of this definition and the definition of <i>Related Party</i> , a company is a <i>Subsidiary</i> of another company, its <i>Holding company</i> , if that other company owns more than 50 per cent of the voting equity interests in it |
| <i>Application Form</i> | The application form that will be provided by the Placing Agent to each placee, in substantially the form attached to the Placing Agreement |
| <i>Articles</i> | The Articles of Association of the Company |
| <i>Auditors</i> | Ernst & Young Vietnam Limited in its capacity as Independent Auditors of the Company, or such other auditors as shall be appointed from time to time by the Company |
| <i>Business Day</i> | A day (other than Saturday) on which banks in Hong Kong and Vietnam are open for normal banking business provided that where as a result of a Number 8 Typhoon Signal, Black Rainstorm Warning or other similar event, the period during which banks in Hong Kong are open on any day are reduced, such day shall not be a Business Day unless the Directors otherwise determine |
| <i>Closing Date</i> | 21 March 2006 or such other date as is determined by the Directors and notified to subscribers of the additional Shares |
| <i>Company</i> | PXP Vietnam Fund Limited, an investment holding company incorporated as an exempted company with limited liability under the laws of the Cayman Islands |
| <i>Custodian</i> | The Custodian of the Company's assets is Deutsche Bank A.G. See "Custodian" at page 30 |
| <i>Custody Agreement</i> | The agreement dated 27 May 2003 between the Company and the Custodian under which the Custodian agrees to act as custodian of the Company's assets |
| <i>Deed of Waiver</i> | The Deed of Waiver dated 10 July 2003 pursuant to which the |

DEFINITIONS

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| | Investment Manager has irrevocably waived any and all rights and benefits attached to the one Share which it owns |
| <i>Directors or the Board</i> | The board of directors of the Company |
| <i>Dong</i> | Vietnamese Dong. The current exchange rate between US dollars and Dong is approximately US\$1:15,910 Dong |
| <i>FDI</i> | Foreign direct investment into Vietnam |
| <i>Government</i> | The government of Vietnam |
| <i>IFRS</i> | The international financial reporting standards approved as being in effect from time to time by the International Accounting Standards Board, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee |
| <i>Investee Company</i> | A Listed Company or a Pre-Listing Company in which the Company has invested |
| <i>Investment Manager</i> | PXP Vietnam Asset Management Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, and wholly owned by Phan Xi Pang Asset Management Limited and acting as the investment manager pursuant to the Investment Management Agreement |
| <i>Investment Management Agreement</i> | The agreement dated 19 June 2003 between the Company and the Investment Manager, as amended on 17 December 2003 and on 22 February 2005, between the Company and the Investment Manager, under which the Investment Manager agrees to manage the assets of the Company |
| <i>Investor</i> | (1) Shareholders who are existing Shareholders of the Company and registered and recorded as legal owners of Shares as at 8 March 2006 who purchase additional Shares; and (2) Professional Investors who are not Shareholders as at the date of this Prospectus who purchase additional Shares |
| <i>Issue</i> | The issue of additional Shares pursuant to the Placing as contemplated by this Prospectus |
| <i>Listed Company</i> | A company which has shares listed on the Vietnam Stock Exchange |
| <i>Memorandum of Association</i> | The Memorandum of Association of the Company |
| <i>Net Asset Value</i> | The total assets of the Company less the total liabilities of the Company determined in accordance with the provisions of the Articles and as described in the section headed "Determination of Net Asset Values" on page 44 below |
| <i>Net Asset Value per Share</i> | The result obtained by dividing the Net Asset Value by the number of Shares issued and outstanding at the time of calculation |
| <i>1933 Act</i> | The Securities Act of 1933 of the United States, as amended |

DEFINITIONS

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| <i>Other Investment Manager Client</i> | A company or other entity, except the Company, that is advised or managed by the Investment Manager or one of its Affiliates from time to time |
| <i>Ordinary Resolution</i> | A resolution passed by a simple majority of the votes of such Shareholders as, being entitled so to do, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting |
| <i>Placing</i> | The placing of up to 3,435,999 additional Shares subject to the terms and conditions described in this Prospectus, the Placing Agreement and the Placing Letter (for further details see “Placing Procedures” on page 35) |
| <i>Placing Agent</i> | PXP Capital Markets Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, and acting as the placing agent pursuant to the Placing Agreement, and such term includes any sub-placing agents as are authorised under the Placing Agreement |
| <i>Placing Agreement</i> | The agreement dated 27 February 2006 between the Company and the Placing Agent relating to the placing of the additional Shares |
| <i>Placing Letter</i> | The letter, issued by the Placing Agent, pursuant to which the additional Shares will be placed, a form of which is attached as a schedule to the Placing Agreement |
| <i>Pre-Listing Company</i> | A company in Vietnam which (i) has passed a board of directors resolution to seek a listing on the Vietnam Stock Exchange, or (ii) in the opinion of the Investment Manager has a reasonable expectation of being able to list on the Vietnam Stock Exchange within about six months from the date the Company makes an investment in such company |
| <i>Professional Investor</i> | An investor, including a transferee of Shares, who warrants at the time of making the investment both (A) (i) that his ordinary business or professional activity includes the buying or selling of investments, whether as principal or agent; or (ii) that he individually (or jointly with his spouse) has a net worth in excess of \$1,000,000; or (iii) that it is an institution with a minimum amount of assets under discretionary management of \$5,000,000, and (B) (a) that he has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Company and to make an informed decision with respect thereto; (b) that he is aware of the risks inherent in investing in the Shares and the method by which the assets of the Company are held and/or traded; and (c) that he can bear the risk of loss of his entire investment |
| <i>Related Party</i> | means: (i) a substantial shareholder, directly or indirectly, of the Company or the Investment Manager, as the case may be; (ii) any person who is (or was within the 12 months preceding the date of the transaction) a Director or alternate director of the Company or the Investment Manager, as the case may be, or of any other company which is (and, if he has ceased to be such, was while he was a director or alternate director of such other company) its |

DEFINITIONS

subsidiary undertaking or parent undertaking or a fellow subsidiary undertaking of its parent undertaking; or

(iii) an associate of a related party within (i) or (ii) above

Secretarial Services Agreement

The Registered Office and Secretarial Services Agreement dated 11 July 2003 between the Company and the Secretary under which the Secretary agrees to provide the registered office for and to act as secretary of the Company

Secretary

CARD Corporate Services Ltd.

Shares

The ordinary shares of the Company that have been offered or issued at any time and which include the additional Shares which are currently being offered, whose rights and restrictions are explained in the section entitled “Information relating to the Shares” on page 43 below and in the Articles

Shareholder(s)

Registered holder(s) of Shares

SOE

A state-owned enterprise in Vietnam

Special Resolution

has the meaning set out in the Companies Law of the Cayman Islands; and for the Company’s purposes the requisite majority shall be not less than three-fourths of such Shareholders as, being entitled so to do, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting

SSC

The State Securities Commission, the official body in charge of regulating the Vietnam Stock Exchange

US\$ or US dollars

United States dollars

United States

has the meaning as defined in Regulation S under the 1933 Act

U.S. Person

A U.S. Person, as defined by Rule 902 of Regulation S under the 1933 Act. Without limiting such definition, U.S. Person generally includes the following:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organised or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a U.S. Person;
- (d) any trust of which any trustee is a U.S. Person;
- (e) any agency or branch of a non-U.S. entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;

DEFINITIONS

- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
 - (i) organised or incorporated under the laws of any non-U.S. jurisdiction; and
 - (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts

Valuation Day

The last Business Day in each month, unless the Directors resolve otherwise, and such other days as the Company may determine, each being a day on which the Net Asset Value is calculated

Vietnam Sub-Custodian

Deutsche Bank, A.G., Ho Chi Minh City Branch

Vietnam Stock Exchange

The officially sanctioned mechanism for trading in listed equities, bonds and other securities, located in Ho Chi Minh City and in Hanoi, together with any other officially sanctioned trading centres that may open in other cities in Vietnam

VND

Vietnamese Dong

KEY FUND INFORMATION

KEY FUND INFORMATION

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus:

The Company and the Offering The Company is a closed-end investment company which was incorporated in the Cayman Islands on 7 May 2003. The Company has an authorised share capital of US\$600,000, consisting of 12,000,000 Shares of par value US\$0.05 each. The Company is offering the additional Shares at an offering price per Additional Share equivalent to the Net Asset Value per Share on 28 February 2006 plus a premium of 10 per cent. In addition to such price, the Placing Agent may charge a placing fee of up to US\$ 0.10 per Additional Share, which the Placing Agent is entitled to retain. There will be no placing fee for subscriptions by existing Shareholders. See “Placing Procedures” at page 35.

Investment Objective, Policies and Restrictions The primary investment objective of the Company is to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies, whether established with domestic or foreign ownership, which are either Listed Companies or Pre-Listing Companies. The Company will invest (i) in the equity securities of Listed Companies which either have a capitalisation or net asset value which is in excess of US\$5 million at the time of investment, or which would have a market capitalisation in excess of US\$5 million if they were valued at the average price to earnings ratio of companies listed on the Vietnam Stock Exchange at the time of investment, and (ii) in Pre-Listing Companies if the Investment Manager believes, by reference to the average price to earnings ratio of companies then listed on the Vietnam Stock Exchange, that the capitalisation of the particular Pre-Listing Company under consideration for investment is likely to exceed US\$5 million when it is listed. The Company may make investments in Pre-Listing Companies through single purpose offshore holding companies, which will be companies established by the Company outside Vietnam for the purpose of easing the formalities that may otherwise apply to the Company when it disposes of direct investments in a Pre-Listing Company. The Company intends to invest across a range of industries. It is the Company’s current intention to invest no more than 40 per cent of its assets at the time of investment in any one sector. The Company intends to restrict its investment in Pre-Listing Companies to no more than 30 per cent of its assets at the time of investment. The Company will not invest more than 10 per cent of its assets at the time of investment in the shares of a single Investee Company. See “The Fund – Investment Objective - Investment Policies – Investment Restrictions” at page 24.

Typical Investor A typical investor in this Company would be a person who would seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies, whether established with domestic or foreign ownership, which are either Listed Companies or Pre-Listing Companies.

Investment Manager The Company is managed by the Investment Manager. The Investment Manager is 100 per cent owned by Phan Xi Pang Asset Management Limited, the holding company of the directors of the Investment Manager. The executive directors of the Investment Manager have significant experience of South East Asian markets, including Vietnam. See “Investment Manager” at page 29.

Investment Management Fees The Investment Manager will receive from the Company a monthly management fee in an amount equal to one-twelfth of two per cent of the Net Asset Value of the Company. The Investment Manager will not receive an incentive fee or performance fee. See “Fees and Expenses” at page 33.

Custodian The Custodian of the Company’s assets is Deutsche Bank A.G. Its Ho Chi Minh City Branch acts as the sub-custodian with respect to Vietnamese assets. See “Custodian” at page 30.

Administrator and Secretarial Services The Company’s administrator is Bank of Bermuda (Cayman) Limited. The Company’s administrator acts through its agent, HSBC Institutional Trust Services (Asia) Limited. The Administrator will provide certain administrative and registrar services to the Company. See “Administrator” at page 30. Company secretarial services will be provided by CARD Corporate Services Ltd. See “Secretarial Services” at page 58.

Limited Duration The Company has been established for an unlimited duration. However, the Articles require the Company to put before its Annual General Meeting in 2008 a Special Resolution to wind up the Company effective

KEY FUND INFORMATION

30 September 2008. If the Shareholders do not decide, by Special Resolution, to wind up the Company effective 30 September 2008, the Company will continue to operate until 30 September 2010.

Dividend Policy The Company's income from investments will be applied first to pay the fees and other expenses of the Company. See "Fees and Expenses" at page 33. The Company expects that its net income (excluding capital gains), if any, after paying such fees and expenses, will be distributed to Shareholders annually, subject to retention of sufficient funds to meet anticipated fees and other expenses, and subject to the ability to convert Dong income into foreign currency for purposes of paying such dividends. See "Risk Factors – Currency Conversion and Capital Controls" at page 14. Under certain circumstances, the Company may also distribute net realised capital gains. See "Income Distributions" at page 45 and "Capital Distributions" at page 46.

Closing Subscriptions of the additional Shares will be considered to have been validly received if irrevocable transfer instructions have been given to the subscriber's bank before 5.00 p.m. (New York time) on 14 March 2006, in respect of subscriptions of the additional Shares by the Shareholders of the Company who are registered and recorded as legal owners of the Shares as at 8 March 2006, and on the Closing Date in respect of subscriptions of the additional Shares by Professional Investors who are not Shareholders as at the date of this Prospectus.

Minimum Subscription The minimum investment for new Investors is US\$100,000 (net of any placement fees and bank charges).

Listing The Company has applied to list the additional Shares on The Irish Stock Exchange. It is anticipated that the additional Shares will be admitted to the Official List of The Irish Stock Exchange, and that dealings will commence on or about 5 July 2006.

Settlement The Shares will be issued in registered form and ownership and transfer of Shares will be recorded in the share register maintained by the Administrator.

Available Information The Company's fiscal year ends on 30 September of each year. The Company will send to The Irish Stock Exchange and to each of its registered Shareholders (i) on or before 31 March of each year, an annual report including audited financial statements for the preceding fiscal year, and (ii) on or before 31 July of each year, a semi-annual report including unaudited financial statements for the semi-annual period up to the last Valuation Day in the preceding March. The Company's financial statements for the periods ended 30 September 2004 and 2005 are attached as Appendix III. The Company's Net Asset Value will be calculated as at each Valuation Day and will be reported to The Irish Stock Exchange.

Risk Factors Investment in Vietnam involves a high degree of risk. The Company's investment activities will entail certain risks and special considerations not typically associated with investments in other more established economies or securities markets, including, but not limited to: greater Government control over the economy, extensive Government control over foreign investment and divestment, legal uncertainties and currency controls and fluctuations. **An investment in the Company should be considered highly speculative. See "Risk Factors" at pages 12 to 15.**

RATIONALE FOR THE INCREASE IN ISSUED SHARES

Pursuant to the Placing Memorandum dated 12 January 2004, the Company issued 2,040,000 Shares. Further issues of 2,242,000 and 4,282,000 Shares were made pursuant to the First Supplement to the Placing Memorandum dated 31 May 2004 and pursuant to the Placing Memorandum dated 8 March 2005 respectively. As of 10 February 2006, the Company had invested over 90% of its assets in Investee Companies. The Directors believe that an increase in the size of the Company would benefit the Company by allowing it to continue to participate in the potential growth of the Vietnam Stock Exchange.

The total market capitalisation of the companies listed at the Ho Chi Minh City Securities Trading Centre exceeded US\$ 1 billion with the listing of Vinamilk on 19 January 2006, a four-fold increase in capitalisation in 12 months. The State Securities Commission has subsequently announced a target total market size of US\$ 2.5 billion by the end of 2006. The Directors recognize that this is an ambitious aim, but one that could be achieved through the listing of a number of large equitised SOEs particularly in the pharmaceuticals, utilities and telecommunications

KEY FUND INFORMATION

sectors, together with the listing of the two leading private commercial banks, Asia Commercial Bank and Sacombank. The success of the Vinamilk listing is expected to provide encouragement for other companies and SOEs to follow a similar path. The Company could benefit from participating in future offerings, either at initial auction or when listed subject to the Investment Manager's appraisal of valuations.

The Company would continue to build its holdings in Listed and Pre-Listing Companies with the proceeds of the placing of additional Shares where possible.

THE FUND

THE FUND

INTRODUCTION

The Company was incorporated in the Cayman Islands on 7 May 2003 under the Companies Law, Cap. 22 (Revised), of the Cayman Islands as an exempted company with limited liability. A detailed description of the Company's capital structure and some of the principal provisions of the Company's Memorandum and Articles of Association are set out in the section below entitled "Information Relating to the Shares" at page 43 below and in the section below entitled "Supplementary Information about the Company" at page 47.

The Company's portfolio will be managed by the Investment Manager, subject to the overall policies, control, direction, review, instructions and supervision of the Board.

INVESTMENT OBJECTIVE

The investment objective of the Company is to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies, whether established with domestic or foreign ownership, which are either Listed Companies or Pre-Listing Companies.

INVESTMENT POLICIES

The Company invests in the equity securities of Listed Companies which either have a capitalisation or net asset value in excess of US\$5 million at the time of investment or which would have a market capitalisation in excess of US\$ 5 million if they were valued at the average price to earnings ratio of companies listed on the Vietnam Stock Exchange at the time of investment. Selection criteria will focus on the identification of undervalued companies with strong prospects for future growth.

The Company may also invest in the equity securities of Pre-Listing Companies if the Investment Manager believes, by reference to the average price to earnings ratio of companies then listed on the Vietnam Stock Exchange, that the capitalisation of the particular Pre-Listing Company under consideration for investment is likely to exceed US\$5 million when it is listed. As Vietnam is still a developing country, the Company's investments in Pre-Listing Companies in Vietnam may require extensive due diligence. As the Company would be a minority shareholder in any Pre-Listing Companies in which it invests, the Company would endeavour to obtain suitable shareholder protection by way of a shareholders' agreement and/or board representation, where available. However, the Company may not succeed in obtaining such protection.

The Company intends to restrict its investment in Pre-Listing Companies to no more than 30 per cent of its assets at the time of investment. Once a Pre-Listing Company receives listing approval from the SSC, it will cease to be included in the Pre-Listing Company category.

The Company intends to invest across a range of industries. It is the Company's current intention to invest no more than 40 per cent of its assets at the time of investment in any one sector.

The Company's uncommitted assets will be held on deposit, or in other high-quality fixed-income securities denominated in US dollars, by the Custodian or the Vietnam Sub-Custodian for the benefit of the Company.

The Company is permitted to borrow money and to grant security over its assets. However, the Articles limit such borrowings to 25 per cent of the latest available Net Asset Value of the Company at the time of the borrowing, unless the Shareholders in general meeting otherwise determine by Ordinary Resolution.

All guarantees or indemnities that expose the Company to a contingent liability in excess of 25 per cent of its latest available Net Asset Value must be signed by two Directors pursuant to a duly authorised resolution of the Board in order to be valid.

The Company may hold up to 30 per cent of its assets in cash at any time before or after the Investment Manager determines that the Company has become fully invested should the Investment Manager consider that market conditions warrant such a move.

THE FUND

The principal investment objectives and policies of the Company will not be changed for at least three years from the original date of listing on the Irish Stock Exchange (15 January 2004), unless under exceptional circumstances, and then only with the approval of a Special Resolution of the Shareholders.

INVESTMENT RESTRICTIONS

The Company will observe the following restrictions:

- (a) the Company will generally not invest more than 10 per cent and will not invest more than 20 per cent of its assets at the time of investment in the shares of a single issuer except where the investment is in securities issued or guaranteed by a government agency or instrumentality of any Member State, its regional or local authorities or OECD member State; provided however that the Company will be entitled to bid such amount (of up to 20 per cent of its assets at the time of investment) in a public auction for shares of a Pre-Listing Company if the Investment Manager reasonably believes that such a bid is in the Company's interests in the context of the terms and conditions of the auction.
- (b) The Company's investments in Pre-Listing Companies may be made indirectly through offshore holding companies;
- (c) no more than 20 per cent of the assets of the Company may be exposed to the creditworthiness or solvency of a single counterparty, in each case calculated at the time of investment;
- (d) the Company will not take or seek to take legal or management control of the issuer of underlying investments;
- (e) the Company will adhere to the general principle of diversification in respect of all its assets;
- (f) although the Company does not intend to invest in real property, if for any reason it should do so it will comply with the rules of The Irish Stock Exchange not to invest more than 10 per cent, in aggregate, of the assets of the Company in real property;
- (g) although the Company does not intend to invest in commodities, if for any reason it should do so it will comply with the rules of The Irish Stock Exchange not to invest more than 10 per cent, in aggregate, of the assets of the Company in physical commodities.

The restrictions outlined in points (a), (c), (f) and (g) apply to any investment at the time that investment is made. Where those restrictions are breached, the Investment Manager will ensure that immediate corrective action is taken except where the limit is exceeded due to appreciations or depreciations, changes in exchange rates, or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment, provided the investment manager has regard to the threshold when considering changes in the investment portfolio.

Inadvertent breaches of investment limits arising as a result of market conditions will be monitored and Shareholders will be advised in writing of the Directors' recommendations on the matter if such breaches continue beyond the next Valuation Day. Any other type of breaches will be remedied immediately.

In the event of any breach of the investment limits the Directors, in consultation with the Investment Manager, will review the position and take whatever action is considered to be in the best interests of the Shareholders having regard to prevailing market conditions. Inadvertent breaches arising as a result of market conditions will be monitored and Shareholders will be advised in writing of the Directors' recommendations on the matter if such breaches. Any other type of breaches will be remedied immediately and will be notified to Shareholders in writing.

In addition, under Vietnamese law:

- (h) Foreign investors (such as the Company) as a group are currently restricted from holding in excess of 49 per cent of the total issued shares of any Listed Company. The Company will not attempt to purchase

THE FUND

shares in any Listed Company which would result in a breach of such regulations, though the Company may take advantage of any relaxation of such regulations as may occur over the course of time.

- (i) Foreign investors can only own up to 30 per cent of a domestic joint stock company. In some sectors, a foreign investor is not specifically allowed to own any shares in a domestic joint stock company. The Company intends to invest only in Pre-Listing Companies which are authorised to sell shares to foreign investors and generally not to seek to purchase more than 10 per cent of the shares of a Pre-Listing Company that is a domestic joint stock company at any time. The Company will ensure that it is in compliance with shareholding regulations on listing.

The Administrator or the Administrator's Agent is not responsible for monitoring compliance with the investment policies and restrictions described above.

INVESTMENT PROCEDURES AND INVESTMENT REALISATION

The Company's main focus will be on Vietnamese Companies, with fundamental analysis to be performed by the Investment Manager, relying on its own in-depth knowledge of Vietnam, the Vietnam Stock Exchange and the companies listed on it and the contacts its directors have built up during their years of Vietnam experience. The Investment Manager will use third party investment banking knowledge where available, but it does not anticipate placing much reliance on it at the current time.

Investments in Pre-Listing Companies will be originated from a variety of sources. The most significant of these sources are the Investment Manager, banks and other professional intermediaries known to the Investment Manager. One of the directors of the Investment Manager, Jonathon Waugh, has been resident in Vietnam for over nine years and has been working with Vietnamese companies in his various roles since 1997. The other director, Kevin Snowball, has over 17 years experience of Asian emerging markets.

The Investment Manager intends to monitor the investments made by the Company closely. In monitoring the investments, the Investment Manager intends to review all relevant financial statements and maintain contact to the extent possible with the board and management of the Investee Companies.

The Investment Manager will provide a report to the Directors, in advance of the regular meetings of the Directors, covering its activities and its proposed strategy until the next regular meeting, all in such form and detail as may be requested by the Directors. In making investments, the Investment Manager will comply with the investment objective, policies and restrictions of the Company as may be amended from time to time and with the Articles and the requirements of The Irish Stock Exchange.

The Board has delegated decision making powers with regard to investments to the Investment Manager and such powers have not been delegated to any party by the Investment Manager. The Investment Manager will be responsible for all aspects of the implementation and execution of investment decisions.

The Company intends to realise the profits upon its investments through appropriate sales of its listed securities. However, the ability of the Company to exit its investments in Pre-Listing Companies if such a company is unable to obtain a listing constitutes a risk for Shareholders as described in "Risk Factors" on pages 12 to 15.

The ability of the Company to dispose of an investment and the timing and terms of any such disposal may in certain instances be limited or affected by rights of first refusal. If a Pre-Listing Company initially established under the Law on Foreign Investment does not obtain a listing on the Vietnam Stock Exchange, and a trade or other negotiated sale becomes necessary in order for the Company to exit its position, any Vietnamese partners in such Pre-Listing Company would have a right of first refusal upon such sale. Such rights of first refusal may also exist in domestic Vietnamese companies governed by the Enterprise Law and this may affect the Company if a domestic Vietnamese company in which the Company has invested does not obtain a listing on the Vietnam Stock Exchange.

FOREIGN EXCHANGE POLICY

It is the Company's policy to determine the valuations of all investments in US dollars. Consequently, the value of

THE FUND

its investments may fluctuate with changes in the rate of exchange of the US dollar against the Dong. The Company may, however, enter into arrangements to hedge currency risks if such arrangements become desirable and practicable in the future in the interest of efficient portfolio management.

BOARD OF DIRECTORS

The business of the Company will be managed under the direction of the Company's Board of Directors. The Directors are responsible for establishing the Company's investment objectives, policies and restrictions. Board meetings will generally be held at least once each quarter. The Board will monitor the Company's performance and provide such instructions to the Investment Manager as it considers appropriate.

The Company may have a maximum of six Directors. The Board currently has five Directors all of whom are non-executive Directors. No Director is an employee of the Company. The Board is entitled to appoint two independent, non-executive Directors on the recommendation of two Shareholders who purchase large numbers of Shares, as determined by the Board.

The Board makes decisions based on a simple majority vote taken at any quorate meeting. In case of an equality of votes, the Chairman has a second or casting vote.

Details of the current Directors are set out below:

Philip Smiley

Philip Smiley was born in 1951 and educated at Eton and St. Andrews University. He started work for the Solomon Islands Government in 1974, transferring to the Hong Kong Government in 1980, where he served in the Civil Service Branch and Economic Services Branch until 1985. From 1985 – 1990 he worked for the W.I.Carr Group, which became a subsidiary of Banque Indosuez, in both London and Hong Kong, where as Managing Director of W.I.Carr (Far East) Limited he was responsible for Asia ex-Japan. He joined Jardine Fleming in 1990 as Managing Director and Country Head for Korea. While in Korea, he was also Chairman of the British Chamber of Commerce, a board member of the European Chamber, and a non-executive director of Hyundai International Merchant Bank. From 1996-2001 he served as Managing Director and Country Head of Jardine Fleming in Singapore, and was a member of the Singapore Stock Exchange Review Committee. He was appointed Country Chairman of Jardine Matheson in Thailand in June 2001, overseeing the Group's interests in Thailand, Vietnam, Cambodia, Laos and Myanmar until his retirement on 30 December 2005.

Philip Smiley is currently a director of the following companies: Arisaig India Fund, Avenir Asian Multi-Strategy Fund Ltd., PXP Vietnam Fund Ltd., and Vietnam Emerging Equity Fund Ltd.

