VinaCapital Vietnam Opportunity Fund Limited
Annual Report 2015

VinaCapital

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Front Cover: Investee company QNS, Vietnam's leading soy milk producer who make long-life soy milk under well recognised brands such as Vinasoy and Fami.

During the financial year ended 30 June 2015, VinaCapital Vietnam Opportunity Fund Limited's ("VOF" or "the Company") Net Asset Value ("NAV") per share increased by 3 cents or 0.9% to U$3.27, while the Company's share price remained unchanged at USD2.50, from the same period a year ago. Similarly, the Company's share price discount to NAV per share remained unchanged at 23% as at 30 June 2015, from the same period a year ago.

This is the first year that the Company has adopted the "Investment Entities" amendment to International Financial Reporting Standards ("IFRS") 10, "Consolidated financial statements" and its subsequent amendments (IFRS10A). This has essentially meant that the Company now accounts for investments held in subsidiaries at fair value through profit or loss rather than simply consolidating as in previous years. The net result of adopting these new accounting standards has meant that last financial year's NAV and NAV per share has been restated to USD771.4 million and USD3.24, from USD779.0 million and USD3.27, respectively. This annual report, which contains the audited financial statements, sets out in detail the impact of changes in accounting policies under Note 2.15 on page 74.

Performance summary	30 June 2015	% Change	30 June 2014	% Change	30 June 2013
NAV per share (USD)[1]	3.