He has in the past five years been a Director of the following companies: Airco Ltd, Airside Company Ltd., Automobile Holdings (Thailand) Ltd., Caldbeck Macregor (T) Ltd., Cycle & Carriage (Thailand) Ltd., Cycle & Carriage Mitsu (Thailand) Ltd., Guardian Pharmacies (T) Ltd., Gammon Construction (Thailand) Ltd., Gammon Skanska (Thailand) Ltd., Jardine Engineering Service Ltd., Jardine Logistics (Thailand) Ltd., Jardine Matheson (Thailand) Ltd., Jardine Pacific (Thailand) Ltd., Jardine Schindler (Thai) Ltd., Jardine Schindler (Services) Ltd., Winstar Holdings, PGW Ltd., Prime Air Limited, Sea Liner Ltd., Thai Gammon Ltd., Thorn Lighting (Thailand) Ltd., Chaopraya Development Corporation, GS Property Ltd., Asia Commercial Bank, Jardine Fleming International Holdings Limited, Jardine Fleming International Securities Limited, Jardine Fleming Singapore Securities Pte. Ltd., Jardine Fleming Futures (Singapore) Pte Limited, Jardine Fleming Investment Management (Singapore) Ltd., and Jardine Fleming Asia Realty Inc.

Christopher Vale

Christopher Vale is the Managing Director–Asian Markets of Rexiter Capital Management, which is a specialist Global Emerging Markets firm established in 1997 with over US\$5 billion under management. Christopher has over 20 years of investment experience and lived in Hong Kong and Seoul for over 11 years. At Rexiter Capital Management he set up their Seoul office in 1998 where he spent 3 years managing a Korean Corporate Restructuring Fund post the Asian crisis. In Korea Christopher lead managed more than 20 privately negotiated investments and was on the Board of following Korean companies: CNI; Cheflene; and Seoul Metal. He also

THE FUND

managed an offshore Korean mid-cap fund before moving back to London in 2001 as Rexiter Capital Management's Asian Chief Investment Officer. Prior to Rexiter Capital Management, Christopher was with Kleinwort Benson Investment Management (KBIM) for 12 years from 1985 to 1997, and became a director of KBIM in 1995. He spent 4 years in the London office as a UK portfolio manager and as a bank analyst. Christopher was posted to Hong Kong in 1989 where he spent 8 years as the Head of KBIM Pacific, where he primarily managed Asian mandates for U.S. and European pension funds. Christopher was a director of KBIM Pacific between 1991 and 1997]. Prior to that Christopher spent 5 years with the British Army. He is a Director of the PXP Vietnam Fund Limited and Vietnam Emerging Equity Fund. Christopher has a degree in Economics and Agricultural Economics from Exeter University (1980).

Dinh Thi Hoa

Dinh Thi Hoa graduated from Moscow State University in 1985 with an honours degree in Political Sciences and Journalism. On returning to Vietnam, she worked for the Ministry of Foreign Affairs and thereafter the United Nations. In 1990 she attended Harvard University where she completed her MBA in 1992. She then spent a year working for Procter & Gamble in Thailand, leading to her being placed in charge of the Procter & Gamble team in Vietnam that was responsible for establishing the company's US\$ 90 million joint-venture in Vietnam. In 1994 she established Thien Ngan Galaxy Ltd, a consulting and PR company which is now one of the largest firms in its sector in Vietnam, advising companies and organisations such as NTT, Allianz Insurance, the World Bank and the International Finance Corporation, and she is currently the managing director of this company. In addition, she established and is Chairman of An Lac Ltd, a potato chip manufacturer. She is the Deputy Chairman of Togi Joint-Stock Company, a property development company, and of Galaxy Studio, a leading domestic film production and distribution company, and formerly Chairman of Fast Accounting Joint-Stock Company, a software business. She is also one of the comptrollers of Asia Commercial Bank, Vietnam's largest private bank measured in terms of assets and, in this role, attends the bank's board meetings.

Ms. Dinh is currently a director of the following companies: Galaxy Group (Chairperson), Asia Commercial Bank (Comptroller), An Lac Corporation (Chairperson), TOGI (Vice Chairperson), and Galaxy Studio (Vice Chairperson).

She has in the past five years been a director of Fast Accounting JSC (Chairperson).

Tony Jordan

Tony Jordan is a director of Atlantis Investment Management Limited. Atlantis Fund Management Guernsey Ltd. and is the fund manager for the Atlantis Asian Recovery Fund. He was a director of Atlantis Investment Management (Hongkong) Limited between 1999 and 2004. He has over 20 years experience investing in Asia and was resident in Hong Kong from 1982-1996. Prior to joining Atlantis he was a director at Schroder Investment Management (Hong Kong) Limited between 1991 and 1996 where he was responsible for the Far Eastern investment strategy and was fund manager of the Schroder Far Eastern Growth Fund and the Asian Smaller Companies Fund. In 1996, Tony returned to London and co-founded the Asian equity specialist, Atlantis Investment Management Limited. Tony is a director of PXP Vietnam Fund Limited and Vietnam Emerging Equity Fund.

Markus Winkler

Markus Winkler is aged 54 and Swiss. He was educated at the University of Zurich and the Business School of St. Gall, where he graduated. After training as a financial analyst with Bank Leu AG and UBS AG, in 1973 he founded VGZ Vermoögensverwaltungs-Gesellschaft Zurich, an asset management company of which he is still President of the Board. He is a founder-member and a former Vice-President of the Swiss Association of Asset Managers as well as a founder and Board member of the Swiss Investors' Association. Mr. Winkler is experienced in the investment world and, in addition to his professional commitments, lectures and writes on investment matters. Mr. Winkler is a Board member of a number of Dublin-listed funds investing mainly in emerging markets.

Mr. Winkler is a currently a director of the following companies: Charlemagne Capital Russia Value Fund, Discover Investment Company, Kreuzfeld AG, PXP Vietnam Fund, Reconstruction Capital plc, Reconstruction

THE FUND

Capital II, Romanian Investment Fund, Undervalued Assets Property Fund, and VGZ Vermögensverwaltungs-Gesellschaft Zurich.

He has in the past five years been a Director of the following companies: Fondcenter AG, Fondvest AG, and OCCO Asia Fund.

INVESTMENT MANAGER

The Investment Manager was incorporated with limited liability in the British Virgin Islands on 2 October 2002 with registration number 515886. The Company was the first client of the Investment Manager, which now also manages Vietnam Emerging Equity Fund Limited. As at 27 January 2006, the assets under the management of the Investment Manager was US\$39.9 million. As at the date of this document the Investment Manager is not regulated.

Between them, the directors of the Investment Manager have substantial experience in research into companies listed on the Vietnam Stock Exchange and in advising on and dealing in emerging market securities generally.

The Investment Manager will provide a continuous investment programme for the Company's assets, including seeking suitable investments for the Company, advising and supporting in relation to the development of investments held by the Company, determining the appropriate time for the disposal of its investments, and the provision of investment research and advice with respect to all securities and investments and cash equivalents comprised in the Company's assets.

The following personnel of the Investment Manager will be principally responsible for the day-to-day management of the Company's portfolio:

Kevin Snowball

Kevin Snowball graduated from the University of London's School of Oriental and African Studies in 1982 with an honours degree in Law. He spent a decade in Hong Kong from 1985 - 1995 initially as an investment analyst and then as a specialist manager and trader of proprietary funds in emerging equity and equity derivatives markets in South East Asia. During that period, among other things, he established the Hong Kong equity derivatives businesses of Baring Securities and Deutsche Morgan Grenfell. On returning to the United Kingdom in 1995 he worked for Dresdner Kleinwort Benson, where he was involved in Latin American and South East Asian sales trading, and then for Bear Stearns International, where he traded closed-end funds in global emerging markets. Most recently, he established the Global Emerging Markets and Japan Investment Company activity of ABN Amro in London. He returned to Asia to live in Vietnam in 2002, where he co-founded Phan Xi Pang Asset Management Limited, the holding company of the Investment Manager, which also manages PXP Vietnam Fund Limited. He was a director of the Beta Viet Nam Fund from October 2002 until April 2003, when he resigned.

Jonathon Waugh

Jonathon Waugh graduated from Southbank University in London in 1992 with an honours degree in Business Studies. He spent the following four years working for Baring Asset Management in London. In May 1996 he moved to Vietnam where he spent a year at the Hanoi National University learning Vietnamese which he now speaks relatively fluently. Thereafter, he was employed by Jardine Fleming as their chief representative in Vietnam and managed their representative offices in both Hanoi and Ho Chi Minh City until September 2002. He also acted as country analyst, covering Vietnam's economy and political development. Since 1999 he has also been employed by Jardine Matheson, for whom his main responsibility has been to manage its equity interest in Asia Commercial Bank, Vietnam's largest private bank measured in terms of authorised capital. He has been an alternate director of Asia Commercial Bank since 1999 and has helped to advise the bank on strategy, development and investments. He was formerly the Deputy General Director and chief research analyst of Asia Commercial Bank's securities subsidiary, ACB Securities, a company which he helped to establish in 2000. By 2001 ACB Securities had become the most profitable securities company in Vietnam. He also created the research department for ACB Securities which maintains a research database and produces market analysis and company reports on all of the companies listed on the Vietnam Stock Exchange. He was the first foreigner to be permitted by the SSC, the regulatory authority for the Vietnam Stock Exchange, to work for a Vietnamese securities company and to participate in the

THE FUND

Vietnam Stock Exchange. In October 2002, he co-founded Phan Xi Pang Asset Management Limited, the holding company of the Investment Manager.

ADMINISTRATOR

Bank of Bermuda (Cayman) Limited is the administrator of the Company, and as such provides a range of administrative and registrar services (including calculation of the Net Asset Values) to the Company pursuant to the Administration Agreement. The fees to which the Administrator is entitled are described on page 33 below under “Other Fees and Expenses.”

Bank of Bermuda (Cayman) Limited was incorporated in the Cayman Islands on 21 June 1988 and holds an unrestricted Category B banking licence and trust company licence under the Banks and Trust Companies Law (2001 Revision) of the Cayman Islands. It is also a licensed mutual fund administrator pursuant to the Mutual Funds Law (2003 Revision) of the Cayman Islands. It is a subsidiary of The Bank of Bermuda Limited which is a licensed bank incorporated in Bermuda under the Bank of Bermuda Act 1890.

On 18th February 2004, The Bank of Bermuda Limited became an indirect wholly-owned subsidiary of HSBC Holdings plc, and a member of the HSBC group. The HSBC group has major commercial and investment banking businesses in the Asia-Pacific region, Europe, the Middle East and the Americas with about 10,000 offices in 76 countries/territories world-wide and consolidated gross assets of approximately US\$1,154 billion as at 30 June, 2004.

The Administrator has delegated certain of its functions and duties to HSBC Institutional Trust Services (Asia) Limited (previously known as Bermuda Trust (Far East) Limited) as the Administrator’s agent. HSBC Institutional Trust Services (Asia) Limited is a Hong Kong registered trust company incorporated in 1974 and a member of the HSBC Group.

SECRETARIAL SERVICES

Pursuant to the Secretarial Services Agreement, which is more fully described on page 30, CARD Corporate Services Ltd. has been appointed to provide company secretarial services for, and the registered office of, the Company. CARD Corporate Services Ltd. is a company affiliated with the Cayman Islands law firm of Charles Adams, Ritchie & Duckworth.

The fees to which the Secretary is entitled are described on page 33 below under “Other Fees and Expenses.”

CUSTODIAN

Deutsche Bank A.G. provides custodian services to the Company pursuant to the Custody Agreement, which is more fully described on page 30.

The Custodian will hold such of the Company’s assets as can be legally held outside of Vietnam. Vietnamese law requires that the Company’s shares in Listed Companies must be held by a custodian registered as such in Vietnam and these assets will therefore be held by the Vietnam Sub-Custodian. The Vietnam Sub-Custodian will also hold for safekeeping all original title documents of the Company with regard to the Company’s investments in Pre-Listing Companies.

Sub-Custodians may be appointed by the Custodian, provided that the Custodian exercises reasonable skill, care and diligence in the selection of a suitable sub-custodian and is responsible to the Company for the duration of the sub-custody agreement for satisfying itself as to the ongoing suitability of the sub-custodians to provide custodial services to the Company. The Custodian will also maintain an appropriate level of supervision over the sub-custodians and will make appropriate inquiries periodically to confirm that the obligations of the sub-custodians continue to be competently discharged.

Deutsche Bank has been providing custody services in Hong Kong since 1 August 1995 with registration number 06271188-000-09-05-9. The Custodian is regulated by the Hong Kong Monetary Authority, which is the government authority supervising the banks and deposit-taking companies in Hong Kong. The assets under

THE FUND

custody were around HKD 20 billion (about US\$ 2.6 billion) in the year 2005. The Custodian operates a Regional Domestic Custody Services Branch Network, which covers 27 markets worldwide, of which 13 markets are in Asia, providing services to banks, global custodians, fund managers and broker/dealers.

The Vietnam Sub-Custodian is regulated by the State Bank of Vietnam (for banking services) and the State Securities Commission (for custody services).

CLEARING

The Company will seek admission for the additional Shares to be issued pursuant to this Prospectus to be cleared through Euroclear and Clearstream. The ISIN Code for the Shares is KYG7301W1033. The SEDOL Code for the Shares is 3290604.

CONFLICTS OF INTEREST

The following inherent or potential conflicts of interest should be considered by prospective investors before investing in the Company:

The Directors, the Custodian and the Administrator may from time to time act as director, custodian, administrator in relation to, or be otherwise involved in, other funds established by parties other than the Company which have similar objectives to those of, or invest in similar securities to those held by the Company. It is, therefore, possible that any of them or their respective principals, shareholders, members, directors, officers, agents or employees may, in the course of business, have potential conflicts of interest with the Company. Each will, at all times, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly.

Other Clients

The services of the Investment Manager to the Company are not exclusive. The Investment Manager renders investment management services to Vietnam Emerging Equity Fund Limited, which is a closed-end fund company that is also focused on Vietnam. In the future, the Investment Manager, the parent company of the Investment Manager, Phan Xi Pang Asset Management Limited, or any other affiliate of the Investment Manager, may also render asset management services to parties other than the Company. The Investment Manager and its Affiliates, and their respective officers and employees may have conflicts in allocating management time, services or functions among the Company and Other Investment Manager Clients as well as among the Company and other interests of the Investment Manager and its Affiliates, and their respective officers and employees.

Some investments may not be limited in availability but may be appropriate for both the Company and for Other Investment Manager Clients. Investment decisions for the Company and for Other Investment Manager Clients will be made with a view to achieving their respective investment objectives and after consideration of such factors as their current holdings, their current investment needs, availability of cash for investment, and the size of their positions generally. A particular investment may be bought or sold for only the Company or only one Other Investment Manager Clients or in different amounts and at different times for more than one but less than all of the Company and the Other Investment Manager Clients. Likewise, a particular investment may be bought for the Company or one or more Other Investment Manager Clients when one or more other clients are selling the same security. In addition, purchases or sales of the same investment may be made for two or more of the Company and Other Investment Manager Clients on the same date. In such event, the Investment Manager intends to allocate such transactions among the Company and Other Investment Manager Clients in a manner believed by the Investment Manager which does not unfairly prejudice the interests of the Company or its shareholders as a whole. However, in effecting transactions, it may not always be possible, or consistent with the possibly differing investment objectives of the various Other Investment Manager Clients and of the Company, to take or liquidate the same investment positions at the same time or at the same prices.

Other investments are limited in availability but may be appropriate for both the Company and for Other Investment Manager Clients. If there is a conflict between the Investment Manager's obligations to the Company and its obligations to an Other Investment Manager Client, the Investment Manager's intention is to act in a manner that it believes to be equitable as between the Company and such Other Investment Manager Clients after

THE FUND

considering their respective investment objectives, policies and needs. However, it is possible that the Investment Manager may decide in its discretion that their clients' investments in any given Investee Company should be completely or partially different. It is also possible that an investment which is made by the Company in an Investee Company may be made on terms which may be the same as or worse than those on which an Other Investment Manager Client made an investment in the same Investee Company. The Investment Manager may also aggregate orders for the Company with those of Other Investment Manager Clients.

Other Activities

The Investment Manager or one of its Related Parties may engage in other business activities. The Investment Manager is not required to refrain from any other activity, to account for any profits from any such activity, or to devote all or any particular part of the time and effort of any of its officers, directors or employees to the Company and its affairs.

Contracts with the Company or Investee Companies

Under the Investment Management Agreement, the Investment Manager has undertaken that, except as specifically approved by the Board, it will not sell assets to or purchase assets from the Company, it will not enter into any other transactions with any Investee Company, and it will not otherwise be interested in any such transaction (except that directors or employees of the Investment Manager may act as directors of Investee Companies and be paid fees and expenses for so doing).

It is possible that Directors or other Related Parties of the Company may own interests in Investee Companies or otherwise be interested in transactions between the Company and Investee Companies. Such Directors or other Related Parties do not have to account to the Company for any profit or other benefit received by them from their interest in such Investee Company, although Directors of the Company have to disclose to the Company their interest in such Investee Company if it is material. A Director is not entitled to vote on (and will not be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge materially interested.

Ownership of Shares

The Investment Manager owns the one Share in the Company that has been issued to date. See "Supplementary Information about the Company - Establishment" at page 47.

The Investment Manager or Related Parties of the Investment Manager may own additional Shares in the Company, and Related Parties of the Company may own shares in the Investment Manager.

Placing Agent

The Placing Agent is indirectly owned by some of the same individuals who own the Investment Manager.

Handling of Conflicts

In the event that any transaction involving an actual conflict of interest were to occur which could have an effect on the performance of the Company, the intention of the Company is that the conflict would be resolved in a manner that is fair and reasonable with respect to all parties concerned.

Accounting for Conflicts

The Investment Manager shall not be liable to account to the Company for any profit, commission or remuneration made, or received from, or by reason of transactions involving a conflict of interest.

To the extent that any potential conflicts may arise as a result of the Investment Manager also being the investment manager of Vietnam Emerging Equity Fund Limited, the Investment Manager will refer such matters to the Directors for decision. In order to mitigate conflicts of interest, where there are stocks upon which both funds can bid, the Investment Manager will bid the same price, and where the funds are selling out of the same stock, this

THE FUND

would be likely to be done at the same price.

FEES AND EXPENSES

The net proceeds of the Company are expected to be around US\$ 13 million, subject to the calculation of the Net Asset Value per Share as at 28 February 2006. The Company will pay out of the proceeds received from the Placing the maximum sum of US\$ 40,000 (including legal fees of US\$25,000 payable to Freshfields Bruckhaus Deringer, legal and secretarial fees of US\$2,000, fees of EUR 8,000 to NCB Stockbrokers Limited and a listing application fee of EUR 1,770) to cover all fees and expenses of the Placing, including the fees and expenses incurred by the professional advisers in respect of the preparation of this Prospectus and the various documentation contemplated hereby. Such fees and expenses will be expensed in the year incurred.

Management Fee

The Company will pay to the Investment Manager a monthly management fee equal to one-twelfth of two per cent of the Net Asset Value of the Company which fee shall accrue daily and be payable monthly in advance and be calculated by reference to the Valuation Day at the end of the preceding month. The Investment Manager will not receive an incentive or performance fee.

Other Fees and Expenses

The Investment Manager may appoint, at the expense of the Company, on arms' length commercial terms, such lawyers, accountants, consultants and others as are required in relation to the appraisal, acquisition, maintenance and disposal of investments by the Company. The Investment Manager may also appoint such other agents of the Company as it may consider appropriate to accomplish the goals of the Company, using its best judgment in the circumstances. The Company shall be responsible for the payment of such agents. The Investment Manager will only be responsible for the fees and expenses of agents who perform services on behalf of the Company if the Company demonstrates that they are fulfilling a function that should be within the normal abilities of an investment manager of average skill and diligence managing a portfolio of the size of that managed by the Investment Manager in Vietnam.

The Company is responsible for the prompt payment or reimbursement to the Investment Manager or other parties instructed by the Investment Manager of any costs and expenses of the Company, including costs and expenses relating to the administration of the Company, the costs of maintaining the Company's investments and the costs of investments or divestments by the Company, including any legal fees, consulting fees, commissions, transfer fees, registration fees, taxes and similar liabilities and costs.

The Board will determine the fees payable to each Director, subject to a maximum aggregate amount of US\$50,000 per annum being paid to the Board as a whole. For the last financial year the Company accrued annual fees of US\$50,000 to be paid to the Board, but Directors waived their fees for the period to 30 September 2004. The Company will also pay reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. None of the Directors currently has a service contract with the Company.

The Company will pay for directors and officers liability insurance coverage, if any.

The Company will bear the costs of seeking and maintaining the listing of the Shares on The Irish Stock Exchange.

The Custodian will receive a safe-keeping fee of 0.035 per cent per annum of the value of the assets held by it in Hong Kong (0.05 per cent per annum for fixed income assets held through Euroclear) which fee will be calculated based on the month-end valuation of securities under custody, will accrue daily and will be payable monthly in arrears. In addition, the Vietnam Sub-Custodian will receive an account maintenance fee of US\$330 per month if it maintains one to five securities accounts and US\$550 per month if it maintains six to ten securities accounts. The Custodian and Vietnam Sub-Custodian will also charge certain fees for actual transactions. The Custodian and Vietnam Sub-Custodian will also be entitled to charge their out – of – pocket and any third party expenses, which will be billed as and when they are incurred.

THE FUND

In consideration for the services to be performed under the Administration Agreement, the Administrator will receive a fee of 0.135 per cent of the Net Asset Value per annum subject to a minimum amount of US\$1,800 per month which fee shall accrue daily and be calculated as at each Valuation Day and be payable monthly in arrears. The Administrator is also entitled to be reimbursed reasonable out-of-pocket expenses.

The Secretary will receive an annual fee of US\$1,000 for providing certain company secretarial services to the Company and an annual fee of US\$1,350 for providing the Company's registered office. Such fees are payable in advance by the beginning of each calendar year and may be amended from time to time by mutual agreement of the parties. In addition, the Secretary is entitled to recover from the Company all expenses and disbursements (including filing and registration fees paid to the registrar, courier, telephone, facsimile, printing and photocopying) properly incurred or paid by the Secretary on behalf of the Company or otherwise in the performance of its services under the Secretarial Services Agreement. Additional legal services, if any, would be referred to Charles Adams, Ritchie and Duckworth and would be paid for on the basis of time incurred.

The Company is also responsible for all administrative costs relating to the Company, including the costs of preparing, printing and distributing reports and financial statements, the costs incurred in printing and publishing the Net Asset Value, and any additional costs incurred from time to time.

PLACING PROCEDURES

PLACING PROCEDURES

PLACING PROCEDURES AND INVESTING IN THE COMPANY

Pursuant to the Placing Agreement between the Company and the Placing Agent, the Placing Agent has agreed to use its best efforts to procure that current Shareholders or new investors subscribe for 3,435,999 additional Shares. The Placing is not subject to any minimum number of additional Shares being sold. The Company is offering each Shareholder two additional Shares for every five Shares owned by it, at a price equivalent to the Net Asset Value per Share on 28 February 2006 plus a premium of 10 per cent. The maximum number of Shares that could be issued under such an arrangement would be 3,425,600. Each existing Shareholder will have until 14 March 2006 to decide whether to accept all or part of its entitlement.

The Placing Agent may place with new investors any additional Shares not subscribed by an existing Shareholder together with the balance of 10,399 authorised Shares during and after such 14-day period and until the Closing Date.

The price at which the new investors, if any, subscribe will be the same as the price for existing Shareholders. The exact price per Additional Share will be notified to each existing Shareholder on or about 7 March 2006. In addition to such price, the Placing Agent is entitled to charge a placing fee of up to US\$0.10 per Additional Share to new investors. There will be no placing fee for subscriptions by existing Shareholders.

Existing Shareholders subscribing for additional Shares are required to return the binding Shareholders Application Form, by facsimile to the Placing Agent, by no later than 5.00 p.m. (New York time) on 14 March 2006.

If applications for less than 3,425,600 additional Shares have been received by such date, the Placing Agent may continue to offer additional Shares to new subscribers until the Closing Date.

New subscribers for additional Shares are required to return the Shareholders Application Form, by facsimile to the Placing Agent, by no later than 5.00 p.m. (New York time) on the Closing Date.

Each Shareholder and new subscriber subscribing for additional Shares will need to pay the full subscription price in US dollars by telegraphic transfer to:

Deutsche Bank Trust Company Americas
SWIFT Bic Code: BKTR US33
For Account Deutsche Bank AG Hong Kong
SWIFT Bic Code: DEUT HKHH
CHIPS UID 009391

In favour of: PXP Vietnam Fund Limited
Account No.: 0001610-05-0

so as to be received not later than 5:00 p.m. (New York time) on the Closing Date. Subscriber reference should be included with each payment made. Any application received will be irrevocable. Subscriptions will be considered to have been validly received if irrevocable transfer instructions have been given to the subscriber's bank not later than 5:00 p.m. (New York time) on the Closing Date or, as the Placing Agent may agree, forthwith after the Closing Date against confirmation that the relevant Shares will be registered in the name of the proposed investor, subject to allotment.

Following the issue and allotment of additional Shares, the Administrator will arrange for the despatch of the confirmation of the allotment of the relevant number of additional Shares within 14 Business Days of receipt of instructions that the allotment has been effected. Holders of the Shares will have their names registered in the register of Shareholders with effect from the date of allotment. No share certificates will be issued unless a Shareholder specifically requests one. Dealing will not begin before notification of shareholdings is made. The Company reserves the right to reject any application for additional Shares from new subscribers and to accept any application for additional Shares in whole or in part only, provided that the minimum subscription which will be

PLACING PROCEDURES

accepted from each new investor is for US\$100,000. No fractional Shares will be issued.

The placing contemplated by this Prospectus (the “Placing”) is not underwritten and is not conditional upon receipt by the Placing Agent of valid applications for any minimum number of additional Shares. If any application is not accepted or is accepted in part only, application moneys that have been contributed or (as the case may be) the excess application money contributed by each relevant investor will be returned (without interest) to the relevant applicant(s), at the risk of the applicant.

Subject to the foregoing, the offer will not be revoked or suspended.

Verification of Identity

Measures aimed towards prevention of money laundering may require a subscriber to verify his identity (or the identity of any beneficial owner on whose behalf the subscriber intends to hold the interests in the Company) to the Placing Agent. This obligation is absolute unless (1) the application is being made via a regulated credit or financial institution or (2) payment is made to the Custodian from an account held in the subscriber's name with a banking institution, which in either case is in a country which is a member of the Financial Action Task Force. If alternative (1) applies, the Placing Agent may seek to obtain written assurance of the subscriber's (or beneficial owner's) identity from the relevant institution.

The Placing Agent will obtain necessary know-your-client information and notify applicants if proof of identity is required. By way of example, corporate applicants may be asked to produce a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent) and the names and addresses of directors and/or beneficial owners.

The Placing Agent, the Administrator and/or the Administrator's Agent reserves the right to request such documentation as it deems necessary to verify the identity of the applicant and to verify the source of the relevant money. Failure to provide the necessary evidence may result in applications being rejected or in delays in the despatch of documents and/or issue of Shares. The Placing Agent, the Administrator and/or the Administrator's Agent will be held harmless by a potential subscriber against any loss arising as a result of a failure to process a subscription or redemption request if such information as has been requested by the Placing Agent, the Administrator and/or the Administrator's Agent has not been provided by the applicant.

THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE

THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE

The following overview should be read in conjunction with the information described in the section entitled Risk Factors. The information provided in this section has been derived, as far as possible, from the following sources: Ministry of Finance, State Securities Commission, Securities Trading Centre, General Statistics Office, State Bank of Vietnam, Ministry of Planning and Investment, International Monetary Fund, ACB Securities, Reuters, Dow Jones, Far Eastern Economic Review, Vietnam News Brief Service, Vietnam Investment Review, Thoi Bao Kinh Te Newspaper, Vietnam Economic News, Thanh Nien Newspaper, Asia Pulse, ASEAN Secretariat, Vietnam Trade Office in the USA and Vietnam News. Such information is believed to be accurate, but has not been independently verified by the Company or the Investment Manager. The analysis is the opinion of the Directors. Such opinions are believed to be accurate, but alternative opinions are also valid and no assurance can be given that hindsight will prove the opinions of the Directors to be accurate or more accurate than other opinions.

OVERVIEW OF ECONOMIC REFORM AND RESULTING GROWTH

Since 1986, Vietnam has been undergoing a transition from a centrally planned agrarian economy to a diversified market economy with growing industrial and services sectors. Reform programmes promoting economic diversification, industrialisation and modernisation have been supplemented by the reforms necessary in order for the country to attain its desire to integrate into the global economy.

The path has not been smooth. Reforms slowed after the advent of the Asian financial crisis in 1997. However, new leadership has been able to place the reform programme back on track. A number of private sector reforms began appearing in 2000. In 2001 major political and economic reforms were put on the Government's agenda and the process accelerated again.

In April 2001, the Ninth Party Congress endorsed the 2001-2010 Socio-Economic Development Strategy (the "2001 Strategy"), the principal objective of which is to allow Vietnam to achieve industrialised nation status by 2020. The March 2002 meeting of the Plenum of the Central Committee of the Communist Party of Vietnam called for the development of private enterprises, endorsed entrepreneurship, and encouraged a level playing field for public and private enterprises. Consistent with these reform policies, numerous amendments were recently made to Vietnam's Constitution, including the addition of the principle that all privately owned businesses and SOEs would be allowed to engage in production and trading in industries in the absence of an express legal prohibition. These constitutional amendments also acknowledge Vietnam's integration into the international economy, sanction the development of a market economy, recognise the importance of foreign direct investment and direct the State to better satisfy the people's material demands.

Since 2000, reforms have not only been implemented more swiftly than before 2000, but due to the lessons learnt from the growing pains of the 1990s, which resulted in widespread disillusionment among foreign investors, they have also been more effective. These improvements are exemplified by several international commitments made by Vietnam towards free trade, economic reform and business liberalisation: an agreement with the IMF in April 2001; the signing of the U.S.–Vietnam Bilateral Trade Agreement ("USBTA"), which came into force in 2001; the signing of numerous bilateral agreements as part of the accession process for membership in the World Trade Organisation ("WTO"); and its implementation of the ASEAN Free Trade Agreement ("AFTA") requirements. Vietnam is actively pursuing its application for membership in the WTO, and may be successful in achieving accession by the end of 2006 after missing its December 2005 target due to outstanding issues, particularly with the U.S.

Despite a global economic downturn in 2001-2, Vietnam's real GDP growth in 2001 was 6.9 per cent and 7.8 per cent in 2002. In spite of the slight dampening effects of Severe Acquired Respiratory Syndrome (SARS) and Avian Flu in 2003 and 2004 respectively, growth continued to accelerate in both years, reaching 7.24 per cent in 2003 and 7.69 per cent in 2004, before advancing again to a rate of 8.40 per cent in 2005, just shy of the 8.5 per cent target considered unachievable after annualised growth for the first 6 months of 2005 measured 7.63 per cent. Credit for these impressive growth figures can be given to two important economic drivers - rising exports and domestic demand. A third driver, foreign direct investment, complements both of the current economic drivers and should lead to the stimulation of yet higher growth rates over the coming years.

THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE

Partly as a result of these reforms, GDP per capita increased from US\$136 in 1990 to US\$637 in 2005, the fiscal deficit fell from 7.2 per cent of GDP in 1990 to an estimated 2.2 per cent of GDP in 2005, exports increased from 26.7 per cent of GDP in 1990 to 60.7 per cent of GDP in 2005 and annual inflation fell from 67.1 per cent in 1990 to 8.4 per cent in 2005. Vietnam now has one of the fastest growing economies in the world. Real GDP based on constant 1994 prices increased from VND132.0 trillion in 1990 to VND392.5 trillion in 2005.

The impact of rapid economic expansion is often best demonstrated through its effect on consumer prices, and the ability to react to such pressures provides a good indication of the quality of a country's macroeconomic management. Inflation for the years 1992-95 averaged 12.5 per cent as the Government began to adjust to the flood of foreign capital which followed its decision to loosen control of the economy. Thereafter, assisted by the weakness of global commodity prices on the basket of goods and services on which Vietnam's Consumer Price Index ("CPI") is based, the country enjoyed a couple of years of relatively mild increases (4.5 per cent in 1996 and 3.6 per cent in 1997) before the beginning of the Asian financial crisis, with currency adjustments precipitating a spike in 1998 inflation to 9.2 per cent. The consequent regional deflation saw three years of low inflation (1999-2001 CPI up 0.1 per cent, down 0.6 per cent and up 0.8 per cent respectively), with relatively mild increases of 4.0 per cent and 3.0 per cent reported in 2002 and 2003 respectively as the recovery from the crisis began to accelerate.

The impact of avian flu on prices of foodstuffs in the first quarter of 2004, combined with sharp rises in the import prices of, most particularly, refined oil, steel and pharmaceuticals throughout the year resulted in a full year inflation rate of 9.5%. The government's careful handling of these supply shocks, which continued into 2005, was indicative of its increasing macroeconomic maturity, and inflation slowed slightly to 8.4 per cent in 2005.

Rising Exports and the Trade Balance

Vietnam now produces and exports a wide range of primary commodities and manufactured goods, including oil and gas, rice, coffee, seafood, garments, footwear, electronics, handicrafts and pharmaceuticals. Tourism, telecommunications, construction, infrastructure development, trade, transportation, finance and other services are increasingly contributing to the growth of the Vietnamese economy.

Export growth, which was negative in the first six months of 2002, revived in the third quarter of 2002 and is now flourishing once again as Vietnam's increased global integration impacts on the economy. 2003, 2004 and 2005 exports were 20.6 per cent, 31.5 per cent 21.6 and per cent higher than their respective previous years. 2005 export growth resulted in Vietnam more than doubling the value of its exports, from US\$ 15 billion to US\$ 32.2 billion, in only 4 years. During 2005, as one of Asia's few net exporters of oil, Vietnam benefited from higher oil prices with crude oil exports rising in value by 30.3% after a 48.3 per cent rise in 2004. Furthermore, markets around the world continued to further open their doors to Vietnamese goods in 2005, especially the USA and Europe, leading to a continued rise in 2005 (as compared to 2004) in the value of exports of garments (+9.6 per cent), footwear (+11.7 per cent), seafood (+14.2 per cent), electronics and computers (+34.1 per cent), furniture (+33.2 per cent), rice (+47.3 per cent), rubber (+31.9 per cent) and cashew nuts (+11.5 per cent). Since the signing of the USBTA the percentage of total exports to the USA has risen from 7 per cent in 2001 to 20.6 per cent in 2005.

Imports for 2003, 2004 and 2005 reached US\$ 25.3 billion, US\$ 32.0 billion, and US\$ 36.9 billion respectively. These represent year on year rises of 27.8 per cent, 24.9 per cent, and 15.5 per cent. 2005 imports of refined oil products increased by 39.0 per cent, steel by 16.0 per cent, and plastics by 19.7 per cent. An important factor in the increased demand for imported materials has been the implementation of infrastructure projects. The rise in global steel prices helps to explain the 16.0 per cent rise in steel imports during 2005.

The imbalance in trade resulted in a deficit of US\$ 5.5 billion for 2004 and of US\$ 4.7 billion for 2005. The trade deficit in 2005 was equivalent to 8.9 per cent of GDP, but remains manageable. Between 1993 and 1999 the average trade deficit was 10.7 per cent of GDP and foreign currency reserves were significantly lower than the current estimate of US\$ 7.6 billion. The government's reaction to the rising trade deficit in the mid-1990s was to introduce tough import controls. However, it is unlikely that the government will replicate this policy, for the following reasons:

1. The trade deficit in 2005 would have been more than covered by estimated hard currency receipts from:

THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE

- disbursed ODA: US\$ 1.5 billion for the first 11 months of 2005;
- disbursed FDI: US\$ 3.30 billion;
- remittances from the estimated 2.5 million overseas Vietnamese: US\$ 4.0 billion through official channels;
- spending by the estimated 3.4 million foreign visitors: approximately US\$ 2.0 billion.

This also helps explain why the Dong decreased in value by just 0.83 per cent against the US Dollar during 2004, and the continuation of such inflows resulted in a similar mild decline in 2005, with the Dong weaker by 0.79 per cent.

2. Vietnam's commitment to implementing the Common Effective Preferential Tariff ("CEPT") scheme for the realisation of AFTA reduces the scope for utilising import controls. Under a Government plan for compliance with AFTA, virtually all tariffs on imports from ASEAN members were reduced to 20 per cent in 2003 and will be reduced to between zero and 5 per cent by early 2006.

3. Vietnam's obligations under the USBTA require it to phase out quantitative restrictions.

Domestic Demand

Domestic demand is strong and rising, due in part to the Government's fiscal stimulus through its continued investment in infrastructure projects but also, and more importantly, to the private sector reforms which have led to a significant rise in the number of new private enterprises over the last 4 years.

a) Public Spending

Total State expenditure for 2005 was projected by the National Assembly's Economic and Budget Committee to be VND229.8 trillion (US\$14.6 billion), up 22.4 per cent on the previous year. The same Committee projected State budget revenue for 2005 at VND211.0 trillion (US\$ 13.4 billion). The projected budget deficit of around VND18.8 trillion (US\$ 1.2 billion) represents approximately 2.2 per cent of GDP and is well within the Government's self-imposed ceiling of 5 per cent.

The Government's fiscal stimulus has been supported by sustained ODA disbursements, which reached US\$150 billion by November 2005 (2004: \$1.49 billion), much of which is allocated to infrastructure projects. The majority of Vietnam's external debt, estimated at around US\$ 18.0 billion, is made up of ODA and thus results in a lower debt service burden. Strong ODA support looks set to continue. In December 2005, international donors promised an additional US\$3.75 billion in ODA for Vietnam during 2005, an 8.9 per cent increase on pledges made in December 2004. Following the trend since 2003, we expect that approximately 50 per cent of ODA will be disbursed for energy, industry, transportation, telecommunications and urban water supply projects.

b) Private Sector

The catalyst for the expansion of the private sector was the introduction in 2000 of the new Enterprise Law, one of the government's most successful recent reforms. This created a modern legal regime for the establishment and operation of private enterprises. The Enterprise Law governs the organisation and operation of domestic private sector enterprises and the rights and obligations of their investors. One of the principal changes introduced by the Enterprise Law was the establishment of companies upon mere registration rather than by discretionary government licensing. This has reduced the costs of, and the bureaucratic impediments to, establishing private companies, and has resulted in the creation of a significant number of new businesses. Minimum capital requirements for private enterprises other than financial institutions have been eliminated. This new legislation effectively lit the fuse that caused a private enterprise growth explosion. Further support was provided when the government opened up many sectors previously closed to private business, established the Vietnam Stock Exchange (2000), amended the Constitution so that the private sector was given equal status to that of the state (2001) and allowed communist party members to own shares in private businesses (2002). As a result, many thousands of Vietnamese became entrepreneurs and their numbers continue to swell today.

THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE

Between 1989 and 1999 around 35,577 private businesses were established. By the end of 2005 this figure had risen to around 195,000 (14,400 of which were established in 2000, 21,000 in 2001, 22,000 in 2002, 29,270 in 2003, 35,000 in 2004, and 38,000 in 2005). These newly-established enterprises are estimated to have invested in excess of US\$7 billion over the past five years and created over 2 million new jobs.

The private sector is gradually gaining greater access to finance. Dong lending interest rate caps were removed in 2002 and the rules for unsecured lending have been relaxed. The increased access to credit from banks and, potentially, capital from the stock market should help Vietnam's private sector to continue to flourish in the coming years.

The impact of private sector reforms shows through in Vietnam's industrial production figures. The private sector industrial production growth rate reached 22.8 per cent in 2004, increasing to 24.1 per cent in 2005; the overall 2004 industrial production growth rate was 16.0 per cent in 2004, and rose by 17.2 per cent year in 2005. Excluding the foreign invested sector, the private sector's share of total industrial output in 1995 was 32.9 per cent, and this had risen to 45.4 per cent by the end of 2005.

In the absence of external shocks, the growth of the nascent private sector could lead into a long-term virtuous circle of increased wealth, increased demand and increased production. Domestic demand appears likely to remain robust. In 2005 motorbikes (+ 11.7 per cent) and automobiles (+ 31.1 per cent) both experienced higher production, an indication of strong consumer demand. The increase in the production of bricks (+ 8.0 per cent), cement (+ 11.9 per cent), and tiles (+ 21.9 per cent), reveals buoyant construction and infrastructure sectors.

Foreign Direct Investment

New FDI commitments in Vietnam declined from a peak of US\$9.0 billion in 1996 to US\$1.6 billion in 1999, largely due to the effects of the Asian economic crisis. 2005 saw new FDI commitments rise by 63.0 per cent to US\$ 4.0 billion. We believe that this is due to the on-going reform process that began with the amendments to the Foreign Investment Law in 2000, Vietnam's continuing global integration and its safe and stable working environment. In addition, inspiration has come from existing foreign investors who have increased their investments in Vietnam by US\$ 431 million in 2000, US\$ 579 million in 2001, US\$ 919 million in 2002, US\$ 1,150 million in 2003, US\$ 1,935 million in 2004, and by US\$ 1,440 million during the first 9 months of 2005. This is not only a sign of successful prior foreign investment in Vietnam but also that those already operating on the ground, and thus privy to early signs of growth, are expecting a rise in demand from both domestic markets and the increasing number of export destinations. Furthermore, actual FDI disbursements reveal a similar trend. The 2005 figure reached US\$ 3.30 billion, a 15.3 per cent increase over the previous year and the highest on record. This is perhaps an indication that foreign investors who have an established entry option into Vietnam in the form of dormant investment licenses and who therefore keep a close eye on events in the country, are now more willing to exercise their options.

Other improvements made recently have included reducing the cost of telecommunications, power and freight transport; the elimination of the dual pricing system in many areas; opening up a greater number of sectors to foreign investment; reducing red tape and thus speeding up licensing procedures; and offering attractive incentives to investors in high-tech projects. Vietnam allows 100 per cent foreign ownership of companies established under the Foreign Investment Law.

Conclusion

As Vietnam's reforms and international integration have progressed, foreign investors, noting Vietnam's political stability, have begun to take a second look at Vietnam. The most effective reforms have been those that have enhanced the private sector, increased global integration and enabled the promotion of younger, more reform-oriented politicians to positions of power. In addition, many of the grievances previously aired by foreign investors in the mid- and late-1990s have been or are in the process of being tackled by a government keen to reap the benefits of its astute macroeconomic management. In short, the Government has reacted well to the challenges imposed by the transition from a planned to a market economy, and all indications are that it will continue to allow the economy to develop in such ways as are necessary to achieve the socialist-oriented market economy required by the new amendments to the country's Constitution, while at the same time preserving political stability.

THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE

OVERVIEW OF THE VIETNAM STOCK EXCHANGE

The stock exchange regulator, the SSC, was established in 1996 and is responsible, among other things, for the provision and enforcement of detailed implementing regulations on the organisation and operations of the Vietnam Stock Exchange and for the development of the securities market.

The Vietnam Stock Exchange opened in July 2000 with two listed stocks and a market capitalisation of US\$ 31.5 million. The Vietnam Index (VNI) was introduced at the end of the first day's trading with a base of 100. From the beginning, the Vietnam Stock Exchange was established in accordance with the highest international structural standards and operates a screen-based, automated order-matching system (AMOS) with centralised settlement and a scripless depository. Orders in up to 9,990 shares are traded via AMOS and, when bids and offers are matched at the end of the trading session, determine the closing price of each stock. Block orders of 10,000 or more shares are traded via the Put Through Trading System (PTTS). Daily share price movements are currently subject to a 5 per cent limit in either direction, except on a stock's first day of trading, when there is no limit. Settlement is on a T+3 basis at the Vietnam Stock Exchange-operated central securities depository, with cash settlement by the Bank for Investment and Development, a state-owned bank. All shares are priced in Dong and have a par value of 10,000 Dong. The VNI is a simple capitalisation-weighted index comprising the issued shares of every Listed Company (but excluding the certificates issued by the sole listed investment fund), currently numbering 35.

From its base at the end of July 2000, the VNI rose to 206.83 at the end of that year with 5 listed stocks and market capitalisation of US\$69.4 million. The VNI continued to rise into 2001, in spite of various attempts by the exchange to restrain investor exuberance. It peaked on 25 June 2001 at 571.04 with a market average P/E ratio of 36. The Vietnam Stock Exchange, having widened the daily trading band from 2 per cent to 7 per cent in mid-June, then announced that it was considering a 3 to 6 month minimum holding period and introduced daily turnover limits restricting investors to trading a maximum of 2,000 shares per stock, a measure that was swiftly rescinded, but the damage had been done. The Vietnam Stock Exchange had no local institutional participation, and negligible foreign institutional participation, and local retail investors took fright at the potential removal of liquidity. They turned their attention instead to the Vietnamese property market, with the result that the VNI came back down to the previous year's closing level faster than it had risen from there.

Turnover, which had reached a daily average of US\$814,000 in June 2001 dropped significantly. Average daily turnover for the whole of 2001 was US\$431,500 and interest continued to decline through 2002 and for the first three quarters of 2003. At the end of August 2003 the index level was 142.71, representing total market capitalisation of US\$ 130 million. The weighted average market P/E ratio at that date had declined to 5.6, with an estimated market yield of 9.3 per cent based on 2003 earnings and dividend forecasts. This relative "fire sale" valuation began to attract or renew the interest of a number of foreign investors. As domestic investors became aware of this activity, local buying began to emerge in anticipation of foreign flows. The VNI bottomed on 24 October 2003 at 130 points and thereafter began a spectacular rally lasting a little over 5 months which peaked with the index at 280 points on 1 April 2004, a rise of 115 per cent. Average daily turnover, which had dwindled to below US\$ 75,000 in October 2003 also underwent a remarkable renaissance, rising to an average of US\$ 1.4 million in March 2004. The remainder of 2004 saw the VNI drift on declining interest as seven of the better quality stocks saw the 30 per cent of shares then available to foreign investors fully taken up, effectively preventing further participation. Only 4 companies and one investment fund were listed during the whole of 2004; however with one exception all were larger in terms of market capitalisation than the then prevailing average size of a listed company. In response to an even more disappointing expansion by just two stocks in the first half of 2005, the government embarked upon a more active programme requiring that 178 state-owned enterprises (SOEs) prepare themselves for listing by the end of 2005 and that 75 large-scale SOEs complete equitisation procedures within a similar period, or face various sanctions. Whilst the effects of that move have yet to filter through to the auction of shares in the most eagerly awaited large-capitalisation stocks, the listing of Vinamilk on 19 January 2006 took total market above US\$ 1 billion and the interest generated both domestically and overseas by a very positive report on Vietnam a few days later by Merrill Lynch has seen a surge in the Viet Nam Index, with the benchmark up 27 per cent in the first two months of 2006, following a rise of 28.5 per cent for the whole of 2005.

The next stage of the stock market's development, from 2006 to 2010, targets total market capitalisation of between 10 and 15 per cent of GDP by the end of that period. At compound annual growth rates of 7 per cent GDP is projected to exceed US\$69 billion by 31 December 2010.

THE VIETNAMESE ECONOMY AND THE VIETNAM STOCK EXCHANGE

A second stock exchange, the Hanoi Securities Trading Centre, opened on 8 March 2005, but has not yet proven a success, with only a handful of listed stocks and erratic trading patterns.

In conclusion, the Vietnamese Stock Exchange, although structurally sound, has not to date proven an unqualified success, largely due to a combination of its diminutive size, the absence of larger-capitalised companies, lack of liquidity and relatively narrow investor base. However, there are definite signs that all of these shortcomings are likely to be resolved in the medium term.

No assurance can be given that the positive economic, social and political developments in Vietnam referred to in this Prospectus, including in the above Vietnamese Economy and Vietnam Stock Exchange section of it, will continue nor that they will be adequate for the Company's purposes. If they do not continue, this may cause adverse economic, social or political consequences in Vietnam which may for a protracted period of time make satisfactory investments in Vietnam difficult or impossible to achieve.

INFORMATION RELATING TO THE SHARES

INFORMATION RELATING TO THE SHARES

SHARE CAPITAL

The authorised share capital of the Company is US\$600,000 divided into 12,000,000 ordinary Shares of a nominal or par value of US\$0.05 each, respectively having attached thereto the rights set out in the Articles of Association.

RIGHTS ATTACHING TO THE SHARES

The Shares constitute the only class of shares in the Company. All Shares have the same rights, whether in regard to voting, dividends, return of share capital and otherwise.

- (a) Voting rights: At a general meeting on a show of hands every Shareholder of record present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) shall have one vote and on a poll every Shareholder of record present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the Register.
- (b) General meetings: The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify as such in the notice calling it. The Directors may convene general meetings. Extraordinary general meetings may also be convened on such requisition.
- (c) Dividend rights: Each Shareholder has equal rights to dividends. See “Income Distributions” and “Capital Distributions” at page 46 below.
- (d) Winding up rights: In a winding up, the Shares carry a right to a return of the nominal capital paid up in respect of such Shares, and the right to share in the surplus assets. See “Supplementary Information about the Company – Winding up” at page 54 below.

LISTING OF THE SHARES

Shares of the Company were first admitted to the Official List of The Irish Stock Exchange on 15 January 2004. Application has been made to The Irish Stock Exchange for all of the additional Shares issued or available for issue to be admitted to the Official List of The Irish Stock Exchange. It is expected that that listing will become effective one week after the Issue. Subject to satisfaction of the conditions of the Placing, dealings in additional Shares are expected to commence a week after the Closing Date.

An announcement will be released to Companies Announcements Office of the Irish Stock Exchange describing the offer to which this document relates at the time of listing. No application has been made for the additional Shares to be listed on any other stock exchange.

In connection with any proposed application for listing of the additional Shares on any other stock exchange in the future, the Board may, subject to all applicable laws and the requirements of all relevant authorities (including, but not limited to, those of The Irish Stock Exchange), seek to make changes to the structure of the Company, its policies and any other matters described in this Prospectus.

FURTHER ISSUE OF SHARES

If the offering contemplated by this Prospectus is taken up in full, the Company will have completed the issue of its total of 12,000,000 authorised Shares, and there will be no further issues of Shares.

In the event that the Company has issued less than the total of 3,425,999 additional Shares in respect of subscriptions received by the Closing Date and subject to any direction that may be given by the Company in general meeting, the Directors may wish in due course to take advantage of market conditions to raise additional funds when opportunities exist to invest such funds for the benefit of Shareholders. The Company may therefore raise additional funds or issue further Shares, up to the maximum number of authorised Shares set out in the

INFORMATION RELATING TO THE SHARES

Articles. There is no requirement under the Articles, or under Cayman Islands law, for new Shares to be offered to existing Shareholders on a pre-emptive basis but it is the intention of the Directors that any new issue of Shares would generally be so offered. The Company's intention is to give such Shareholders prior notice of the number of Shares to be offered and the proposed subscription price. The Shareholders would then have fourteen days after the issue of such notice to accept the offer in proportion to their existing shareholdings in the Company, subject to rounding down in order to avoid fractional Shares and in order to ensure that no Shares are offered in excess of those that are authorised under the Articles. After the end of that 14day period, the Company may then offer such Shares as have not been accepted by the Shareholders to other potential investors.

The Company may not offer such additional Shares at a price per Share lower than the Net Asset Value per Share at the Valuation Day immediately prior to such offer or to any offeree in circumstances that would be prohibited by applicable law or to any offeree whose holding of Shares after purchasing the Shares being offered would, in the conclusive determination of the Board, cause or be likely to cause a pecuniary, tax, legal, regulatory or material administrative disadvantage to the Company or its Shareholders as a whole in any jurisdiction.

DETERMINATION OF NET ASSET VALUES

The Net Asset Value and the Net Asset Value per Share shall be determined by the Administrator in accordance with the Articles as at the close of business in the last relevant market to close on each Valuation Day. The Net Asset Value per Share shall be determined by dividing the Net Asset Value by the number of Shares issued and outstanding at the time and rounding up to three decimal places.

The Independent Auditors will audit the financial statements which will present the Net Asset Value on an annual basis. The Company's financial year end is 30 September in each calendar year.

All valuations of assets and liabilities of the Company will be made in US dollars. Profits and gains accruing to the Company are likely to be in Dong or other currencies and, for valuation purposes, the Administrator will use such exchange rate as it determines would best reflect the exchange rate that would be obtained by the Administrator on the relevant Valuation Day after taking into account the exchange rates quoted in Reuters and/or Bloomberg on the Valuation Day and having regard, inter alia, to any premium or discount which the Directors consider may be relevant and to any costs of exchange. The realisable value in US dollars of any asset may vary, and the real cost in US dollars of any liability may differ, from that reflected in any valuation so made.

Unless otherwise decided by the Board, the value of the Company's assets shall be determined in accordance with IFRS, as applicable to the Company. To the extent that IFRS permit, the Company will value its assets in accordance with the following provisions:

- (a) Listed securities will be valued at their last traded prices at the last official close of the Vietnam Stock Exchange or other relevant stock exchange on the relevant Valuation Day. There is no assurance that the last traded price will fairly reflect the price that would be achieved by the Company.
- (b) Unlisted bonds, debentures and financial notes, if any, will be valued at cost plus interest accrued, but unpaid, from purchase up to the Valuation Day unless in any case 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.
- (c) Investments in Pre-Listing Companies for which an active "over-the-counter" market exists will be stated at fair value based upon price quotations received from at least two independent brokers.
- (d) Other unlisted shares in Vietnamese companies will be valued at fair value as determined by the Directors in accordance with IFRS.

The liabilities of the Company will be deemed to include, among other things, such provisions and allowances for contingencies as the Board may from time to time consider appropriate and in accordance with IFRS.

For the purpose of ascertaining quoted, listed, traded or market dealing prices, the Directors (or any person to whom they have delegated responsibility for calculating the Net Asset Value) shall be entitled to use and rely upon

INFORMATION RELATING TO THE SHARES

mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Company and the prices provided by any such system shall be deemed to be the last traded prices for the purpose of paragraph (a) above.

The Net Asset Value and the Net Asset Value per Share as at each Valuation Day will be determined by the Administrator in accordance with the Articles and with information supplied to it by or on behalf of the Company, and will be available from the Investment Manager as soon as possible after each Valuation Day which will normally be at the latest within six weeks thereafter. The Net Asset Value and the Net Asset Value per Share will be notified by the Investment Manager to The Irish Stock Exchange immediately upon calculation. The Net Asset Value will be available at the office of the Administrator.

The Investment Manager will immediately notify The Irish Stock Exchange if there is any suspension in the calculation of the Net Asset Value. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible. The circumstances in which there may be a suspension in the calculation of the Net Asset Value are set out in “Temporary suspension of valuation” on page 53 below.

TRANSFERS OF SHARES

The instrument of transfer of any Shares shall be in the usual common form or in any other form which the Board may approve, which instrument of transfer shall be signed by the transferor and the transferee, and the transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register in respect thereof.

Each Shareholder which wishes to transfer its Shares will have to obtain a certificate from the purchaser or transferee of Shares. The certificate will be in the form of the Application Form and the supplemental disclosures applicable to U.S. Persons or non-U.S. Persons, as the case may be, modified in such manner as may be acceptable to the Company. The Company may decline to register the transfer if such documents are not given.

All transfers and other documents of title relating to any Shares must be lodged for registration with the Administrator. The Company may decline to register any transfer of Shares to a person whose holding of Shares would, in the conclusive determination of the Board, cause or be likely to cause a pecuniary, tax, legal, regulatory or material administrative disadvantage to the Company or its Shareholders as a whole in any jurisdiction. The Company may decline to register the transfer where the transfer would result in the transferee or, if the transferor is not transferring all of its Shares, the transferor holding Shares with a value of less than US\$100,000.

The registration of transfers may be restricted in the circumstances as set out in the section entitled “Compulsory transfer and restrictions on transfer” on page 49 below.

COMPULSORY TRANSFER OR REDEMPTION OF SHARES

The Company may require the transfer of any Shares and compulsorily redeem or require the transfer of any Shares in issue if, in the conclusive determination of the Board, they are being held by any person whose holding of those Shares would, or is likely to, cause a pecuniary, tax, legal, regulatory or material administrative disadvantage to the Company or its Shareholders as a whole, as summarised in the section headed “Articles of Association” on pages 49 to 55 below.

INCOME DISTRIBUTIONS

The Board shall declare any such dividends to the holders of Shares as appear to the Board to be appropriate and as are in accordance with the policy of The Irish Stock Exchange. No dividend may be declared or paid other than from funds lawfully available for distribution including share premium. The Company’s income from investments will be applied first to pay the fees and other expenses of the Company. See “Fees and Expenses” at page 33. The Company expects that its net income (i.e. accumulated net income plus the net of the accumulated realised and unrealised capital gains and the accumulated realised and unrealised capital losses), if any, after paying such fees and expenses, will be distributed to Shareholders annually, subject to retention of sufficient funds to meet anticipated fees and other expenses and subject to the ability to convert Dong income into foreign currency for purposes of paying such dividends.

INFORMATION RELATING TO THE SHARES

Any dividends unclaimed after a period of six years after having been declared shall be forfeited and revert to the Company.

No dividend payable by the Company on or in respect of any Share will bear interest against the Company.

The Board may direct payment or satisfaction of any dividend wholly or in part by the distribution of specific assets, and in particular of paid up shares of any Investee Company.

CAPITAL DISTRIBUTIONS

The Company's general intention is to reinvest the capital received on the sale of investments. However, the Board may from time to time, in its discretion, use the proceeds of sales of investments to meet the Company's expenses or distribute them to Shareholders. Alternatively, the Board may offer to redeem Shares with such proceeds upon not less than 30 calendar days' notice to Shareholders (subject always to applicable law). The method of calculation of the redemption price of Shares is set out in the Articles and is summarised under the heading "Redemptions" on page 53 below.

Payment of the redemption price for Shares will normally be made in US dollars within 30 calendar days after the effective date of the redemption. However, the Company may not be able to convert Dong revenues into US dollars for distribution at any specific time, and even if it succeeds in such conversion, it may not be able to remit them outside Vietnam at any specific time.

Holders of Shares have no right to require their Shares to be redeemed by the Company.

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

ESTABLISHMENT

The Company was incorporated on 7 May 2003 under the Companies Law, Cap. 22 (Revised), of the Cayman Islands as an exempted company with limited liability and its registration number with the Registrar of Companies in the Cayman Islands is CR-125492. The Company did not transact any business until 12 January 2004, although nominal expenses were incurred by the Company between 31 December 2003 and 12 January 2004. The Company is in compliance with the regulatory requirements outlined under the Companies Law, Cap. 22 (Revised) and all other relevant laws of the Cayman Islands. As at the date of this Prospectus there is no corporate governance regime operating in the Cayman Islands.

2,040,000 Shares were issued pursuant to the original placing of the Company's Shares, and further issues of 2,242,000 and 4,282,000 Shares were issued in June 2004 and March 2005 respectively.

One Share is held by the Investment Manager. However, pursuant to the Deed of Waiver, the Investment Manager has irrevocably waived any and all rights and benefits attached to such Share, including, but not limited to, the right to receive notice of, attend and vote at general meetings of the Company, the right to participate pro rata in dividends or other distributions declared and paid by the Company and the right to participate pro rata in the distribution of assets on the winding-up of the Company, during any period in which any other shares in the capital of the Company are in issue.

The additional Shares contemplated by this Placing will be issued pursuant to resolutions of the Board passed on 26 January 2006. None of the Shares of the Company are under option or agreed conditionally or unconditionally to be put under option. As at the date of this document the Company has no loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges or other borrowings or indebtedness (guaranteed or unguaranteed, secured or unsecured) in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities, and no dividends have been declared.

| | | |
|--------------------------------|----------------|------------|
| Total Current Debt | | NIL |
| Guaranteed | NIL | |
| Secured | NIL | |
| Unguaranteed / Unsecured | NIL | |
| | | |
| Total Non-Current debt | | NIL |
| Guaranteed | NIL | |
| Secured | NIL | |
| Unguaranteed / Unsecured | NIL | |
| | | |
| Shareholders' equity | | US\$ |
| Issued share capital | 425,538 | |
| Share premium | 20,099,139 | |
| Accumulated gains (losses) | 2,023,676 | |
| Cumulative translation reserve | <u>138,351</u> | |
| Total | | 22,686,524 |

The information provided above is derived from the Company's audited financial statements for the year ended 30 September 2005. Based on the Company's statement of net assets as at 28 February 2006, the net carrying value of the shares held by the Company in equity securities of Vietnamese companies as at 30 September 2005 further appreciated by approximately US\$8.2 million following an increase in the respective market values of those shares. There has been no material change since the date of the Company's last published financial information, other than those ordinary movements in the market values of the securities held by the Company.

DURATION OF THE COMPANY

The Company has been established for an unlimited duration. However, the Articles require the Company to put before its Annual General Meeting in 2008, a Special Resolution to wind up the Company effective 30 September

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

2008. If the Shareholders do not decide, by Special Resolution, to wind up the Company effective 30 September 2008, the Company will continue to operate until 30 September 2010.

FINANCIAL STATEMENTS AND REPORTS

The Company's year-end is 30 September and audited financial statements will be sent to The Irish Stock Exchange and each Shareholder within six months of the end of the relevant financial year. The Company will also send half-yearly unaudited interim reports to The Irish Stock Exchange and each Shareholder within four months of the end of the relevant half-year. All statements will be in English.

The Independent Auditors have audited the Company's financial statements for the periods ended 30 September 2004 and 2005. These financial statements attached as Appendix III form part of this Prospectus. The Independent Auditors have given and have not withdrawn their consent to the issue of this Prospectus in this form, including to the incorporation into this Prospectus of the audited financial statements for the periods ended 30 September 2004 and 2005 and their opinion on the same, and to the references to the Independent Auditors in the form in which they appear.

Except for the further appreciations in the value of the shares the Fund owns by USD 2,351,346 as of 27 January 2006, there has been no other significant change in the financial position of the Company since 30 September 2005, being the date to which the latest audited financial statements of the Company have been made up.

DIRECTORS' INTERESTS

There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.

There are no contracts in relation to the Company's business in which a Director of the Company has a material interest, whether directly or indirectly.

No Director has any interest, direct or indirect, in the promotion of, or in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature or condition or which is significant in relation to the business of the Company. One Director has ownership interests in various Listed Companies and potential Pre-Listing Companies, but the Company has neither made any proposal to buy shares in such Listed Companies or potential Pre-Listing Companies or any decision to make any such proposal in the future.

No Director has (i) any unspent convictions; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

CONSTITUTION

The Memorandum and Articles of Association of the Company comprise its constitution. The following summary is not exhaustive. These documents are available for inspection during the period and at each of the addresses specified in the section on page 58 below headed "Documents Available for Inspection".

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

Memorandum of Association

Clause 3 of the Memorandum of Association of the Company provides that the Company's objects are unrestricted (except as prohibited by law), but, without limiting the foregoing, the principal objects of the Company include, inter alia, to carry on business as an investment holding company and to buy, sell and deal in, acquire, invest in and hold by way of investment interests in development projects wheresoever located, bonds, obligations, certificates of deposit, treasury bills, trade bills, bank acceptances, bills of exchange, monetary instruments, currency, shares, stocks, debentures, debenture stock, financial futures contracts, warrants, options of all kinds and securities of all kinds, created, issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, in any part of the world, or by any company, organisation, bank, association or partnership, whether with limited or unlimited liability, constituted or carrying on business in any part of the world, units of participation in any unit trust scheme, mutual fund or collective investment scheme in any part of the world, policies of assurance, and any rights and interests to or in any of the foregoing (whether issued or to be issued), and from time to time to sell, deal in, vary or dispose of any of the foregoing.

Articles of Association

The Articles contain, amongst other things, provisions to the following effect:

(a) **Alterations of capital**

- (i) The Company may by Ordinary Resolution (unless an amendment to the Memorandum of Association is required, in which case a Special Resolution will be required) increase its share capital, consolidate or divide all or any of its share capital into Shares of a larger amount, cancel any Shares not taken by any person, sub-divide its Shares or any of them into Shares of a smaller amount or divide its Shares into different classes with different rights, including as to dividends, distributions or voting.
- (ii) Subject to the provisions of the laws of the Cayman Islands including, where applicable, confirmation of any reduction in share capital by the Grand Court, the Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account.

(b) **Transfer of Shares**

Shares may be transferred by a form of transfer in any usual or common form or in any other form which the Board may approve, which form shall be signed by the transferor and the transferee, and the transferor is deemed to remain the holder of a Share until the name of the transferee is entered in the register in respect of that Share. The Board is not required to register transfers of Shares which do not comply with certain formalities.

(c) **Compulsory transfer and restrictions on transfer**

- (i) The Directors have the power to impose such restrictions (including restrictions on transfers) as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any unauthorised persons, or in breach of, or in any way which will lead to the imposition of, the requirements of any country or governmental authority. In particular, without the specific consent of the Board, Shares may not be transferred to U.S. Persons which may result in more than 10 per cent of the issued share capital or securities convertible into shares of either (i) the Company or (ii) the Company and Vietnam Emerging Equity Fund Limited., a Cayman Islands company (treated as a single issuer), being held at any one time by a single U.S. Person unless the Board otherwise agrees.

The Board may at its discretion give its consent generally to certain categories of offers, sales or transfers of Shares to specific categories of persons and may impose as a condition of such consents the receipt of certifications from the purchasers or subscribers or transferors or

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

transferees (or any of them) as to their status, and in particular as to whether they are a U.S. Person.

- (ii) The Company has the right to require the transfer of Shares owned directly or indirectly or beneficially by any person (a “Non Qualifying Person”) such that, in the opinion of the Board, the tax status or residence of the Company is or may be prejudiced, or the Company may suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA), or the Company would be required to comply with any registration, filing or other material administrative requirements in any jurisdiction, with which it would not otherwise be required to comply, or may result in the assets of the Company being deemed to be “plan assets” for the purposes of ERISA, or may require the registration of the Company as an “investment company” under the United States Investment Company Act of 1940, as amended (“1940 Act”). The Board may direct the Non Qualifying Person to transfer his Shares to a person who is qualified to hold them and would not by reason of a transfer become non qualifying. Until such transfer is effected, the holder of such Shares will not be entitled to any rights or privileges attaching to such Shares. If the required transfer is not effected within 30 days after service of a notice to do so and the person directed to transfer his Shares has not established to the satisfaction of the Board (whose judgement shall be final and binding) that he is not a Non Qualifying Person the Shares concerned may be compulsorily redeemed or sold by the Company on behalf of the holder of such Shares. The redemption or sale price will be the Net Asset Value per Share as at the Valuation Day last preceding the date of transfer or redemption (as the case may be).
 - (iii) In order to give effect to the foregoing restrictions, the Company may, at any time, require certification or other evidence from any transferee of Shares as to whether such transferee is or is not (or is or is not acquiring the Shares for the account or benefit of) (a) a U.S. Person, or (b) a person holding Shares (or other securities) comprising 10 per cent or more of the then issued share capital or securities convertible into shares of either (i) the Company or (ii) the Company and Vietnam Emerging Equity Fund Limited, a Cayman Islands company (treated as a single issuer), in circumstances where the beneficial ownership of such Shares or securities could be attributed to the holders of that person’s outstanding securities under the provisions of Section 3(c)(1)(A) of the 1940 Act, or (c) acquiring the Shares with a view to offering or selling such Shares within the United States or to U.S. Persons, or (d) is otherwise a Non Qualifying Person.
 - (iv) A person who, by reason of any restriction is not qualified to acquire or ceases to be qualified to hold all or any of his Shares or whose holding will, or is likely to, cause a pecuniary, tax, legal, regulatory or material administrative disadvantage to the Company or to Shareholders as a whole, must transfer such Shares to a person who is not prohibited or otherwise disqualified from holding such Shares.
 - (v) The Company may at any time and from time to time call upon any holder of Shares to provide such information and evidence as it shall require upon any matter connected with, or in relation to, such holder of Shares. If such information and evidence is not provided within fourteen days, the Company may apply the transfer provisions applicable to a Non Qualifying Person.
- (d) **Directors**
- (i) The number of Directors may not be less than two or exceed six and they are appointed as follows:
 - (A) Four Directors, Messrs Smiley, Jordan, Vale and Dinh, were appointed by the initial Shareholder. The fifth Director, Mr. Winkler, was appointed by resolution of the Company on 1 August 2004. These Directors were re-appointed at the annual general meeting of the Company on 22 April 2005 and shall serve in office until the next occurring annual general meeting of the Company. Each of the Directors may submit himself for re-election at the next occurring annual general meeting of the Company. The re-elected Director or his replacement will hold office until the next annual general meeting of the Company. If a Director resigns prior to any annual general meeting, the

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

remaining Directors may appoint a replacement to serve until the next annual general meeting.

- (B) In addition, the Board shall be entitled to appoint and remove two additional independent, non-executive Directors on the recommendation of two Shareholders who hold large numbers of Shares, as determined by the Board. One such Director has already been appointed.
 - (C) All Directors shall have the same right to vote at meetings of the Board. Questions arising at any meeting will be decided by a majority of votes of the Directors present at a meeting at which there is a quorum. In case of an equality of votes, the Chairman shall have a second or casting vote.
- (ii) There is no shareholding qualification for Directors. Nor is there any requirement that a Director retire at any particular age.
 - (iii) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. An alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.
 - (iv) The remuneration of each Director is determined by the Board, subject to a maximum aggregate amount of US\$50,000 per annum being paid to the members of the Board. The Directors may also be paid all reasonable travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Board or any committee of the Board or general meetings of the Company or in connection with the performance of their duties as Directors. Subject to the maximum aggregate amount set out above, there is no requirement that the remuneration (including pension and other benefits) payable to each Director be approved by an independent quorum.
 - (v) Save as otherwise provided by the Articles, a Director is not entitled to vote on (and he will not be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge materially interested and, if he does so, his vote will not be counted, but this prohibition does not apply to any of the following matters namely:
 - (1) the giving of any security or indemnity either:
 - (A) to the Director in respect of money lent or obligations incurred or undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (B) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has himself assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (2) any proposal concerning an offer of Shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (3) any proposal concerning any other company in which the Director is interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director is beneficially interested in shares of that company;
 - (4) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries, including:

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

- (A) the adoption, modification or operation of any employees' share scheme or any incentive or share option scheme under which he may benefit; or
 - (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (5) any contract or arrangement in which the Director is interested in the same manner as other holders of Shares or debentures or other securities of the Company by virtue only of his interest in Shares or debentures or other securities of the Company.

The Company may by Ordinary Resolution (i) suspend or relax the above restrictions to any extent or (ii) ratify any transaction not duly authorised by reason of a contravention of the above restrictions.

- (vi) The Board may from time to time and by resolution delegate such of their powers as they consider appropriate to a committee consisting of some of the Directors.
- (vii) Each Director has the power to appoint any person to be his alternate Director.
- (viii) Every Director and officer for the time being of the Company and their representatives, heirs, executors, administrators, personal representatives or successors or assigns shall, in the absence of fraud, negligence or wilful default, be indemnified and held harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, including travelling expenses, losses, damages or liabilities, which any such Director or officer may incur or for which he may become liable in respect of or by reason of any contract entered into or act or thing done by him as such officer or servant, or in any way in discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the shareholders over all other claims. No such Director or officer shall be liable or answerable (i) for the acts, receipts, neglects, defaults or omissions of any other Director or officer, or (ii) for joining in any receipt for money not received by him personally or other act for conformity, or (iii) for any loss on account of defect of title to any property of the Company, or (iv) on account of the insufficiency of any security in or upon which any of the assets of the Company shall be invested or for any loss of any of the assets of the Company which shall be invested, or (v) for any loss incurred through any bank, broker or other agent, or (vi) for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any assets, securities or effects shall be deposited, or (vii) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part, or (viii) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto unless the same happens through his own fraud or wilful default.

(e) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party, provided that no borrowing may be incurred which would, if incurred, cause the aggregate amount of all moneys borrowed by the Company (including the amount of any loan capital and debentures) which remains outstanding from time to time to exceed an amount representing 25 per cent of the latest available Net Asset Value of the Company at the time of the borrowing unless the Shareholders in general meeting otherwise determine by Ordinary Resolution.

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

All guarantees or indemnities that expose the Company to a contingent liability in excess of 25 per cent of its latest available Net Asset Value must be signed by two Directors pursuant to a duly authorised resolution of the Board in order to be valid.

(f) **Temporary suspension of valuation**

- (i) The calculation of Net Asset Value is summarised under “Determination of the Net Asset Values” on page 44. The Company is empowered to suspend the calculation of Net Asset Value and may do so in any of the following events:
- (A) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Company, disposal of investments is not reasonably practicable without materially and adversely affecting and prejudicing the interests of Shareholders, or if, in the opinion of the Directors, a fair price cannot be calculated for a significant number of the assets;
 - (B) when any stock exchange or over-the-counter market on which any significant portion of the investments of the Company is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such stock exchange or market is restricted or suspended;
 - (C) in the case of a breakdown of the means of communication normally used for valuation purposes or if for any reason appropriate valuations cannot be determined as rapidly and accurately as required; or
 - (D) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions are rendered impracticable, or if purchases, sales, deposits and withdrawals of investment cannot be effected at the normal rates of exchange.
- (ii) The Company also has the right to suspend the calculation of Net Asset Value when, in the opinion of the Board, a significant proportion (which is likely to exceed five per cent) of the assets of the Company cannot be valued on an equitable basis.

Any such suspension will be notified to Shareholders by way of a company announcement.

(g) **Redemptions**

- (i) Subject to relevant provisions of Cayman Islands’ law and the Articles, the Company may from time to time by not less than 30 calendar days’ notice to the holders of Shares redeem all or any portion of the Shares held by the Shareholders at the redemption price denominated in US dollars and calculated in accordance with paragraph (ii) below (the “Redemption Price”) from any funds legally available therefor, including from capital, on, inter alia, the following terms:
- (A) on any redemption the Company will have the power to divide in kind the whole or any part of the assets of the Company and appropriate such assets in satisfaction or part satisfaction of the Redemption Price;
 - (B) the redemption of Shares will be made in the Company’s absolute discretion, and shall apply to all holders of Shares pro rata to their shareholdings;
 - (C) upon redemption, each holder of Shares who has been issued a share certificate will lodge with the Company or its authorised agent a duly endorsed certificate for the Shares to be redeemed and subject to sub-paragraph (E) below no payment of redemption proceeds will be made until such duly endorsed certificate has been received;

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

- (D) on redemption of part only of the Shares comprised in a certificate (if any has been issued) the Company will procure that a balance certificate in respect of the Shares not redeemed will be sent free of charge to the relevant holder or as that holder shall direct;
 - (E) the Company may at its option dispense with the production of any certificate which has been lost or destroyed upon compliance by the holder of Shares with the same requirements as apply in the case of an application by him for replacement of a lost or destroyed certificate under the Articles; and
 - (F) any amount payable to a holder of Shares in connection with the redemption of his Shares will be paid in US dollars and will be posted at the holder's risk by or on behalf of the Company to the holder not later than 30 calendar days after the effective date of the redemption, provided that the Company may delay payment of redemption proceeds beyond such period if settlement of sales or other realisation of securities on any stock market is delayed or suspended, or any necessary conversion or transfer of funds is delayed for any reason beyond the control of the Company. Alternatively, redemption proceeds may be paid by distribution in kind of all or part of a Shareholder's pro-rata portion of a portfolio investment made by the Company, where the Shareholder so elects and the Company consider this to be feasible. Any such distribution in kind shall be on terms determined by the Company.
 - (G) Payment to third parties other than holders of Shares will not be entertained.
- (ii) The Redemption Price for each Share redeemed pursuant to (i) above is calculated by:
- (A) ascertaining the value of the net assets of the Company in US dollars for this purpose under the Articles (summarised above under "Determination of the Net Asset Values" on page 44) as at the most recent Valuation Day;
 - (B) deducting therefrom such sum as the Company in its absolute discretion may consider represents an appropriate allowance for duties and charges in relation to the realisation of the investments held by the Company on the relevant Valuation Day on the assumption that such investments had been realised on that Valuation Day;
 - (C) adjusting the net asset value determined under paragraphs (a) and (b) above to reflect the actual cost of converting any amount if necessary into US dollars at such rate of exchange as the Company may in its absolute determination consider appropriate in all the circumstances at any time prior to payment of the Redemption Price. The certificate of the Company as to the conversion rate applicable (which may take account of the costs of conversion) will, in the absence of manifest error, be conclusive and binding on all persons;
 - (D) dividing the amount so calculated by the number of Shares then in issue; and
 - (E) adjusting the resulting sum downwards to the nearest whole cent (the amount necessary to effect such downward adjustment being payable to the Company for its absolute use and benefit).
- (iii) Holders of Shares have no right to require their Shares to be redeemed by the Company.
- (h) **Winding up**

If the Company is wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the applicable law, divide amongst the Shareholders in specie or 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 such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders. The

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

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 contributories as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any assets, shares or other securities whereon there is any liability.

MATERIAL CONTRACTS

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

Investment Management Agreement

The Investment Manager was appointed to provide a continuous investment programme for the Company's assets, including seeking suitable investments for the Company, advising and supporting in relation to the development of investments held by the Company, seeking ways in which the Company might dispose of its investments, and the provision of investment research and advice with respect to all securities and investments and cash equivalents comprised in the Company's assets, and to provide certain other services to the Company under the terms of that agreement.

Subject to the overall control and direction of the Board, the Investment Manager will determine which securities and other investments will be purchased, retained or sold by the Company and will place all sale and purchase orders on behalf of the Company.

In the performance of its obligations under that agreement, the Investment Manager has undertaken to act honestly and in the best interests of the Company, to exercise the care, diligence and skill which a reasonably prudent investment manager would exercise in the circumstances, to comply with the laws and regulations in force from time to time in Vietnam and other countries in which the Company invests as well as with the investment objectives, policies and restrictions for the time being and from time to time of the Company as established by the Directors and made known to the Investment Manager, and with the Articles and the requirements of The Irish Stock Exchange, and the Investment Manager is required to have regard to:

- (a) any restrictions for the time being contained in the Prospectus or any subsequent listing particulars or equivalent document; and
- (b) any other matter to which a prudent discretionary investment portfolio manager should reasonably pay regard in the proper discharge of its duties.

Details of the fees payable by the Company to the Investment Manager under the Investment Management Agreement are set out under the heading "Fees and Expenses" on page 33 above of this Prospectus.

The Investment Manager has made no representation or warranty as to the performance of the Company or the success of any investment strategy recommended or used by the Investment Manager.

The Investment Management Agreement contains provisions pursuant to which the Company agrees not to make claims against the Investment Manager or any of its directors, officers, agents or employees, and to indemnify such persons against any claims which may be made against them by third parties and against any costs, losses or expenses which any of them may incur, as a result of, or in connection with the provision by or on behalf of the Investment Manager of services under the Investment Management Agreement, except to the extent that the same is directly attributable to the gross negligence, wilful default or fraud of the Investment Manager or any of its directors, officers, agents or employees.

The Investment Management Agreement may be terminated by the Company, without being required to pay any termination fee to the Investment Manager, by giving notice in writing to the Investment Manager if (i) a petition is presented for the winding up of the Investment Manager (except in respect of a voluntary winding up for the purpose of a reconstruction or amalgamation upon terms previously approved in writing by the Company) and is not discharged within 90 days or if a liquidator is appointed in respect of any of the assets of the Investment

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

Manager or any analogous event occurs or action is taken in any jurisdiction other than the Cayman Islands; or (ii) if the Investment Manager has committed any material breach of its obligations under this Agreement and (if such breach shall be capable of remedy) fails within thirty days of receipt of notice requiring it so to do to make good such breach; or (iii) if the Investment Manager is or was fraudulent or grossly negligent in the performance of its duties hereunder and this resulted in a substantial loss being incurred by the Company.

The Investment Manager is entitled to retire (i) on one year's notice, if it can demonstrate that its remuneration for its services through and including the liquidation of the Company are likely to be lower than the expenses required in order to meet the Investment Manager's obligations and 80 per cent of the capital raised on the Closing Date has been invested; or (ii) if the Company commits any material breach of its obligations under the Investment Management Agreement and (if such breach shall be capable of remedy) the Company fails within thirty days of receipt of notice requiring it so to do to make good such breach.

The Company may terminate the appointment of the Investment Manager without cause at any time more than two years after the Company's authorised share capital has been fully subscribed and issued, but not before. Termination may only be effected by written notice attaching a certified copy of a Special Resolution of the Shareholders deciding upon such termination. If such termination without cause is effected, the Company will pay to the Investment Manager a termination fee in an amount equal to six times the average monthly Management Fee that was payable to the Investment Manager during the 12-month period prior to the date the notice of termination was delivered to the Investment Manager.

Placing Agreement

Under the Placing Agreement, the Placing Agent has agreed to use its best efforts to place additional Shares to existing Shareholders or to new investors who are Professional Investors with minimum subscriptions of \$100,000. Further details of such Placing are set out in the section entitled "Placing Procedures" on page 35 above. The Placing Agreement contains certain representations, warranties and undertakings by the Company in favour of the Placing Agent. The Placing Agreement also contains provisions pursuant to which the Company has agreed to indemnify and hold harmless the Placing Agent, its directors, officers and agents from and against all or any claims, actions, liabilities, demands or proceedings brought or established against the Placing Agent by any subscriber or purchaser of the additional Shares pursuant to the Placing or any subsequent purchasers or transferees thereof or any other person whatsoever and against all losses, costs, charges or expenses (including legal fees) which the Placing Agent may suffer or incur which arise, directly or indirectly, by reason of or in connection with:

- (a) the placing documents not containing or being alleged not to contain all information required to be stated therein or otherwise material in the context of the offering of the Additional Shares, or any statement therein being or being alleged to be untrue, inaccurate, incomplete, misleading or not based on reasonable grounds; or
- (b) any breach by the Company of any of its obligations thereunder or of any of the warranties or any misrepresentation or alleged misrepresentation contained in the placing documents.

The Placing Agreement may be terminated by any party in respect of a breach of obligations by the other party and by the Placing Agent in certain specified circumstances as set out in the Placing Agreement.

Custodian Agreement

Under the Custody Agreement the Custodian, the Vietnam Sub-Custodian and/or any other duly appointed sub-custodian will hold all assets of the Company received by the Custodian in accordance with the terms of the Custody Agreement. The Custody Agreement requires the Company's shares in Listed Companies to be held by a custodian registered as such in Vietnam and these assets will therefore be held by the Vietnam Sub-Custodian.

Details of the fees payable by the Company to the Custodian and the Vietnam Sub-Custodian under that agreement are set out under the heading "Other Fees and Expenses" on page 33 above of this Prospectus.

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

The Custody Agreement may be terminated by the Company or the Custodian upon 30 days' notice by either party. The Custody Agreement may also be terminated by either party summarily and with one day's notice upon any material breach by the other party.

The Custodian has appointed the Vietnam Sub-Custodian as a sub-custodian. The Custodian has represented that the choice of the Vietnam Sub-Custodian is reasonable and that it constitutes a suitable sub-custodian. The Custodian will be responsible to the Company for the duration of the sub-custody agreement for satisfying itself as to the ongoing suitability of the Vietnam Sub-Custodian to provide custodial services to the Company. The Custodian will also maintain an appropriate level of supervision over the Vietnam Sub-Custodian and will make appropriate inquiries periodically to confirm that the obligations of the Vietnam Sub-Custodian continues to be competently discharged. Subject to the terms of the Custody Agreement, the Custodian will generally remain liable for any negligence or wilful default of the person appointed.

In addition, the Company has undertaken to indemnify the Custodian against all charges, costs, damages, losses, claims, liabilities, expenses, fees and disbursements which the Custodian may suffer or incur in connection or arising from the Custody Agreement (other than due to breach by the Custodian of the Custody Agreement or due to wilful misconduct or negligence on the part of the Custodian).

The Custodian has agreed to use reasonable care in the performance of its duties under the Custody Agreement but is not responsible for any loss or damage suffered by the Company as a result of the Custodian performing such duties or for any act or omission in respect of any instructions and/or under the Custody Agreement unless the same results from negligence or wilful default on the part of the Custodian, in which event the Custodian's liability is limited to the market value of the relevant securities and/or cash at the time of (a) such negligence or wilful default or (b) the Company's discovery of the loss or damage (whichever is the higher).

Furthermore, among other provisions protecting the Custodian against potential liability, the Custody Agreement provides that the Custodian will not be liable to the Company or otherwise for any taxes or duties payable on or in respect of the property held in custody, nor for the management or diminution in value of that property.

The Custodian is entitled to act on the basis of instructions which purportedly emanate from an authorised representative of the Company.

Administration Agreement

Under the Administration Agreement the Administrator (or its duly appointed nominees, agents and delegate) has agreed to provide to the Company certain administrative services including keeping books and records in order to give a complete record of all investments held by the Company and transactions carried out by it and calculating the Net Asset Value per Share of the Company in accordance with information supplied to it. The Administrator will delegate certain of its functions and duties to the Administrator's Agent provided always that the original register of Shareholders will be maintained by the Administrator in the Cayman Island. Details of the fees payable by the Company to the Administrator under that agreement are set out under the heading "Other Fees and Expenses" on page 33 above of this Prospectus.

The Administration Agreement provides that the Administrator will not be liable to the Company for anything done or omitted to be done by the Administrator in connection with the services provided by the Administrator, except in the case of fraud, wilful default or negligence of the Administrator. In addition, the Company will indemnify the Administrator from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful default on the part of the Administrator, its servants, agents or delegates) which may be imposed on, incurred, or asserted against the Administrator in performing its obligations or duties under the Administration Agreement or as a result of the assets of the Company being deemed to constitute the assets of any "plan" for purposes of the United States Employee Retirement Income Security Act of 1974, as amended.

The Administration Agreement will remain in effect unless terminated upon not less than three months' written notice by the Company or the Administrator. Either the Company or the Administrator can terminate the Administration Agreement forthwith by notice if the other has committed a material breach of the agreement which

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

has not been remedied within thirty days after notice requiring the same to be remedied, or if the other goes into liquidation or has a receiver (or its equivalent) appointed over any of its assets.

The Company's original administrator, Bank of Bermuda, has been acquired by HSBC Holdings plc. As a result of the subsequent reorganization, the name of Bermuda Trust (Far East) Limited, the Administrator's Agent, was changed to "HSBC Institutional Trust Services (Asia) Limited" with effect from 1 November 2004.

Secretarial Services

Under the Secretarial Services Agreement the Secretary has agreed to provide certain company secretarial services to the Company and to provide the registered office for the Company.

The Secretarial Services Agreement will remain in effect unless terminated upon not less than three months' written notice by the Company or the Secretary. Either the Company or the Secretary can terminate the Secretarial Services Agreement forthwith by notice if the other has committed a breach of the agreement which has not been remedied within thirty days after notice requiring the same to be remedied.

The Company has agreed to indemnify (on a full indemnity basis) the Secretary, Charles Adams Ritchie and Duckworth and their respective officers, employees and partners against all liabilities, costs and expenses incurred (other than as arise in the ordinary course of business) in providing services under the Secretarial Services Agreement save where such liability, costs and expenses arise through the fraud, wilful default or negligence of the Secretary, Charles Adams, Ritchie and Duckworth or any of their respective officers, employees and partners.

Details of the fees payable by the Company to the Secretary under that agreement are set out under the heading "Other Fees and Expenses" on page 33 above of this Prospectus.

LITIGATION

Since the date of its incorporation the Company is not engaged in any governmental, legal or arbitration proceedings nor are the Directors aware of any pending or threatened governmental, legal or arbitration proceedings.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents set out below will be available for inspection during normal business hours for the life of this Prospectus at the offices of NCB Stockbrokers Limited, 3 George's Dock, International Financial Services Centre, Dublin 1, Ireland and Freshfields Bruckhaus Deringer, #05-01, 17 Ngo Quyen, Hanoi, Vietnam;

- (a) the Certificate of Incorporation of the Company;
- (b) the Memorandum of Association of the Company and the Articles;
- (c) the Placing Agreement;
- (d) the Custody Agreement;
- (e) the Administration Agreement;
- (f) the Investment Management Agreement;
- (g) the Secretarial Services Agreement;
- (h) the Deed of Waiver;
- (i) Independent Auditors' letter of consent;

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

- (j) Audited financial statements for the period ended 30 September 2004 and the year ended 30 September 2005;
- (k) the Companies Law of the Cayman Islands; and
- (l) a list of past and current directorships and partnerships held by each Director over the last 5 years.

In addition, the Company will send to The Irish Stock Exchange and to each of its registered Shareholders (i) on or before 31 March of each year, an annual report including audited financial statements for the preceding fiscal year, and (ii) on or before 31 July of each year, a semi-annual report including unaudited financial statements for the semi-annual period up to the last Valuation Day in the preceding March.

MISCELLANEOUS

The Company has not established a place of business in Ireland.

Investments

As of 27 January 2006, the Company owns shares of 23 individual Investee Companies. The size of investments to date has typically ranged in value from approximately US\$200,000 to approximately US\$2 million.

As of 27 January 2006, as a result of appreciations in the value of the shares it owns, the Company has more than 10% of its assets invested in the following three companies:

Vietnam Dairy Products Company. As at 27 January 2006, the Company had invested approximately \$1,910,000 (approximately 7.4% of its assets) in Vietnam Dairy Products Company (“Vinamilk”), a Vietnamese company whose address is at 36-38 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam and which is involved in the dairy products business. The Company owns approximately 0.66% of Vinamilk’s issued share capital. Vinamilk’s unaudited profit arising out of ordinary activities, after tax, for the last financial year, amounted to VND 604,373,698,532. As of 27 January 2006, the Company valued its interest in Vinamilk at VND 55,854,050,000 (13.61% of its assets). The total dividends paid to the Company by Vinamilk for the financial year ended 31 December 2005 total VND 1,766,045,000. Vinamilk was listed at the Ho Chi Minh Securities Trading Centre on 19 January 2006.

Sacom Cable. As at 27 January 2006, the Company had invested approximately \$ 2,520,000 (9.77% of its total assets at the time of investment) in Sacom Cable, a Vietnamese company whose address is at Bien Hoa 1 IP, Bien Hoa City, Dong Nai Province, Vietnam and which is involved in the telecommunications cable and materials business. The Company owns approximately 4.16% of Sacom’s issued share capital. Sacom’s unaudited profit arising out of ordinary activities, after tax, for the last financial year, amounted to VND 103,200,260,020. As of 27 January 2006, the Company valued its interest in Sacom Cable at VND 49,337,539,200 (12.02% of its assets). The Company will receive VND 974,280,000 on 1 March 2006 as a final dividend payment in respect of its ownership of shares in Sacom Cable for the financial year ended 31 December 2005, The total dividends paid and payable to the Company by Sacom Cable for the financial year ended 31 December 2005 total VND 1,381,278,000.

General Forwarding and Agency Corporation. As at 27 January 2006, the Company had invested approximately \$ 2,030,000 (7.897% of its total assets at the time of investment) in General Forwarding and Agency Corporation (“Gemadep”), a Vietnamese company whose address is at 15th Floor, Harbour View Tower, 35 Nguyen Hue, District 1, Ho Chi Minh City, Vietnam and which is involved in the freight forwarding business. The Company owns approximately 3.14% of Gemadep’s issued share capital. Gemadep’s unaudited profit arising out of ordinary activities, after tax, for the last financial year, amounted to VND 118,592,841,504. As of 27 January 2006, the Company valued its interest in Gemadep at VND 46,089,470,000 (11.23% of its assets). The Company has received VND 560,809,200 in dividends in the course of the last financial year in respect of its ownership of shares in Gemadep. The final dividend for the financial year ended 31 December 2005 had not been declared at the date of this document.

SUPPLEMENTARY INFORMATION ABOUT THE COMPANY

Statement of Indebtedness

As at 31 January 2005, the Company had no borrowings.

Working Capital

The Directors consider that having regard to the Company's cash –and cash equivalents it has sufficient working capital for its present requirements, that is for at least 12 months from the date of this Prospectus.

Share Information

The Net Asset Value per Share as at 27 January 2006, which has not been audited, was US\$3.011.

Significant Owners

As at 15 February 2006 and prior to the issue of the additional Shares, the Company's register of members shows that each of the following Shareholders is interested in more than 10 per cent of the Shares. The Directors are not aware that any other person is interested in more than 10 per cent of the Shares.

Under the Articles of Association of the Company an ordinary resolution of the Company would be passed by a simple majority of the voting members of the Company (who vote on a one share one vote basis) and a special resolution would be passed by not less than three quarters of the voting members agreeing to the passing of such resolution.

The business of the Company is at all times managed by the Directors; Shareholders are only involved in decision-making at general meetings of the Company in accordance with the Articles of Association of the Company. The Company is therefore capable at all times of operating and making decisions independently of a controlling Shareholder (that is, a holder of in excess of 30% of the issued share capital). All transactions and relationships between the Company and the controlling Shareholder will continue to be at arm's length and on a normal commercial basis.

| Name of Shareholder | No. of Shares | % of Existing Share capital in issue |
|--|----------------------|---|
| Citvic Nominees Limited | 3,887,250 | 45.39 |
| Kredietbank Luxembourg Clearstream Account | 2,260,668 | 26.40 |
| Total | 3,641,000 | 71.79 |

TAXATION

The following is a summary of certain tax matters that should be considered by prospective investors. Investors are advised, however, to consult their own professional tax advisers about the tax consequences to them of the acquisition, ownership, conversion and disposal of Shares in the Company.

The summary below is based on advice received by the Company with regard to current law and practice and is necessarily general in nature. Moreover, while the summary below is based on laws in effect as at the date of this Prospectus, such laws are subject to change. The Directors and other parties involved in the listing of the Shares and the Issue do not accept any responsibility for any adverse tax liabilities which may accrue to holders of Shares.

VIETNAM

Non-Vietnamese investments

As a foreign legal entity, the Company will not be liable for Vietnamese taxes on its income derived outside Vietnam or capital gains derived from the sale or other disposal of its non-Vietnamese investments.

Investee Companies – corporate income tax

As from 1 January 2004, under the new Law on Corporate Income Tax, Vietnamese corporate income tax rates are to be adjusted to a “standard” rate (subject to the possibility of various lower incentive rates depending on the category into which an enterprise falls) of 28 per cent for both foreign-invested companies and domestic Vietnamese companies. Companies will no longer be subject to a profit tax surcharge.

Investee Companies – profit remittance tax

As from 1 January 2004, the new Law on Corporate Income Tax repealed the profit remittance tax applicable to foreign investors in foreign-invested companies. It is not clear whether the new Law on Corporate Income Tax also repeals the profit remittance tax applicable to profits which are remitted overseas by foreign investors investing in domestic Vietnamese companies, which would normally be 5 per cent, but in practice such profit remittance tax appears no longer to be collected.

Capital gains tax

Vietnam currently does not have clear regulations on capital gains tax. The capital gains tax depends on the status of the seller and the entity in which interests are being sold.

Under the Law on Corporate Income Tax, domestic entities will be taxed on gains from the transfer of equity interests in both foreign-invested enterprises and Vietnamese-owned domestic businesses at the corporate income tax rate specified in their business license (or 28 per cent). Tax reductions may be available in limited circumstances.

Circular 100 dated 20 October 2004 provides that if a foreign investor in a domestic Vietnamese company sells all or part of its investment to another person, the deemed corporate income tax rate would be 0.1 per cent of the sales price. Profits remittance tax at the rates mentioned above may also apply if the sales proceeds are remitted overseas.

Capital gains from the transfer of equity interests in foreign-invested companies by foreign investors will be subject to a 28 per cent capital gains tax.

Dividends

Under Circular 26 of the Ministry of Finance dated 31 March 2004, foreign investors investing in Vietnam under the Foreign Investment Law and overseas Vietnamese investing under the Law on Domestic Investment Encouragement are exempt from tax when remitting dividends abroad.

Similar provisions can be found in Circular 100 issued by the Ministry of Finance on 20 October 2004, which applies to investors in listed shares.

There are currently no specific tax regulations on dividends received from investments by foreign investors in Pre-Listing Companies under the Enterprise Law. If the above Circulars are applied by analogy, then the Company should not be subject to tax on the dividends received by it. However, this situation is evolving and there is no guarantee that such analogy will be applied or, even if applied, will not be affected by subsequent changes to the tax regulations.

CAYMAN ISLANDS

The Company has received an undertaking from the Governor-in-Cabinet of the Cayman Islands dated 9th August 2005 that, in accordance with Section 6 of the Tax Concessions Law (Revised) of the Cayman Islands, for the period of 20 years from the date of such undertaking no law which is enacted in the Cayman Islands providing for any tax to be levied on profit, 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 or debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of any payment of a dividend or other distribution of income or capital by the Company to its members or any payment of principal, interest or other sums due under a debenture or other obligation of the Company.

Under current Cayman Islands law no tax will be charged in the Cayman Islands on profit or gains of the Company, and dividends of the Company will be payable to Shareholders resident in or outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares in the Company. An annual registration fee will be payable by the Company in the Cayman Islands which will be calculated by reference to the nominal amount of the Company's authorised share capital. On the basis of the current rate that fee will be approximately US\$805 per annum.

FRANCE**The Company**

The Company does not have a registered office in France and it is the intention of the Directors that neither the central management and control nor the day-to-day management of the business of the Company should be undertaken in France. Accordingly, the Company shall not be resident in France for taxation purposes. It is also the intention of the Directors that the Company should not carry on any trade in France and hence the Company shall not be liable to corporation tax in France on its income and gains.

Shareholders**Dividends received by Shareholders that are residents of France for tax purposes**

Dividends which the Company pays on the Shares will be subject to income tax or corporation tax in the hands of Shareholders that are resident in France for tax purposes.

Individual holding shares as part of their private assets

Dividends distributed by the Company to an individual French tax resident will be subject to income tax at a progressive rate (the highest rate amounting to 40 per cent for income realised in 2006) together with social taxes at a total rate of 11 per cent (a general social contribution of 8.2 per cent of which 5.8 per cent is deductible, a general social contribution of 2 per cent plus a 0.3 additional contribution, and a social debt repayment contribution of 0.5

per cent).

Legal entities subject to corporation tax

Dividends distributed by the Company to a French Shareholder subject to corporation tax will be included in its taxable income subject to corporation tax at the rate of 33.33 per cent plus, subject to certain exemptions, a social contribution of 3.3 per cent assessed on the amount of corporate income tax after a deduction capped at 763,000 euros per twelve month period.

However, dividends are exempted from corporation tax (save for the recapture of, subject to certain limitations, 5 per cent of their amount) if certain conditions are satisfied (in particular if the recipient entity holds at least 5 per cent of the share capital of the distributing company) and if the recipient entity has opted for that favourable regime.

Capital gains realised by Shareholders that are resident of France for tax purposes

A French tax resident Shareholder may become chargeable to capital gains tax on any gain arising upon a sale or other disposal of the Shares.

Individual holding shares as part of their private assets and whose capital gains do not derive from stock exchange operations realised in conditions similar to a professional activity

Pursuant to the provisions of article 150-0 A of the French Tax Code, capital gains resulting from the sale of shares by individuals are taxable, from the first euro, if the total amount of disposals of securities realised during that calendar year in respect of that fiscal household is greater than 15,000 euros. In such a case, those capital gains are subject to income tax at a rate of 16 per cent together with social taxes of 11 per cent (resulting in a total rate of 27 per cent).

Capital losses can be set off against capital gains of the same nature realised in the year of transfer or in the following ten years, provided that the 15,000 euros threshold mentioned above has been reached during the year of realisation of the capital loss.

Legal entities subject to corporation tax

In principle, disposals of shares, other than equity participations, will give rise to a gain or loss included in the taxable income of the entity subject to corporation tax at the rate of 33.33 per cent plus, subject to certain exemptions, a social contribution of 3.3 per cent assessed on the amount of corporation tax after a deduction capped at 763,000 euros per twelve month period.

However, capital gains arising from the disposal of equity participations for accounting purposes or of shares which are deemed to be equity participations for tax purposes are eligible for the long-term capital gains regime provided they have been held for at least two years. As such, gains realised in respect of shares subscribed or acquired as from 1 January 2006 will generally be exempted from corporation tax (save for the recapture of 5 per cent of their amount). Capital losses arising from the disposal of equity participations eligible to this regime generally cannot be set off against capital gains or ordinary profits.

Wealth tax

Shares held by individuals will be included in their taxable assets for wealth tax purposes.

French CFC rules

The attention of French tax resident individuals and legal entities is drawn to the fact that the controlled foreign companies provisions under article 123 bis and 209 B of the French Tax Code could be material to any individual or companies holding directly or indirectly respectively 10 per cent or 50 per cent (the latter being reduced to 5 per cent in certain limited cases) of the share capital of the Company. In that event, the relevant Shareholder may be liable to French tax on such Shareholder's proportionate share of the Company's undistributed profits arising in

respect of any accounting period of the Company.

Registration Duty and Stock Exchange Duty

No French registration duty will be due on the issue or the transfer of Shares, unless the transfer is effected by means of a written agreement that is executed in France in which case it would be subject to a registration duty at the rate of 1.1 per cent, up to a maximum of €4,000 per transfer.

A stock exchange duty assessed on the trade price may be due by French residents if the trade is made through a broker established in France. This duty is levied at a rate of 0.3 per cent for the portion of the trade price not exceeding €153,000 and 0.15 per cent for the portion exceeding this amount, subject for each transaction to a rebate of €23 and a maximum assessment of €10.

HONG KONG

The Company

It is intended that the Company's affairs will be conducted so that it will not be subject to Hong Kong corporation tax on its income.

Shareholders

There is no tax in Hong Kong on gains arising from the sale by a Shareholder of the Shares except where the acquisition and disposal of the Shares is or forms part of a profession or business carried on by the Shareholder in Hong Kong.

Dividends which the Company pays on its Shares will not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise) under current legislation and practice. No Hong Kong stamp duty will be payable in respect of transactions in the Shares on the basis that the register of Shareholders will be maintained outside Hong Kong.

SINGAPORE

The Company

It is intended that the Company's affairs will be conducted so that it will not be resident in Singapore for taxation purposes. It is also intended that the Company will not earn any Singapore sourced income.

Shareholders

Generally, individuals resident in Singapore are subject to personal income tax on income accrued in or derived from Singapore. Income derived by individuals resident in Singapore from outside Singapore is exempt from Singapore tax if the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the individual, and such income is not received by the individual through a partnership in Singapore. If received through a partnership in Singapore, only dividend income, branch profits and service income which meet certain specified requirements will be exempt from tax. Companies are subject to income tax on income arising in or derived from Singapore and income sourced elsewhere but received in Singapore, except for foreign sourced dividend income, branch profits and service income which meet certain specified requirements. There are exemptions for certain specified income of non-resident companies.

Singapore does not impose tax on capital gains, although gains from the sale of shares arising in the course of a trade in shares will be treated as trading profits rather than as capital gains. Whether a transaction produces capital gains versus trading gains is not always clear. Generally, dividends are deemed to be sourced in the jurisdiction in which the Company is resident and may be subject to Singapore income tax if received in Singapore unless certain specified conditions are satisfied.

UNITED KINGDOM**The Company**

It is the intention of the Directors that neither the central management and control nor the day-to-day management of the business of the Company will be undertaken in the United Kingdom. It is also the intention of the Directors that the Company should not carry on any trade in the United Kingdom. Accordingly, the Company should not be resident in the United Kingdom for taxation purposes and should not be liable to United Kingdom corporation tax on its income and gains.

Shareholders

The information below applies only to persons who are the beneficial owners of Shares as investments and may not apply to certain classes of persons such as insurance companies and securities dealers.

Dividends which the Company pays on the Shares will normally be chargeable to income tax or corporation tax in the hands of a Shareholder resident in the United Kingdom in accordance with his particular circumstances.

A United Kingdom resident Shareholder may become chargeable to capital gains tax (or corporation tax on chargeable gains) on any gain arising on a sale, redemption or other disposal of Shares. The Directors consider that the Company is currently not a “collective investment scheme” within the meaning of section 236 of the Financial Services and Markets Act 2000, as amended and, accordingly, the Company will not currently be treated as an “offshore fund” for the purposes of Chapter V Part XVII of the Income and Corporation Taxes Act 1988, as amended (“ICTA”). Therefore, gains arising on a sale, redemption or other disposal of the Shares should not be treated as income under the legislation in Chapter V Part XVII of ICTA.

However, in certain circumstances the Company would become a “collective investment scheme” within the meaning of section 236 of the Financial Services and Markets Act 2000, as amended, which might result in shareholdings in the Company becoming, at that time, interests in an “offshore fund” for the purposes of Chapter V Part XVII of ICTA. The Company would become a “collective investment scheme” if, for example, the Directors were to redeem Shares in such a way that a reasonable investor would, if he were to invest in the Company, expect that he would be able to realise, within a period appearing to him to be reasonable, his investment in the Company, and be satisfied that his investment in the Company would be realised on a basis calculated wholly or mainly by reference to the value of the assets of the Company. Notwithstanding that, the Directors do not consider it likely that the Company will become an “offshore fund” for the purposes of Chapter V Part XVII of ICTA.

The attention of United Kingdom resident companies is drawn to the controlled foreign companies provisions contained in Chapter IV Part XVII of, and Schedules 24 to 26 to, ICTA which could be material to any United Kingdom resident company that holds, alone or together with connected or associated persons, an interest of 25 per cent or more in the Company, if at the same time the Company is deemed controlled by persons who are resident in the United Kingdom. In that event, the relevant Shareholder may be liable to United Kingdom corporation tax on such Shareholder’s proportionate share of the Company’s undistributed income profits arising in respect of any accounting period of the Company unless the Company pursues an “acceptable distribution policy” which the Company is not currently intending to do.

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of sections 739 to 745 of ICTA which may render them liable to income tax in respect of any undistributed income of the Company.

The attention of investors is also drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, if the Company would be a close company if it was resident in the United Kingdom, United Kingdom resident Shareholders having an interest of more than 10 per cent in the Company may be charged to capital gains tax (or corporation tax on chargeable gains) on their share of the gains made by the Company.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax will be payable on the issue of the Shares.

United Kingdom stamp duty (at the rate of 0.5 per cent of the amount or the value of the consideration for the transfer) may be payable on certain instruments of transfer of Shares, such as those executed within the United Kingdom. Provided that the Shares are not registered in any register of the Company kept in the United Kingdom, any agreement to transfer Shares will not be subject to United Kingdom stamp duty reserve tax.

The above statements regarding UK stamp duty and stamp duty reserve tax should not apply to the issue or transfer of Shares to persons to whom the depositary receipt or clearance service charge applies.

General

The Company assumes no responsibility for deduction of United Kingdom tax at source.

SWITZERLAND

General

The classification of the Company for Swiss income tax purposes is very much dependent on the individual facts and certainty can only be achieved by requesting a ruling from the Swiss tax authorities. A foreign fund such as the Company is typically treated either as a mutual fund or as a corporation. The classification of a fund may have important consequences for its investors. If the Company qualifies as a mutual fund, the tax treatment of Swiss resident investors will be the same as if they had invested in a Swiss mutual fund. If the Company qualifies as a corporation for Swiss income tax purposes, it will be regarded as not transparent for tax purposes and profit distributions as well as Share redemptions, which will therefore trigger taxable income in the hands of individual investors. Swiss stamp tax issues are not addressed here.

Swiss resident individual taxpayers are generally not subject to tax on capital gains arising from the sale of movable assets such as the Shares which are not considered commercial assets for the purposes of Swiss taxation. However, such investors may be subject to tax on the retained earnings of so-called “thesaurisation” funds, i.e. funds which do not make distributions to investors with a view to realising capital growth. In such a case, a proportion of the earnings retained by the Company may be considered a “deemed distribution” for Swiss tax purposes. Deemed distributions are taxed in this way whenever less than 70 per cent of the net income of the fund is distributed.

For Swiss resident legal entities as well as for Swiss resident individual taxpayers holding movable assets such as the Shares which are considered commercial assets for the purposes of Swiss taxation, capital gains are part of their taxable business profit subject to corporate income taxes or individual income taxes, respectively.

UNITED STATES

United States Federal Income Tax Considerations

The following summary addresses only U.S. Holders (as defined below) that will hold the additional Shares as capital assets and use the US dollar as their functional currency. It does not address the tax treatment of purchasers subject to special rules, such as banks, dealers, traders in securities that elect mark to market treatment, insurance companies, tax-exempt entities, holders of 10 per cent or more of the Shares and persons holding these additional Shares as part of a hedge, straddle, conversion or other integrated financial transaction.

THE STATEMENTS ABOUT U.S. FEDERAL INCOME TAX ISSUES ARE MADE TO SUPPORT MARKETING OF THE ADDITIONAL SHARES. NO TAXPAYER CAN RELY ON THEM TO AVOID U.S. FEDERAL TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE ADDITIONAL SHARES UNDER THE LAWS OF THE CAYMAN ISLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

As used here, "U.S. Holder" means a beneficial owner of an Additional Share that is (i) an individual U.S. citizen or resident, (ii) a corporation, partnership or other business entity organized under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income tax regardless of its source.

The U.S. tax treatment of partners in a U.S. partnership will depend upon the activities of the partnership and the status of the partner. Partnerships therefore should seek advice about the U.S. tax consequences for their partners of an investment in the additional Shares.

The Company

The Company does not intend to invest in securities of companies established in the United States or to conduct any business through a U.S. office, agent or other fixed place of business in the United States. Therefore, the Company does not expect to be engaged in a trade or business within the United States or to be subject to U.S. federal income tax on its net income.

Shareholders

Dividends

Dividends with respect to the additional Shares generally will be included in the gross income of a U.S. Holder as ordinary income from foreign sources. The dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations, and they will not qualify for the special reduced rate of tax available to non-corporate U.S. taxpayers on qualified dividend income. Dividends of property other than cash generally will be included in income in an amount equal to the fair market value of the distributed property on the date the dividends are received. For U.S. federal income tax purposes, taxable dividends include (i) amounts received pursuant to a pro rata redemption of Shares and (ii) distributions of additional shares if (a) any holder may elect to receive either shares or cash or other property or (b) the distribution will result in the receipt of cash or other property by some holders and the receipt of additional shares by other holders. All distributions will be subject to the special tax rules described in the "Passive Foreign Investment Company" discussion below to the extent that they are or are part of an excess distribution.

Dispositions

A U.S. Holder will recognize gain or loss on the sale or other disposition (including a non-pro rata redemption) of Shares in an amount equal to the difference between the U.S. Holder's basis in the shares and the amount realized from the sale or other disposition. Any gain will be treated as ordinary income as described in the "Passive Foreign Investment Company" discussion below, but any loss will be capital loss.

Passive Foreign Investment Company

The Company expects to be treated as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes. If the Company is a PFIC, a U.S. Holder will be subject to additional tax on excess distributions received with respect to the additional Shares or gain realized on the disposition of the additional Shares. A U.S. Holder will have an excess distribution to the extent that distributions on the shares during a taxable year exceed 125 per cent of the average amount received during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period). A U.S. Holder may realise gain on the additional Shares not only through a sale or other disposition, but also by pledging the shares as security for a loan or entering into certain constructive disposition transactions. To compute the tax on excess distributions or any gain, (i) the excess distribution or the gain is allocated ratably over the U.S. Holder's holding period, (ii) the amount allocated to the current taxable year is taxed as ordinary income and (iii) the amount allocated to each previous taxable year is taxed at the highest applicable marginal rate in effect for that year and an interest charge is imposed to recover the deemed benefit of the deferred payment of the tax.

If the Company is a PFIC, a U.S. Holder will not be able to avoid some of the tax consequences just described by electing to treat the Company as a qualified electing fund because the Company does not intend to provide the information that U.S. Holders need to make such an election.

It is unlikely that a U.S. Holder of Shares will be able to avoid certain consequences of PFIC treatment by electing to mark the shares to market annually. A U.S. Holder can elect to mark the shares to market only if the shares are marketable. Shares are marketable if they are regularly traded on a qualified exchange or other market, and shares are regularly traded if they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Although The Irish Stock Exchange should be a qualified exchange, the Company does not expect that there will be sufficient trading in the Shares. Each U.S. Holder should ask its tax advisor whether a mark to market election is available or desirable.

U.S. Holders will be treated as indirect holders of their proportionate share of the Company's equity investments in other companies that are PFICs, and they will be taxed on their proportionate share of any distribution or gain attributable to the investments.

Information Reporting and Backup Withholding

Dividends from the additional Shares and proceeds from the sale of the additional Shares may be reported to the U.S. Internal Revenue Service unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish an exemption. The holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount.

ERISA Considerations

The United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the Internal Revenue Code (the “Code”) set forth certain restrictions regarding the investment of assets by employee benefit plans and individual retirement accounts (hereinafter collectively referred to as “Plan” or “Plans”), which include employee pension benefit plans and employee welfare benefit plans, as defined in ERISA. An “individual retirement account” is defined generally as a trust created for the exclusive benefit of an individual that meets the requirements set forth in Section 408(a) of the Code and the regulations thereunder.

ERISA imposes specific requirements on fiduciaries of plans, 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. Accordingly, fiduciaries of a Plan should determine whether, in light of the investment policies of the Plan and the terms and conditions of the proposed investments, the subscription for, acquisition and holding of Shares is a prudent investment; consistent with Plan documents; and in the best interests of the participants and their beneficiaries.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit “parties in interest” under ERISA and “disqualified persons” under the Code from engaging in certain “prohibited transactions” involving a Plan. A violation of these prohibited transactions 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 possible violation of the prohibited transaction rules could occur, for example, upon the subscription for, acquisition, or holding of a Share by a Plan if the Administrator, the Placing Agent, the Custodian, the Investment Manager, the Company, a Director, or any of their respective affiliates were a “party in interest” or “disqualified person” with respect to such Plan. However, both ERISA and the Code provide for certain statutory, regulatory and administrative exemptions from the prohibited transaction rules. Further, the U.S. Department of Labor has issued a number of class exemptions that may apply to prohibited transactions arising from the subscription for, acquisition or holding of a Share, including: Class Exemption 84-14 (Plan Asset Transactions 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), and Class Exemption 91-38 (Transactions between Bank Collective Investment Funds and Parties in Interest) and Class Exemption 95-60 (Transactions involving insurance company general accounts). In view of the foregoing, fiduciaries of a Plan who are considering an investment of Plan assets in the Shares should consult their own counsel regarding whether such investment could result in a prohibited transaction under ERISA or the Code.

However, the Directors have decided to reduce the potential exposure for violations of the prohibited transaction rules. Accordingly, the Shares may not be purchased by any Plan if the Administrator, the Placing Agent, the

Custodian, the Investment Manager, the Company, a Director, or any of their respective affiliates is a fiduciary with respect to such Plan. In addition, the Shares may not be purchased by any "employee benefit plan" as defined in Section 3(3) of ERISA, that is subject to ERISA; any plan described in Section 4975(e)(1) of the Code; an entity whose underlying assets include assets of such plans by reason of a plan's investment in such entity; or a governmental or church plan which is subject to any U.S. Federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or Section 4975 of the Code, unless its purchase and holding of a Share will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a governmental or church plan, a violation of any substantially similar U.S. Federal, state or local law.

Shares acquired by a Plan will be considered assets of that Plan. A Plan fiduciary should also consider, however, whether a Plan investing in the Shares will be deemed to own also an undivided interest in the underlying assets of the Company under relevant U.S. Department of Labor "plan asset" regulations. If the assets of the Company were deemed to be assets of such a Plan, then any person who (i) exercises authority or control over the management of the Company or the disposition of the Company's assets or (ii) renders investment advice with respect to the Company's assets, could be held to be a "fiduciary" under ERISA and the Code, and all of the ERISA and Code fiduciary and prohibited transactions rules would apply to the structure and operation of the Company and the investment or other disposition of the Company's assets.

The U.S. Department of Labor "plan asset" regulations provide, however, that the underlying assets of the Company will not be considered "plan assets" if investment by "benefit plan investors" in the Company is less than 25 per cent of the value of each class of equity interests of the Company (excluding equity interests of that class held by persons who have discretionary authority or control with respect to the assets of the Company, persons who provide investment advice for a fee, direct or indirect, with respect to such assets, and any affiliates of such persons). Accordingly, no benefit plan investor will be entitled to purchase or hold or subscribe for Shares if that will result in 25 per cent or more of the Shares being acquired or held by benefit plan investors (excluding Shares held by persons who have discretionary authority or control with respect to the assets of the Company, persons who provide investment advice for a fee, direct or indirect, with respect to such assets, and any affiliates of such persons), in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA. All purchasers and other transferees of Shares will be required to certify whether or not they are benefit plan investors and any purchase by or transfer of Shares to any benefit plan investors will be subject to the consent of the Directors.

For 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 1 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.

If the Directors determine that investments by "benefit plan investors" at any time exceed the 25 per cent limitation described above, the Directors may require that the Shares beneficially owned by one or more benefit plan investors be redeemed, transferred or resold in accordance with the Articles of Association. Any purchaser or other transferee of Shares will be required to certify whether or not it is a "benefit plan investor", and the purchase by or transfer of the Shares by any Plan will be subject to the consent of the Directors.

Assets of Plans subject to ERISA must at all times comply with the "indicia of ownership" rules set forth in Section 404(b) of ERISA. Fiduciaries of such Plans who are considering an investment of Plan assets in Shares should consult with their own counsel regarding compliance with these rules.

An insurance company proposing to invest assets of its general account in Shares should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mut. Life Ins. Co. v. Harris Trust and Savings Bank*, and under any subsequent guidance that may become available relating to that decision. In particular, such an insurance company should consider the retroactive and prospective exemptive relief granted by the U.S. Department of Labor for transactions involving insurance company general accounts and the provisions of Section 401(c) of ERISA, as interpreted by regulations published by the U.S. Department of Labor in January, 2000, 29 C.F.R. § 2550.401c-1.

The discussion of ERISA contained in this Prospectus is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings, and court decisions, some of which may have retroactive application and effect.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN THE SHARES THAT IS, OR IS ACTING ON BEHALF OF, A PLAN IS STRONGLY URGED TO CONSULT ITS OWN LEGAL AND TAX ADVISORS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT UNDER ERISA AND SECTION 4975 OF THE CODE AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.

UNITED STATES SELLING RESTRICTIONS

The Shares have not been, and it is not intended that they will be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and have not been registered or qualified under any state securities or "Blue Sky" law of the United States and may not be offered, sold, transferred or delivered within the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and similar requirements of such state laws. The Placing Agent has agreed, in the Placing Agreement, to offer and sell the Shares in the United States or to U.S. Persons (as defined in Regulation S under the 1933 Act) in reliance on the exemption from the registration requirements provided by Section 4(2) of the 1933 Act only to "Accredited Investors" (within the meaning of Rule 501(a)(1),(2),(3) or (7) under the 1933 Act) that are also "Qualified Institutional Buyers" (as defined in and in reliance on Rule 144A under the 1933 Act) and "Qualified Purchasers" (as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "1940 Act")) and exemptions of similar import under state securities laws, and to offer and sell the Shares outside the United States only in offshore transactions to non-U.S. Persons in accordance with Regulation S under the 1933 Act. Purchasers of the Shares within the United States may only resell such Shares in the United States to Qualified Institutional Buyers pursuant to the exemption provided by Rule 144A that are also Qualified Purchasers with the prior approval of the Directors or outside the United States pursuant to the exemption provided by Regulation S. Prospective subscribers or purchasers will not be able to purchase the Shares unless they meet the legal requirements to establish their eligibility to purchase the Shares to the satisfaction of the Company, including making appropriate representations to the effect by completing a subscription letter. Prospective purchasers are hereby notified that the seller of any Shares may be relying on the exemption from the provisions of Section 5 of the 1933 Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements under the 1933 Act.

No benefit plan investor will be entitled to purchase or hold or subscribe for Shares if that will result in 25 per cent or more of the Shares being acquired or held by benefit plan investors (excluding Shares held by persons who have discretionary authority or control with respect to the assets of the Company, persons who provide investment advice for a fee, direct or indirect, with respect to such assets, and any affiliates of such persons), in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA. All purchasers and other transferees of Shares will be required to certify whether or not they are benefit plan investors and any purchase by or transfer of Shares to any benefit plan investors will be subject to the consent of the Directors.

The Company has not registered, and does not intend to register, as an investment company under the 1940 Act. Based on interpretations of the 1940 Act by the Staff of the SEC relating to foreign investment companies, if, *inter alia*, either (i) the Company or (ii) if the Company is determined to be integrated with PXP Vietnam Fund Limited, a Cayman Islands company, the Company and PXP Vietnam Fund Limited (treated as a single issuer) (together the "Integrated Issuer") the Company has more than 100 beneficial owners of its Shares who are U.S. persons, the Company may become subject to the registration requirements of the 1940 Act, which may have material adverse consequences for the Company. Accordingly, the Company will attempt to ensure that Shares are beneficially owned by no more than 100 U.S. persons, or the Company will attempt to ensure that Shares are not owned by U.S. persons who are not Qualified Purchasers at the time of acquisition of such shares.

Subscribers or purchasers of Shares who are sold or offered Shares outside of the United States pursuant to the Placing will be required to certify whether they are or are not benefit plan investors, and, if they are benefit plan investors, that (i) their purchase and holding of Shares will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a governmental or church plan, a violation of any substantially similar U.S. Federal, state or local law, and (ii) the fiduciary of the subscribers or purchasers is not the Administrator, the Placing Agent, the Custodian, the Investment Manager, the Company, a Director, or any of their respective affiliates. In addition, such subscribers and purchasers will be required to certify as to their non-U.S. person status to the Placing Agent and must commit not to transfer to any U.S. person without the Company's consent and to notify the Company if they become at any time a U.S. person. If such persons are unable to give such certifications they will only be allowed to purchase or subscribe if such purchase or subscription is approved by the Directors and they will be required to obtain the same form of certification, to be provided to the registrar of the Company, on any resale of Shares. Any transfer where such certifications as to non-U.S. person status cannot be given will be subject to the approval of the Directors.

If at any time, as a result of events of which the Company has notice, the Shares are owned directly or indirectly or beneficially by any person (a "Non Qualifying Person") in breach of any law or requirement of any country or governmental authority so that, in the opinion of the Company, the tax status or residence of the Company is or may be prejudiced or the Company may suffer any pecuniary disadvantage or the Company would be required to

APPENDIX II UNITED STATES SELLING RESTRICTIONS

comply with any registration or filing requirements in any jurisdiction, with which it would not otherwise be required to comply, or may result in the assets of the Company being deemed to be “plan assets” for the purposes of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or may require the registration of the Company as an “investment company” under the United States Investment Company Act of 1940, as amended (the “1940 Act”), the Company may, in accordance with the Articles of Association of the Company, determine to redeem such Shares or require such Non Qualifying Person to transfer such Shares to a person who is qualified or entitled to own the same and, who would not, if such shares were transferred to him, be a Non Qualifying Person. In addition, any subscriber or subsequent purchaser who is a U.S. person must represent that at the completion of the subscription or purchase their holding will not exceed 10 per cent of the Shares or the Shares of the Integrated Issuer, unless that subscriber or subsequent purchaser has received the consent of the Directors.

The procedure for determining which Shares will be redeemed, retransferred or resold in any particular case is at the discretion of the Company. In exercising its discretion and in making determinations as to whether to redeem or require the sale or transfer of Shares, and in determining which holders shall be subject to mandatory redemption or sale or transfer, the Company may act upon the basis of such information as may be known to it, without any obligation to make special enquiries, and may rely upon the advice of United States securities law counsel. In no event shall the Company be liable to any holder for any consequence of exercising or making in good faith any discretion or determination with respect to such redemption, retransfer or resale.

In the case of a redemption, retransfer or resale of the Shares held by a person, it is possible that the timing of the redemption, retransfer or resale may result in realisation by the holder of short-term capital gain or loss rather than long-term capital gain or loss, or that such gain or loss may be realised in a taxable year of the holder other than the year in which the holder anticipated realisation of such gain or loss.

Upon making any determination to redeem, require retransfer or require resale of the Shares, the Company shall give notice to the relevant holders in accordance with the provisions of the Articles of Association.

The provisions in the Articles of Association relating to compulsory transfer and restrictions on transfer are set out on page 45 above.

In addition, until 40 days after the commencement of the Placing, an offer or sale of any of the Shares within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the 1933 Act if made otherwise than in accordance with Section 4(2) under the 1933 Act or pursuant to another exemption from registration under the 1933 Act.

AUDITED FINANCIAL STATEMENTS

AUDITORS' REPORT

ON THE FINANCIAL STATEMENTS OF PXP VIETNAM FUND LIMITED
AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2005

To the Members of PXP Vietnam Fund Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the accompanying financial statements of PXP Vietnam Fund Limited (“the Company”), which comprise the balance sheet as at 30 September 2005 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Company’s Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2005, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to Note 5 to the financial statements. The fees paid to the Company’s legal advisor in 2004 were deferred and amortised against share premium over a period of 21 months. Under the applicable International Financial Reporting Standards (“IFRS”), these fees should have been accounted for as deduction from the proceeds of the related shares issuance. Accordingly, we issued a qualified opinion dated 3 March 2005 on the 2004 financial statements. Had these fees been accounted in accordance with the applicable IFRS, the Company’s total assets and net assets as at 30 September 2004 would have been reduced by USD63,688 and the net assets value per share as at such date would have been USD2.38. However, this unamortized amount of USD63,688 as at 30 September 2004 was fully charged against the share premium balance in 2005, thus, correctly stating the net asset and net asset value per share as at 30 September 2005, but without restating the 2004 amounts presented as corresponding figures in the 2005 financial statements.

Ernst & Young
Ho Chi Minh City, Vietnam

27 January 2006

BALANCE SHEET
as at 30 September 2005

| | <i>Notes</i> | <i>2005</i> <i>USD</i> | <i>2004</i> <i>USD</i> |
|-----------------------------------|--------------|---------------------------|---------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 3 | 6,788,241 | 4,082,648 |
| Equity securities | 4 | 16,017,148 | 6,148,310 |
| Sundry debtors | | 11,221 | 3,378 |
| Deferred expenses | 5 | - | 63,688 |
| Total assets | | 22,816,610 | 10,298,024 |
| LIABILITIES | | | |
| Accounts payable and accruals | 6 | 99,207 | 23,603 |
| Due to brokers | 7 | 30,879 | 17,425 |
| Total liabilities | | 130,086 | 41,028 |
| NET ASSETS | | 22,686,524 | 10,256,996 |
| EQUITY | | | |
| Issued share capital | 8 | 425,358 | 214,100 |
| Share premium | 8 | 20,099,139 | 10,342,684 |
| Accumulated gains (losses) | | 2,023,676 | (299,788) |
| Cumulative translation reserve | 8 | 138,351 | - |
| Total shareholders' equity | | 22,686,524 | 10,256,996 |
| Net asset value per share | 9 | 2.65 | 2.40 |

The attached Notes 1 to 15 form part of these financial statements.

INCOME STATEMENT
for the year ended 30 September 2005

| | <i>Notes</i> | <i>2005</i> <i>USD</i> | <i>2004</i> <i>USD</i> |
|--|--------------|---------------------------|---------------------------|
| INCOME | | | |
| Unrealised gain on equity securities at fair value | | 2,161,595 | - |
| Dividend income | | 545,288 | 118,706 |
| Interest income | | 96,748 | 13,095 |
| Total investment income | | 2,803,631 | 131,801 |
| OPERATING EXPENSES | | | |
| Management fee | 11 | 308,616 | 103,708 |
| Directors fees | 11 | 50,000 | - |
| Professional and consultant fees | | 38,664 | 20,554 |
| Custodian fee | 13 | 27,445 | 18,882 |
| Administration expenses | 13 | 25,512 | 16,231 |
| Commission | | 13,059 | 12,230 |
| Unrealised loss on foreign exchange | | 7,233 | 1,288 |
| Realised losses on investments | | 2,513 | - |
| Unrealised loss on equity securities at fair value | | - | 240,331 |
| Other expenses | | 7,125 | 18,365 |
| Total operating expenses | | 480,167 | 431,589 |
| INCOME (LOSS) BEFORE TAX | | 2,323,464 | (299,788) |
| INCOME TAX EXPENSE | 10 | - | - |
| NET INCOME (LOSS) | | 2,323,464 | (299,788) |
| Earnings (loss) per share | 9 | 0.34 | (0.11) |

The attached Notes 1 to 15 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2005**

| | <i>Notes</i> | <i>Issued share capital USD</i> | <i>Share premium USD</i> | <i>Accumulated gains (losses) USD</i> | <i>Cumulative translation reserve USD</i> | <i>Total USD</i> |
|--|--------------|---|----------------------------------|---|---|----------------------|
| At 1 October 2004 | | 214,100 | 10,342,684 | (299,788) | - | 10,256,996 |
| Net income for the year | | - | - | 2,323,464 | - | 2,323,464 |
| Issue of ordinary shares: | | | | | | |
| USD0.05 par value per share | | | | | | |
| Third offering: 4,282,000 shares | | 214,100 | - | - | - | 214,100 |
| Share premium | | - | 9,955,652 | - | - | 9,955,652 |
| Amortisation of deferred expenses | 5 | - | (63,688) | - | - | (63,688) |
| Currency translation differences | 8 | (2,842) | (135,509) | - | 138,351 | - |
| At 30 September 2005 | | 425,358 | 20,099,139 | 2,023,676 | 138,351 | 22,686,524 |
| | | | | | | |
| At 7 May 2003 | | | | | | |
| Issues of ordinary shares: | | | | | | |
| USD 0.05 par value per share | | | | | | |
| First offering: 2,040,000 shares | | 102,000 | - | - | - | 102,000 |
| Second offering: 2,242,000 shares | | 112,100 | - | - | - | 112,100 |
| Share premium, net of transaction costs | 5 | - | 10,342,684 | - | - | 10,342,684 |
| Net loss for the period | | - | - | (299,788) | - | (299,788) |
| At 30 September 2004 | | 214,100 | 10,342,684 | (299,788) | - | 10,256,996 |

The attached Notes 1 to 15 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 30 September 2005

| | <i>Notes</i> | <i>2005</i> <i>USD</i> | <i>2004</i> <i>USD</i> |
|---|--------------|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 85,917 | 12,705 |
| Dividends received | | 548,276 | 115,718 |
| Payments to suppliers and directors | | (391,109) | (213,918) |
| Net cash flows from operating activities | | 243,084 | (85,495) |
| CASH FLOWS FROM INVESTING ACTIVITY | | | |
| Net cash payment for securities acquisitions | | (7,707,243) | (6,388,641) |
| CASH FLOWS FROM FINANCING ACTIVITY | | | |
| Net proceeds from issuance of ordinary shares | 8 | 10,169,752 | 10,556,784 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 4,082,648 | 2,705,593 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 4,082,648 | - |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 3 | 6,788,241 | 4,082,648 |

The attached Notes 1 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 30 September 2005

1. CORPORATE INFORMATION

PXP Vietnam Fund Limited (“the Fund” or “the Company”) is a closed-end investment company with limited liability incorporated in the Cayman Islands on 7 May 2003 under the provisions of the Companies Law, Cap. 22 (Revised), of the Cayman Islands as an exempted company.

The Fund’s shares are listed on the Irish Stock Exchange. The address of the Fund’s registered office is as follows:

CARD Corporate Services Ltd.
4th Floor, Zephyr House, Mary Street
PO Box 709 GT, George Town
Grand Cayman, Cayman Islands
British West Indies

The Fund has no employees.

The principal activity of the Fund is investment holding with an objective to seek long term capital appreciation of its assets by investing in a portfolio of equity securities of listed or pre-listing Vietnamese companies, whether established with domestic or foreign ownership.

The Fund commenced commercial operations in January 2004.

2.1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for available-for-sale securities that have been measured at fair value. The financial statements are presented in United States dollars (“USD”).

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Currency of presentation

These financial statements are prepared primarily to meet the reporting requirements for listing in the Irish Stock Exchange and are prepared for each of the shareholders. The Fund’s shares are marketed to foreign investors. The shareholders’ investments in the Company are made in USD and the Company will have to convert Vietnam dong (“VND”) back to USD prior to distributing any income and realisation proceeds from any investments made in VND to the shareholders. Since the financial statements serve primarily parties outside Vietnam, management deemed it more appropriate to present the financial statements in USD rather than in its functional currency of VND.

Functional currency

Management has determined that its functional currency is VND based on the following:

- The Fund has to date conducted its main investing activities in Vietnam. All such investments are originally made in VND denominated securities/assets and will be liquidated and realized in VND. While the return to shareholders upon the Fund's liquidation would be in USD, this would be based on the prevailing exchange rate at that time, thus investors bear the foreign exchange risk.
- While financing activities are primarily in USD, there will be no further issues once the 12,000,000 authorized shares have been fully subscribed. As at 30 September 2005, there are 8,564,000 issued and fully paid shares. Redemption of shares is only done upon liquidation and/or in certain conditions as stated in the Memorandum and Articles of Association of the Company and thus not expected to be a regular transaction. The holders of shares have no right to require their shares to be redeemed by the Fund.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted certain revised standards mandatory for financial periods beginning on or after 1 January 2005 to the extent applicable to the Company. The Company has chosen to early adopt International Accounting Standards (“IAS”) 39 Financial Instruments: Recognition and Measurement.

Under the amendments to IAS 39, an entity is now permitted by designation to measure any financial asset or financial liability at fair value with gains and losses recognised in profit and loss. This designation option was not available under the previous standard, thus, the Fund categorised its equity investments which are intended to be held for an indefinite period as “Available for sale financial assets”. The revised accounting policy for financial assets previously categorised as available-for-sale securities and now designated as “Financial assets at fair value through profit or loss” is described in the section “Summary of significant accounting policies”. This redesignation of these financial assets did not have any impact on the Fund’s financial statements since under both categories, gains and losses arising from changes in the fair value of investment securities are recognised directly to the income statement as they arise.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash in banks and short term deposits with an original maturity of three months or less.

Investments and other financial assets

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate.

All regular way purchases and sales of financial assets are recognised at the trade date, i.e., the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

The Company classified its investments intended to be held for an indefinite period and may be purchased or sold in response to changes in available cash resources arising from share issues or repurchases as financial assets at fair value (previously as available for sale financial assets under the replaced IAS 39). The Company would also buy and sell investments to balance the risks in the portfolio arising from changes in market conditions and to meet designated investment restrictions.

All investment securities are initially recognised at fair value. After initial recognition, financial assets are measured at fair value with gains or losses being recognised in profit or loss.

The fair value of investments that are actively traded is determined by reference to quoted market bid prices at the close of business at the balance sheet date.

Share capital and premium

The Fund's ordinary shares with discretionary dividends are classified as equity.

Transaction costs that relate to the issue of the Fund's shares are accounted for as a deduction from equity.

Net asset value per share and earnings (loss) per share

The net asset value per share is calculated by dividing the net assets included in the balance sheet by the number of participating shares in issue at the last closed end.

Earnings (loss) per share is calculated by dividing the net income (loss) attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Fund retains the rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Fund assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Dividends

Dividends are recognised when the Fund's right to receive payment has been established.

Interest income

Interest income is recognised as interest accrues using the effective yield method, comprising mainly the interest earned on cash deposits.

Expenses

Expenses are accounted for on the accrual basis, except for expenses incurred on the acquisition of an investment which are included within the cost of that investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

As at the reporting date, the assets, liabilities and equity items of the Company are translated into the presentation currency (the USD) at the exchange rate ruling at the balance sheet date and the exchange differences arising on translation are taken

directly to a separate component of equity. Income and expenses are translated at the exchange rates on the date of transaction.

2.4 ADOPTION OF IFRSs DURING THE YEAR

To the extent applicable, the Company has adopted the following revised standards during the year and comparative figures have been amended as required:

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the Balance Sheet Date
- IAS 24 Related Party Disclosures
- IAS 32 Financial Instruments: Disclosure and Presentation
- IAS 33 Earnings per Share
- IAS 39 Financial Instruments: Recognition and Measurement

3. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

| | <i>2005</i> | <i>2004</i> |
|---------------------------|-------------|-------------|
| | <i>USD</i> | <i>USD</i> |
| Current accounts | | |
| In VND | 300,283 | 203,043 |
| In USD | 598,438 | 184 |
| Short term fixed deposits | | |
| In VND | 321,350 | 793,903 |
| In USD | 5,568,170 | 3,085,518 |
| Total | 6,788,241 | 4,082,648 |

Short term fixed deposits in USD earned average annual interest at rates ranging from 2.15% to 3.3% during the year (2004: 1.47%).

4. EQUITY SECURITIES

The details of equity securities at fair value are as follows:

| | <i>2005</i> <i>USD</i> | <i>2004</i> <i>USD</i> |
|---|---------------------------|---------------------------|
| Listed securities | | |
| At cost | 12,138,511 | 6,388,641 |
| Net unrealised gains/(losses) arising from changes in the fair values of securities | 2,017,030 | (240,331) |
| Net | 14,155,541 | 6,148,310 |
| Pre-listing securities | | |
| At cost | 1,871,920 | - |
| Net unrealised losses arising from changes in the fair values of securities | (10,313) | - |
| Net | 1,861,607 | - |
| Total | 16,017,148 | 6,148,310 |

These financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The details of exposure to listed and pre-listing Vietnamese equity securities at fair values at the balance sheet dates of the current and prior years were as set out in the following tables:

30 September 2005

| <i>Description</i> | <i>Number of shares held</i> | <i>Recorded cost of investment</i> | <i>Fair market value</i> | <i>% of each investment by industry</i> | <i>% to NAV</i> |
|-------------------------------------|------------------------------|------------------------------------|--------------------------|---|-----------------|
| <i>Construction Industry</i> | | | | | |
| 620 Chau Thoi Concrete Corp | 415,120 | 850,552 | 861,570 | 5.38 | 3.80 |
| Hoa An Joint Stock Co | 350,000 | 679,765 | 1,012,579 | 6.32 | 4.46 |
| Total | 765,120 | 1,530,317 | 1,874,149 | 11.70 | 8.26 |
| <i>Telecommunications</i> | | | | | |
| SACOM Cable | 737,280 | 1,737,106 | 1,956,807 | 12.22 | 8.63 |
| Vietnam Telecommunication Company | 178,320 | 398,648 | 380,192 | 2.37 | 1.68 |
| Total | 915,600 | 2,135,754 | 2,336,999 | 14.59 | 10.31 |
| <i>Import and export</i> | | | | | |
| Binh Thanh Import & Export | 149,950 | 333,099 | 322,534 | 2.01 | 1.42 |
| Saigon-Vientiane Export Import Co | 374,180 | 762,557 | 818,960 | 5.11 | 3.61 |
| An Giang Fisheries Import Export | 233,720 | 584,588 | 532,117 | 3.32 | 2.35 |
| Khanh Hoi Import Export Company | 313,910 | 502,294 | 523,183 | 3.27 | 2.31 |
| Total | 1,071,760 | 2,182,538 | 2,196,794 | 13.71 | 9.69 |
| <i>Transportation</i> | | | | | |
| General Forwarding and | 639,421 | 1,986,880 | 2,151,511 | 13.43 | 9.48 |

| | | | | | |
|---|------------------|-------------------|-------------------|---------------|--------------|
| Agency Corp | | | | | |
| Transforwarding Warehouse Corp | 366,964 | 687,043 | 823,938 | 5.15 | 3.63 |
| Hanoi Maritime Holdings Company | 245,290 | 291,212 | 377,963 | 2.36 | 1.67 |
| Total | 1,251,675 | 2,965,135 | 3,353,412 | 20.94 | 14.78 |
| Food and Beverage | | | | | |
| Bien Hoa Confectionery Corp | 560,000 | 566,961 | 767,799 | 4.79 | 3.38 |
| Saigon Beverages Joint Stock Co | 228,302 | 390,345 | 369,017 | 2.31 | 1.63 |
| North Kinh Do Food Joint Stock | 168,180 | 412,600 | 544,734 | 3.40 | 2.40 |
| Vietnam Dairy Products Joint Stock Co (Vinamilk) | 103,885 | 1,871,920 | 1,861,607 | 11.62 | 8.21 |
| Total | 1,060,367 | 3,241,826 | 3,543,157 | 22.12 | 15.62 |
| Manufacturing | | | | | |
| Bach Tuyet Cotton Corp | 91,510 | 64,682 | 74,820 | 0.47 | 0.33 |
| Refrigeration Electrical Engineering Corp | 493,862 | 785,974 | 1,115,072 | 6.96 | 4.92 |
| Total | 585,372 | 850,656 | 1,189,892 | 7.43 | 5.25 |
| Investment fund | | | | | |
| Vietnam Securities Investment Fund | 398,000 | 230,702 | 250,315 | 1.56 | 1.10 |
| Other | | | | | |
| Southern Seed Corp. | 427,730 | 873,503 | 1,272,430 | 7.95 | 5.61 |
| Grand Total | 6,475,624 | 14,010,431 | 16,017,148 | 100.00 | 70.62 |

30 September 2004

| <i>Description</i> | <i>Number of shares held</i> | <i>Recorded cost of investment</i> | <i>Fair market value</i> | <i>% of each investment by industry</i> | <i>% to NAV</i> |
|---------------------------------------|----------------------------------|--|----------------------------------|---|-----------------|
| Construction Industry | | | | | |
| 620 Chau Thoi Concrete Corp | 341,920 | 703,838 | 673,199 | 10.95 | 6.56 |
| Hoa An Joint Stock Co | 107,670 | 194,065 | 205,835 | 3.35 | 2.01 |
| Total | 449,590 | 897,903 | 879,034 | 14.30 | 8.57 |
| Telecommunications | | | | | |
| SACOM Cable | 444,190 | 1,022,591 | 1,049,467 | 17.07 | 10.23 |
| Vietnam Telecommunication Company | 87,180 | 208,746 | 178,291 | 2.90 | 1.74 |
| Total | 531,370 | 1,231,337 | 1,227,758 | 19.97 | 11.97 |
| Import and export | | | | | |
| Binh Thanh Import & Export | 144,950 | 322,956 | 280,786 | 4.57 | 2.74 |
| Saigon-Vientiane Export Import Co | 278,910 | 572,723 | 534,968 | 8.70 | 5.22 |
| An Giang Fisheries Import Export | 220,000 | 555,263 | 508,606 | 8.27 | 4.96 |
| Total | 643,860 | 1,450,942 | 1,324,360 | 21.54 | 12.92 |
| Transportation | | | | | |
| General Forwarding and Agency Corp | 311,730 | 984,095 | 1,039,430 | 16.91 | 10.13 |
| Transforwarding Warehouse Corp | 254,700 | 523,646 | 530,591 | 8.63 | 5.17 |
| Total | 566,430 | 1,507,741 | 1,570,021 | 25.54 | 15.30 |
| Food and Beverage | | | | | |
| Bien Hoa Confectionery Corp | 165,820 | 160,890 | 168,505 | 2.74 | 1.64 |
| Saigon Beverages Joint Stock Co | 208,352 | 363,887 | 284,507 | 4.63 | 2.77 |
| Total | 374,172 | 524,777 | 453,012 | 7.37 | 4.41 |

| | | | | | |
|--|------------------|------------------|------------------|---------------|--------------|
| <i>Manufacturing</i> | | | | | |
| Bach Tuyet Cotton Corp | 72,000 | 61,222 | 56,246 | 0.91 | 0.55 |
| Refrigeration Electrical Engineering Corp | 436,670 | 714,719 | 637,879 | 10.37 | 6.22 |
| Total | 508,670 | 775,941 | 694,125 | 11.28 | 6.77 |
| Grand Total | 3,074,092 | 6,388,641 | 6,148,310 | 100.00 | 59.94 |

5. DEFERRED EXPENSES

Deferred expenses as at 30 September 2004 represent the unamortised balance of fees paid to the Company's principal legal advisor in connection with the Company's private placing of its shares in 2004. These fees were initially deferred and were amortised against the share premium over a period of 21 months. Under the applicable IFRS, these fees should have been fully deducted from the proceeds of the related shares issuance. Had these fees been accounted for in accordance with the applicable IFRS, the Company's total assets and net assets as at 30 September 2004 would have been reduced by USD63,688. Accordingly, the net assets value per share as at the said date would have been USD2.38. This unamortized amount of USD63,688 as at 30 September 2004 was fully charged against the share premium balance in 2005.

6. ACCOUNTS PAYABLE AND ACCRUALS

This account comprises accruals mainly for management fees, brokers' fees, professional fees and commission. These payables are non-interest-bearing and are normally settled on 30-day terms.

7. DUE TO BROKERS

This account represents the outstanding balances arising from the amounts due on the purchases and sale of investments and trading securities contracted for but not yet delivered at the end of the year.

8. SHARE CAPITAL AND CUMULATIVE TRANSLATION RESERVE

Share capital

| | <i>2005</i> | <i>2004</i> |
|--|-------------|-------------|
| | <i>USD</i> | <i>USD</i> |
| Authorised share capital, 12,000,000 ordinary shares (par value of USD0.05 per share) | 600,000 | 600,000 |
| Issued and fully paid ordinary shares at par value 8,564,000 in 2005 and 4,282,000 in 2004 (net of translation difference of USD2,842 in 2005) | | 425,358 |
| 214,100 | | |
| Share premium, net of transaction costs | 20,099,139 | 10,342,684 |

In 2005, the Company issued additional 4,282,000 ordinary shares at USD2.375 per share generating an additional total share capital and share premium of USD214,000 and USD9,955,652, respectively.

The shares constitute the only class of shares in the Company. All shares have the same rights, whether in regard to voting, dividends, return of share capital and otherwise. Each issued and fully paid ordinary share is entitled to dividends when declared and carries one voting right.

Cumulative translation reserve

The translation reserve is used to record exchange differences arising from the translation of the assets, liabilities and equity items of the Company into the presentation currency (the USD) at the exchange rate ruling at the balance sheet date.

9. NET ASSET VALUE PER SHARE AND EARNINGS (LOSS) PER SHARE

| | <i>2005</i> | <i>2004</i> |
|---|-------------|-------------|
| | <i>USD</i> | <i>USD</i> |
| Net asset value | 22,686,524 | 10,256,996 |
| Net asset value per share | 2.65 | 2.40 |
| Earnings (loss) after tax | 2,323,464 | (299,788) |
| Weighted average number of shares for earnings (loss) per share | 6,833,500 | 2,787,333 |
| Earnings (loss) per share | 0.34 | (0.11) |

Earnings (loss) per share amounts are calculated by dividing net income (loss) for the year/period attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

10. TAXATION

Under the current Cayman Islands law, no tax will be charged in the Cayman Islands on profits or gains of the Company, and dividends of the Company will be payable to shareholders resident in or outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of shares of the Company. An annual registration fee will be payable by the Company, and is calculated by reference to the nominal amount of the Company's authorised share

capital. On the basis of the current rate, that fee will be approximately USD805 per annum.

Under the Vietnam law, according to Article 2.2, clause III of Circular 100/2004/TT-BTC dated 20 October 2004, the Company is subject to corporate income tax of 0.1% on the selling price of securities sold and is also subject to withholding tax of 10% on the interest received from cash deposits at domestic banks registered in Vietnam.

11. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Investment management agreement

The Fund is managed by PXP Vietnam Asset Management Limited, an investment management company incorporated in the British Virgin Islands, under the terms of the Management Agreement dated 19 June 2003. The Fund pays to the Investment Manager a monthly management fee which is equal to one-twelfth of two percent of the net asset value of the Fund, accrues daily, is payable monthly in advance and is calculated by reference to the valuation day at the end of the preceding month. The Investment Manager does not receive an incentive or performance fee. During the year, the Fund paid fees to the Investment Manager amounting to USD308,616 (2004: USD103,708)

Shares held by related parties

As at 30 September 2005, Mr. Markus Winkler, a Trust of which Philip Smiley's family are the principal beneficiaries, and the Investment Manager held 180,000 shares, 41,000 shares and 1 share of the Company, respectively (2004: 280,000 shares, 41,000 shares and 1 share were held by Mr. Markus Winkler, Mr. Philip Smiley, and the Investment Manager, respectively).

Directors' remuneration

The Board currently has five directors all of whom are non-executive directors. No director is an employee of the Fund or the Investment Manager.

As at 30 September 2005, the Fund recorded director fees payable amounting USD50,000 to the Directors (2004: USD nil)

There were no material contracts to which the Company and any director is a party as at balance sheet date.

12. RISKS MANAGEMENT

The Fund is exposed to a number of risks arising from the various equity instruments it holds. The directors believe that the Company's investment policy will moderate

the risks through a careful selection of securities. The main risks to which the Fund is exposed are market risk, currency risk, credit risk, interest rate risk and liquidity/emerging market risk. The risk management policies employed by the Fund to manage these risks are discussed below:

Market risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual asset or factors affecting all assets in the market. The Fund is exposed to market risk on all of its investments. In the case of its investments in listed companies, such market risk relates to the Vietnam Stock Exchange (“VSE”) and other exchanges, if any, where those investments are listed. Furthermore, there is no certainty that the market price of the shares will fully reflect their underlying net asset value (“NAV”). This characteristic of shares of a closed-end fund is a risk separate and distinct from the risk that the NAV may decrease.

The Fund’s Investment Manager, PXP Vietnam Asset Management Limited, advises the Fund on which equity securities have prospects to appreciate in value in the medium and long terms. As more fully disclosed in Note 4 to the financial statements, the Fund tends to invest across a range of industry sectors. The current intention is to invest no more than 40% of its assets at the time of investment in any one sector.

The performance of investments held by the Fund is monitored by the Fund’s Investment Manager on a daily basis and reviewed on a quarterly basis by the Board.

Currency risk

The NAV per share is expressed in USD and will fluctuate in accordance with, among other things, changes in the foreign exchange rate between the USD and the VND. Shareholders’ investments in the Fund will be made in USD, and the Fund will have to convert such USD into VND prior to making investments. It will have to convert the VND back to USD prior to distributing any income and realisation proceeds from such investments. There can be no assurance that fluctuations in exchange rates will not have an adverse effect on (a) the NAV, or (b) the distributions received by shareholders in USD after conversion of the income and realisation proceeds from the Fund’s VND denominated investments.

The Fund may seek to hedge against a decline in the value of the Fund’s investments resulting from currency depreciation but only if and 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 Fund will be successful in protecting against currency depreciation. The Fund had no outstanding hedging instrument as at 30 September 2005.

The tables below summarise the Fund’s exposure to currency risks as at 30 September 2005 and 2004. Included in the table are the Fund’s assets and liabilities at fair values categorised by their base currencies.

*Concentration of assets and liabilities***30 September 2005**

| | <i>VND</i> | <i>USD</i> | <i>Total in USD</i> |
|-------------------------------|-------------------|------------------|-------------------------|
| ASSETS | | | |
| Cash and bank balances | 621,633 | 6,166,608 | 6,788,241 |
| Equity securities | 16,017,148 | - | 16,017,148 |
| Sundry debtors | - | 11,221 | 11,221 |
| Total Assets | 16,638,781 | 6,177,829 | 22,816,610 |
| LIABILITIES | | | |
| Accounts payable and accruals | 13,116 | 86,091 | 99,207 |
| Due to brokers | 30,879 | - | 30,879 |
| Total Liabilities | 43,995 | 86,091 | 130,086 |
| Net Assets | 16,594,786 | 6,091,738 | 22,686,524 |

30 September 2004

| | <i>VND</i> | <i>USD</i> | <i>Total in USD</i> |
|-------------------------------|------------------|------------------|-------------------------|
| ASSETS | | | |
| Cash and bank balances | 996,946 | 3,085,702 | 4,082,648 |
| Equity securities | 6,148,310 | - | 6,148,310 |
| Deferred expenses | - | 63,688 | 63,688 |
| Sundry debtors | 3,378 | - | 3,378 |
| Total assets | 7,148,634 | 3,149,390 | 10,298,024 |
| LIABILITIES | | | |
| Accounts payable and accruals | 3,460 | 20,143 | 23,603 |
| Due to brokers | 17,425 | - | 17,425 |
| Total Liabilities | 20,885 | 20,143 | 41,028 |
| Net Assets | 7,127,749 | 3,129,247 | 10,256,996 |

The VND exchange rate ruling as at 30 September 2005 was VND15,892 to USD1 (30 September 2004: VND15,754).

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Fund. To the extent that the Fund is exposed to the credit of a counterparty on an unsecured basis, it generally will not have a priority claim to any of the counterparty's assets upon a default. If the counterparty has secured creditors, the secured creditors will be entitled to repayment from the counterparty's assets in priority to the Fund. Moreover, the Fund may have to share the residual value of a defaulting counterparty's assets with other unsecured creditors. Consequently, there can be no assurance that the Fund would recover any of the amount owed to the Fund by a defaulting counterparty.

All investing transactions are settled by approved brokers upon delivery. The risk of default is considered minimal since delivery of securities sold and settlement are conducted simultaneously through centralised settlement procedures facilitated by Bank of Investment and Development of Vietnam, a local bank.

As discussed under market risk, the Fund's market risk is spread across various industry sectors. In addition to this, the Fund will not invest more than 10% of its assets at the time of investment in the shares of a single issuer.

Interest rate risk

Interest rate risk is the risk that the value of interest-bearing assets will fluctuate as a result of changes in interest rates.

While the Fund seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on investments in equity securities that neither earn nor bear interest.

Liquidity risk/emerging market risks

The Fund has the ability to borrow in the short term up to 25% of its NAV to ensure settlement, although no such borrowings have arisen during the period.

It may be considerably more difficult for the Fund to exit its investments than it is for investors in more developed geographical regions. The VSE which only started operations in July 2000, may be less regulated than other regional stock exchanges, and may continue to exhibit limited liquidity. Trading on the VSE is subject to various restrictions. Nevertheless, the Fund intends to invest a majority of its assets in shares listed in the VSE.

In addition, the Company will endeavour to realise investments in Pre-Listing Companies through listings on the Vietnam Stock Exchange. However, few companies have listed shares on the Vietnam Stock Exchange and there is no guarantee that the Vietnam Stock Exchange will provide liquidity for the Company's investments in Pre-Listing Companies.

Liquidity risk/emerging market risks (continued)

The laws and regulations affecting the Vietnamese economy are in an early stage of development and are not well established. Although the legal system is improving, the Government appears to be planning substantial further legal reforms, there can be no assurance that the Fund will be able to obtain effective enforcement of its rights by legal proceedings in Vietnam, nor is there assurance that improvements will continue. It may be more difficult or expensive for the Fund to take appropriate legal actions in courts in future under such conditions.

Vietnam's accounting, auditing and financial reporting standards, practices and disclosure requirements differ from those in more developed countries. The Company may therefore get less information about its investees in Vietnam than those in more developed countries. However, the Fund intends to make investments in pre-listing companies on the basis of the audited financial statements, and listed companies are all required to have audited financial statements. In addition, the investment manager intends to encourage management of investee companies to adopt international accounting standards and practices in order to improve the standing of their companies.

Fair value of financial assets and liabilities

All financial assets and liabilities of the Fund are included in the balance sheet at fair value.

13. SIGNIFICANT AGREEMENTS*Custodian services*

The Fund has engaged Deutsche Bank A.G, Hong Kong Branch, as custodian and Deutsche Bank A.G, Ho Chi Minh City Branch, as sub-custodian to provide custodian services. The fees are charged on a scale of 0.035% per annum of the value of the assets held by the Fund in Hong Kong, and such fees have been subsequently waived. In addition, the Vietnam sub-custodian will receive an account maintenance fee of \$330 per month if it maintains one to five accounts and \$550 per month if it maintains six to ten securities. During the year, the fees paid by the Fund to its custodian and sub-custodian amounted to USD27,445 (2004: USD18,882).

Administrator and registrar services

The Bank of Bermuda (Cayman) Limited has been appointed as the administrator of the Company to provide a range of administrative and registrar services (including calculation of the net asset values) to the Company under the terms of the administration agreement. The administrator was paid an inception fee of USD15,000 after the closing date, and a fee of 0.135% of NAV per annum (subject to a minimum amount of USD1,800 per month) which shall be accrued daily and calculated as at each valuation date payable monthly in arrears. During the year, the fees paid by the Fund to the administrator amounted to USD25,512 (2004: USD16,231).

Secretarial services

CARD Corporate Services Ltd. has been appointed to provide company secretarial services for, and the registered office of, the Fund. The secretary will receive an annual fee of USD1,350 for providing certain company secretarial services to the Fund and an annual fee of USD1,350 for providing the Fund's registered office. In addition, the secretary is entitled to recover from the Fund all expenses and disbursements properly incurred or paid by the secretary on behalf of the Fund, or in the performance of its services under the secretarial services agreement. During the year, the Fund paid secretarial fees of USD2,578 (2004: USD3,011).

Management agreement

See Note 11 for discussion on the management agreement with PXP Vietnam Asset Management Limited.

14. POST BALANCE SHEET EVENTS

Based on the Fund's statement of net assets as at 27 January 2006, the net carrying value of the shares held by the Fund in equity securities of Vietnamese companies as at 30 September 2005 further appreciated by USD2,351,346 following an increase in the respective market values of some of these shares.

Based on resolutions of the Board of Directors passed on 26 January 2006, the Fund intended to offer shareholders the right to subscribe to a further issue of the Company's shares in March 2006. The precise details of the offering will be made available via a placing memorandum to be issued on or before 8 March 2006.

15. APPROVAL OF FINANCIAL STATEMENTS

The Fund's financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 January 2006.

AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS OF PXP VIETNAM FUND LIMITED
AS AT AND FOR THE PERIOD FROM 7 MAY 2003 TO 30 SEPTEMBER 2004

To the Members of PXP Vietnam Fund Limited

We have audited the accompanying balance sheet of PXP Vietnam Fund Limited (the Company) as at 30 September 2004 and the related income and cash flow statements for the period from 7 May 2003 to 30 September 2004, as set out on pages 9 to 21. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Notes 2 and 5 to the financial statements, fees paid to the Company's principal legal advisor were initially deferred and are being amortised against the share premium over a period of 21 months. The unamortized fees as at 30 September 2004 of USD 63,688 are shown as *Deferred expenses* in the balance sheet. Under the applicable International Financial Reporting Standards ("IFRS"), these fees should have been accounted for as deduction from the proceeds of the related shares issuance. Had these fees been accounted in accordance with the applicable IFRS, the Company's total assets and net assets as at 30 September 2004 would have been reduced by US\$ 63,688. Accordingly, the net assets value per share would have been US\$ 2.38.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of the Company as of 30 September 2004 and of the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Ernst & Young
Ho Chi Minh City, Vietnam

3 March 2005

BALANCE SHEET
as at 30 September 2004

| | <i>Notes</i> | <i>USD</i> |
|-----------------------------------|--------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | 3 | 4,082,648 |
| Available-for-sale securities | 4 | 6,148,310 |
| Deferred expenses | 5 | 63,688 |
| Sundry debtors | | 3,378 |
| Total Assets | | 10,298,024 |
| LIABILITIES | | |
| Accounts payable and accruals | 6 | 23,603 |
| Due to brokers | 7 | 17,425 |
| Total Liabilities | | 41,028 |
| NET ASSETS | | 10,256,996 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 8 | 214,100 |
| Share premium | 8 | 10,342,684 |
| Net loss for the period | | (299,788) |
| Total Shareholders' Equity | | 10,256,996 |
| Net asset value per share | 9 | 2.40 |

The attached notes 1 to 14 form part of these financial statements.

INCOME STATEMENT
for the period ended 30 September 2004

| | <i>Notes</i> | <i>USD</i> |
|--|--------------|------------------|
| INCOME | | |
| Dividend income | | 118,706 |
| Interest income | | 13,095 |
| Total investment income | | 131,801 |
| OPERATING EXPENSES | | |
| Unrealised loss on available-for-sale securities | 4 | 240,331 |
| Management fee | 11 | 103,708 |
| Professional and consultant fees | | 20,554 |
| Custodian fee | 13 | 18,882 |
| Administration expenses | 13 | 16,231 |
| Inception cost | | 15,000 |
| Commission | | 12,230 |
| Directors fees | 14 | - |
| Others | | 4,653 |
| Operating expenditure | | 431,589 |
| LOSS BEFORE TAX | | (299,788) |
| INCOME TAX EXPENSE | 10 | - |
| NET LOSS AFTER TAX | | (299,788) |
| Net loss per share | | 0.11 |

The attached notes 1 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the period ended 30 September 2004

| | <i>Share capital</i> <i>USD</i> | <i>Share premium</i> <i>USD</i> | <i>Net loss</i> <i>USD</i> | <i>Total</i> <i>USD</i> |
|--|------------------------------------|------------------------------------|-------------------------------|----------------------------|
| Issuances of ordinary shares - USD 0.05 par value per share | | | | |
| First offering: 2,040,000 shares | 102,000 | - | - | 102,000 |
| Second offering: 2,242,000 shares | 112,100 | - | - | 112,100 |
| Share premium, net of transaction costs | - | 10,342,684 | - | 10,342,684 |
| Net loss after tax | - | - | (299,788) | (299,788) |
| Balance at 30 September 2004 | 214,100 | 10,342,684 | (299,788) | 10,256,996 |

The attached notes 1 to 14 form part of these financial statements.

CASH FLOW STATEMENT
for the period ended 30 September 2004

| | <i>Notes</i> | <i>USD</i> |
|--|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss before tax | | (299,788) |
| Adjustment for: | | |
| Unrealised loss on available-for-sale securities | 4 | 240,331 |
| Operating result before working capital changes: | | (59,457) |
| <i>Working capital changes:</i> | | |
| Deferred expenses | | (63,688) |
| Sundry debtors | | (3,378) |
| Accounts payable and accruals | | 23,603 |
| Due to brokers | | 17,425 |
| Net cash used in operating activities | | (85,495) |
| CASH FLOW FROM INVESTING ACTIVITY | | |
| Net cash payment for securities acquisitions | 4 | (6,388,641) |
| CASH FLOW FROM FINANCING ACTIVITY | | |
| Net proceeds from issuance of ordinary shares at a premium | 8 | 10,556,784 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 4,082,648 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | | - |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 3 | 4,082,648 |

The attached notes 1 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
as at and for the period ended 30 September 2004

1. CORPORATE INFORMATION

PXP Vietnam Fund Limited (“the Fund” or “the Company”) is a closed-end investment company incorporated in the Cayman Islands on 7 May 2003 under the Companies Law, Cap. 22 (Revised), of the Cayman Islands as an exempted company with limited liability.

The Fund’s shares are listed on the Irish Stock Exchange. The address of the Fund’s registered office is as follows:

CARD Corporate Services Ltd.
4th Floor, Zephyr House, Mary Street
PO Box 709 GT, George Town
Grand Cayman, Cayman Islands
British West Indies

The Fund has no employees.

The Fund’s financial statements were authorized for issue on 3 March 2005 by the Board of Directors.

The principal activity of the Fund is investment holding with an objective to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies, whether established with domestic or foreign ownership, which are either listed companies or pre-listing companies.

The Fund commenced commercial operations in January 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements are prepared under the historical cost convention as modified by the fair valuation of investments classified by the Company as *available-for-sale* securities.

The Fund’s shares are marketed to foreign investors. Consequently, the measurement currency of the Fund is United States Dollar (“USD”) and not Vietnamese Dong (“VND”) reflecting the fact that the ordinary shares of the Fund are issued in USD. Distributions to the investors will also be made in USD.

Cash and cash equivalents

Cash comprises cash in banks and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Available-for-sale securities

The Company classified its investments as *available for sale*. Investments classified as available-for-sale are intended to be held for an indefinite period and may be purchased or sold in response to changes in available cash resources arising from share issues or repurchases. The Company would also buy and sell investments to balance the risks in the portfolio in response to changes in market conditions and to meet designated investment restrictions.

All investment securities are initially recognised at cost (which includes transaction costs). The securities are subsequently re-measured at fair value. Fair values for quoted equity instruments, if any, are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. Gains and losses arising from changes in the fair value of equity securities classified as available-for-sale (including any inherent currency gains or losses) and any impairment loss are recognised in the income statement as they arise.

All purchases and sales of investments securities that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recognised at trade date, which is the date on which the Fund commits to purchase or sell the asset.

Share capital and premium

The Fund’s ordinary shares with discretionary dividends are classified as equity.

Transaction costs that relate to the issue of the Fund’s shares are accounted for as a deduction from equity, except for fees paid to the Company’s principal legal advisor, which were initially deferred and are being amortised against the share premium over a period of 21 months. The unamortized portion of these fees is shown as Deferred Expenses in the balance sheet.

Net asset value per share and net loss per share

The net asset value per share is calculated by dividing the net assets included in the balance sheet by the number of participating shares in issue at the last closed end.

Net loss per share is calculated by dividing the net loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Dividends

Dividends are recognised when the Fund's right to receive payment is established. Dividends recognised are disclosed separately as dividend income in the income statement.

Interest income

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method. Interest income includes interest earned on cash deposits.

Expenses

Expenses are accounted for on accrual basis. Expenses are charged to the income statement except for expenses incurred on the acquisition of an investment which are included within the cost of that investment and for fees paid to the Company's principal legal advisor, which are being amortised over a period of 21 months. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into USD at exchange rates in effect at the balance sheet date. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the income statement as foreign currency gain and losses except where they relate to equity investments where such amounts are included within realised and unrealised gains and losses on investments. The cost of investments, income and expenses are translated into USD based on exchange rates on the date of the transaction.

3. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

| | <i>USD</i> |
|---------------------------|---------------|
| Current accounts | |
| In VND | 203,043 |
| In US\$ | 184 |
| Short term fixed deposits | |
| In VND | 793,903 |
| In US\$ | 3,085,518 |
| Total | 4,082,648 |

Short-term fixed deposits earn interest at 4.8% annually.

4. AVAILABLE FOR SALE SECURITIES

The details of available for sale securities are as follows:

| | |
|---|------------|
| | <i>USD</i> |
| Listed securities | |
| At cost | 6,388,641 |
| Unrealised loss arising from changes in fair values of securities | (240,331) |
| Net | 6,148,310 |

At the balance sheet date, the details of exposure to listed Vietnamese equity securities at fair values were as set out on the following table.

| <i>Description</i> | <i>Number of Shares Held</i> | <i>Recorded Cost of Investment</i> | <i>Fair Market Value</i> | <i>% of each Investment by Industry</i> | <i>% to NAV</i> |
|---|------------------------------|------------------------------------|--------------------------|---|-----------------|
| <i>Construction Industry</i> | | | | | |
| 620 Chau Thoi Concrete Corp | 341,920 | 703,838 | 673,199 | 10.95 | 6.56% |
| Hoa An Joint Stock Co | 107,670 | 194,065 | 205,835 | 3.35 | 2.01% |
| Total | 449,590 | 897,903 | 879,034 | 14.3 | 8.57% |
| <i>Telecommunications</i> | | | | | |
| SACOM Cable | 444,190 | 1,022,591 | 1,049,467 | 17.07 | 10.23% |
| Vietnam Telecommunication Company | 87,180 | 208,746 | 178,291 | 2.9 | 1.74% |
| Total | 531,370 | 1,231,337 | 1,227,758 | 19.97 | 11.97% |
| <i>Import and export</i> | | | | | |
| Binh Thanh Import & Export | 144,950 | 322,956 | 280,786 | 4.57 | 2.74% |
| Saigon-Vientiane Export Import Co | 278,910 | 572,723 | 534,968 | 8.7 | 5.22% |
| An Giang Fisheries Import Export | 220,000 | 555,263 | 508,606 | 8.27 | 4.96% |
| Total | 643,860 | 1,450,942 | 1,324,360 | 21.54 | 12.92% |
| <i>Transportation</i> | | | | | |
| General Forwarding and Agency Corp | 311,730 | 984,095 | 1,039,430 | 16.91 | 10.13% |
| Transforwarding Warehouse Corp | 254,700 | 523,646 | 530,591 | 8.63 | 5.17% |
| Total | 566,430 | 1,507,741 | 1,570,021 | 25.54 | 15.30% |
| <i>Food and Beverage</i> | | | | | |
| Bien Hoa Confectionery Corp | 165,820 | 160,890 | 168,505 | 2.74 | 1.64% |
| Saigon Beverages Joint Stock Co | 208,352 | 363,887 | 284,507 | 4.63 | 2.77% |
| Total | 374,172 | 524,777 | 453,012 | 7.37 | 4.41% |
| <i>Manufacturing</i> | | | | | |
| Bach Tuyet Cotton Corp | 72,000 | 61,222 | 56,246 | 0.91 | 0.55% |
| Refrigeration Electrical Engineering Corp | 436,670 | 714,719 | 637,879 | 10.37 | 6.22% |
| Total | 508,670 | 775,941 | 694,125 | 11.28 | 6.77% |
| Grand Total | 3,074,092 | 6,388,641 | 6,148,310 | 100 | 59.94% |

5. DEFERRED EXPENSES

Deferred expenses represent the unamortized balance of fees paid to the Company's principal legal advisor in connection with the Company's private placing of its shares during the period.

6. ACCOUNTS PAYABLE AND ACCRUALS

This account comprises accruals mainly for management fees, brokers' fees, professional fees and commission.

7. DUE FROM/TO BROKERS

This account represents outstanding balances arising from due on/for settlement on investment and trading securities' purchases and sales transactions contracted for but not yet delivered at the end of the year.

8. SHARE CAPITAL

| | <i>USD</i> |
|---|------------|
| Authorised share capital, par value of USD 0.05 per share 12,000,000 ordinary shares | 600,000 |
| Issued and fully paid 4,282,000 ordinary shares at par value | 214,100 |
| Share premium, net of USD 206,352 transaction cost | 10,342,684 |

The shares constitute the only class of shares in the Company. All shares have the same rights, whether in regard to voting, dividends, return of share capital and otherwise. Each issued and fully paid ordinary share is entitled to dividends when declared and carries one voting right.

9. NET ASSET VALUE PER SHARE AND NET LOSS PER SHARE

| | <i>USD</i> |
|--|------------|
| Net asset value | 10,256,996 |
| Net asset value per share | 2.40 |
| Net loss after tax | 299,788 |
| Weighted average number of shares for net loss per share | 2,787,333 |
| Net loss per share | 0.11 |

10. TAXATION

Under current Cayman Islands law, no tax will be charged in the Cayman islands on profits or gains of the Company, and dividends of the Company will be payable to shareholders' resident in or outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of shares of in the Company. An annual registration fee will be payable by the Company in the Cayman Islands which will be calculated by reference to the nominal amount of the Company's authorised share capital. On the basis of the current rate, that fee will be approximately USD 805 per annum.

11. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund is managed by PXP Vietnam Asset Management Limited, an investment management company incorporated in British Virgin Island, under the terms of the Management Agreement dated 19 June 2003. The Fund pays to the investment manager a monthly management fee equal to one-twelfth of two percent of the net asset value of the Fund which accrues daily and payable monthly in advance and calculated by reference to the valuation day at the end of the preceding month. The investment manager will not receive an incentive or performance fee. During the year, the Fund paid fees to the investment manager amounting to US\$ 103,708.

Shares held by related parties

As at 30 September 2004, there are 41,000 and 280,000 shares held by Mr. Philip Smiley and Mr. Markus Winker, respectively.

In addition, the investment manager holds one share in the Fund as at 30 September 2004.

Directors' remuneration

The Board currently has five directors who are independent non-executive directors, except for the shareholding of the two directors as mentioned above. No director is an employee of the Fund or the Investment Manager. The Board currently has five directors all of whom are non-executive directors. No director is an employee of the Fund or the Investment Manager.

All the directors waived their fees for the services performed for the period ended 30 September 2004 (see Note 14).

There are no material contracts to which the Company and any director is a party to where the director has a material interest.

12. RISKS MANAGEMENT

The Fund is exposed to a number of risks arising from the various equity instruments it holds. The directors believe that the Company's investment policy will moderate the risks through a careful selection of securities. The main risks to which the Fund is exposed are: market risk, currency risk, credit risk, interest rate risk and liquidity/emerging market risk. The risk management policies employed by the Fund to manage these risks are discussed below:

Market risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether or not those changes are caused by factors specific to the individual asset or factors affecting all assets in the market. The Fund is exposed to market risk on all of its investment. In the case of its investment in listed companies, such market risk relates to the Vietnam Stock Exchange ("VSE") and other exchanges, if any, where the Fund's investments are listed. Furthermore there is no certainty that the market price of the shares will fully reflect their underlying net asset value ("NAV"). This characteristic of shares of a closed-end fund is a risk separate and distinct from the risk that the NAV may decrease.

The Fund's manager, PXP Vietnam Asset Management Limited, advises the Fund on the equity securities that have prospects to appreciate in value in the medium and long-term period. As more fully disclosed in Note 4 to the financial statements, the Fund tends to invest across a range of industry sectors. The current intention is to invest no more than 40% of its assets at the time of investment in any one sector.

The performance of investments held by the Fund is monitored by the Fund's manager on a daily basis and reviewed on a quarterly basis by the Board.

Currency risk

The NAV per share is expressed in USD and will fluctuate in accordance with, among other things, changes in the foreign exchange rate between the USD and the VND. Shareholders' investments in the Fund will be made in USD, and the Fund will have to convert such USD into VND prior to making investments. It will have to convert the VND back to USD prior to distributing any income and realisation proceeds from such investments. There can be no assurance that fluctuations in exchange rates will not have an adverse effect on (a) NAV, or (b) the distributions received by shareholders in USD after conversion of the income and realisation proceeds from the Fund's VND-denominated investments.

The Fund may seek to hedge against a decline in the value of the Fund's investments resulting from currency depreciation but only if and 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 Fund will be successful in protecting against currency depreciation. The Fund has no outstanding hedging instrument as at 30 September 2004.

The table below summarises the Fund's exposure to currency risks as at 30 September 2004. Included in the table are the Fund's assets and liabilities at fair values categorised by their base currencies.

Concentration of assets and liabilities

| | VND | USD | Total in USD |
|-------------------------------|------------------|------------------|-------------------|
| ASSETS | | | |
| Cash and bank balances | 996,946 | 3,085,702 | 4,082,648 |
| Available for sale securities | 6,148,310 | - | 6,148,310 |
| Deferred expenses | - | 63,688 | 63,688 |
| Sundry debtors | 3,378 | - | 3,378 |
| Total Assets | 7,148,634 | 3,149,390 | 10,298,024 |
| LIABILITIES | | | |
| Accounts payable and accruals | 3,460 | 20,143 | 23,603 |
| Due to brokers | 17,425 | - | 17,425 |
| Total Liabilities | 20,885 | 20,143 | 41,028 |
| Net Assets | 7,127,749 | 3,129,247 | 10,256,996 |

The VND rate of exchange ruling as at 30 September 2004 was VND 15,754 to the USD (31 December 2003: VND 15,650).

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered to with the Fund.

All investing transactions are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold and settlement are conducted simultaneously through centralised settlement procedures being facilitated by Bank of Investment and Development of Vietnam, a local bank.

As discussed under market risk, the Fund's market risk is spread across various industry sectors. In addition to this, the Fund will not invest more than 10% of its assets at the time of investment in the shares of a single issuer.

Interest rate risk

Interest rate risk is the risk that the value of interest-bearing assets will fluctuate in value as a result of changes in interest rates.

While the Fund seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on investments in equity securities that neither earn nor pay interest.

Liquidity risk/emerging market risks

The Fund has the ability to borrow in the short term up to 25% of its NAV to ensure settlement, although no such borrowings have arisen during the period.

It may be considerably more difficult for the Fund to exit its investments than it is for investors in more developed geographical regions. The VSE which only started operations in July 2000, may be less regulated than other regional stock exchanges, and may continue to exhibit limited liquidity. Trading on the VSE is subject to various restrictions. Nevertheless, the Fund intends to invest in a majority of its assets in shares listed in the VSE.

The laws and regulations affecting the Vietnamese economy are in an early stage of development and are not well established. Although the legal system is improving, the Government appears to be planning substantial further legal reforms, there can be no assurance that the Fund will be able to obtain effective enforcement of its rights by legal proceedings in Vietnam, nor is there assurance that improvements will continue. It may be more difficult or expensive for the Fund to take appropriate legal action in courts in such cases.

Vietnam's accounting, auditing and financial reporting standards, practices and disclosure requirements differ from those in more developed countries. Less information may therefore be available to the Company than in respect of investment in more developed countries. However, the Fund intends to make investments in pre-listing companies on the basis of the audited financial statements, and listed companies are all required to have audited financial statements. In addition, the investment manager intends to encourage management of investee companies to adopt international accounting standards and practices in order to improve the standing of their companies in view of international investors.

Fair value of financial assets and liabilities

All financial assets and liabilities of the Fund are included in the balance sheet at fair value.

13. SIGNIFICANT AGREEMENTS*Custodian services*

The Fund has engaged the services of Deutsche Bank A.G, Hong Kong Branch as its custodian and Deutsche Bank A.G, Ho Chi Minh City Branch as sub-custodian, to provide custodian services. The fees are charged on a scale of 0.035% per annum of the value of the assets held by it in Hong Kong where such fees have been subsequently waived. In addition, the Vietnam sub-custodian will receive an account maintenance fee of \$330 per month if it maintains one to five accounts and \$550 per month if it maintains six to ten securities. During the period, the Fund paid fees to the custodian and sub-custodian amounting to US\$ 18,882.

Administrator and registrar services

The Bank of Bermuda (Cayman) Limited has been appointed to act as the administrator of the Company, and as such to provide a range of administrative and registrar services (including calculation of the net asset values) to the Company under the terms of the administration agreement. The administrator was paid an inception fee of USD 15,000 after the closing date and a fee of 0.135% of NAV per annum subject to a minimum amount of USD 1,800 per month which shall be accrued daily and calculated as at each valuation date payable monthly in arrears. During the period, the Fund paid fees to the administrator, amounting to USD 16,231. (See Note 12)

Secretarial services

CARD Corporate Services Ltd. Has been appointed to provide company secretarial services for, and the registered office of, the Fund. The secretary will receive an annual fee of USD 1,000 for providing certain company secretarial services to the Fund and an annual fee of USD 1,000 for providing the Fund's registered office. In addition, the secretary is entitled to recover from the Fund all expenses and disbursements properly incurred or paid by the secretary on behalf of the Fund, or otherwise in the performance of its services under the secretarial services agreement. During the period, the Fund paid secretarial fees of USD 3,011.

Management agreement

See Note 11 for discussion on the management agreement with PXP Vietnam Asset Management Limited.

14. POST BALANCE SHEET EVENTS

Post balance sheet events which have a bearing on the understanding of the financial statements are as follows:

- a. Following the meeting of the directors held on 17 December 2004:
 - (i) All directors waived their fees for the services performed for the period ended 30 September 2004. Total directors fees waived amounted to US\$ 18,439. (See Note 11.)
 - (ii) A resolution has been passed for the additional placing of up to 4,282,000 additional shares having a nominal value of USD 0.05 per share, at a price equivalent to the Net Asset Value per share at the time of offer (exclusive of any commissions and placing fee). The Company would aim to make the offer in March 2005 using the Net Asset Value per share at the end of February 2005, but the directors accepted that this was an aim and authorised the issuance at a later time if market conditions or unanticipated delays warranted it.
 - (iii) The Company noted that the Company's administrator, Bank of Bermuda, had been acquired by HSBC Holdings plc. As a result of the reorganisation,

the name of Bermuda Trust (Far East) Limited, the administrator's agent of the Company, has been changed to HSBC Institutional Trust Services (Asia) Limited with effect from 1 November 2004.

- i. Based on the Fund's statement of net assets as at 31 January 2005, the net carrying value of the shares held by the Fund in equity securities of Vietnamese companies as at 30 September 2004 further declined by US\$ 105,333 following a decline in the respective market values of some of these shares.

DIRECTORY

DIRECTORY

DIRECTORS OF THE COMPANY

| | |
|------------------|--|
| Philip Smiley | Chateau St. Jean d'Angles, St. Arailles 32350, France |
| Christopher Vale | Copper Beeches, Broom Close, Esher, Surrey KT10 9ET, UK |
| Dinh Thi Hoa | 9/2 Ton Duc Thang, District 1, Ho Chi Minh City, Vietnam |
| Antony Jordan | 50 Chester Row, London, SW1W 8JP, UK |
| Markus Winkler | Frohlpstrasse 20, CH - 8038 Zurich, Switzerland |

The Company currently has a total of five Directors, all of whom are non-executive Directors. The manner in which the various Directors are appointed is more fully described in the section entitled "Board of Directors" on pages 27 to 29 above of this Prospectus.

EXECUTIVE DIRECTORS OF THE INVESTMENT MANAGER

| | |
|----------------|---|
| Kevin Snowball | 2nd Floor, 27-29 Ho Xuan Huong, Ho Chi Minh City, Vietnam |
| Jonathon Waugh | 34c Tran Khanh Du, District 1, Ho Chi Minh City, Vietnam |

The Company

PXP Vietnam Fund Limited
CARD Corporate Services Ltd.
Fourth Floor, Zephyr House, Mary Street
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Grand Cayman, Cayman Islands
British West Indies

Tel: +84 827 6040

Administrator

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House
North Church Street
George Town
Grand Cayman
Cayman Islands

Custodian

Deutsche Bank A.G., Hong Kong Branch
53/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

Tel: +852 2203 7352

Investment Manager

PXP Vietnam Asset Management Limited
PO Box 957
Offshore Incorporations Centre
Road Town
Tortola
British Virgin Islands

Tel: +84 827 6040

Administrator's Agent

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Placing Agent

PXP Capital Markets Limited
PO Box 957
Offshore Incorporations Centre
Road Town
Tortola
British Virgin Islands

DIRECTORY

Vietnam Sub-Custodian

Deutsche Bank A.G., Ho Chi Minh City Branch
Saigon Centre
65 Le Loi Boulevard
District 1
Ho Chi Minh City
Vietnam.

Legal Adviser to the Company

Freshfields Bruckhaus Deringer
17 Ngo Quyen, Unit 1, 5/F
Hanoi
Vietnam

Dealing Enquiries

PXP Capital Markets Limited
PO Box 957
Offshore Incorporations Centre
Road Town
Tortola
British Virgin Islands

Independent Auditors

Ernst & Young Vietnam Limited
Certified Public Accountants
Saigon Riverside Office Center
2A - 4A Ton Duc Thang Street
District 1
Ho Chi Minh City, Vietnam

Legal Adviser to the Company on Cayman Islands Law

Charles Adams, Ritchie & Duckworth
Attorneys-at-Law
PO Box 709GT
Grand Cayman
Cayman Islands
British West Indies

Listing Sponsor and Paying Agent in Ireland

NCB Stockbrokers Limited
3 George's Dock
International Financial Services Centre
Dublin 1
Ireland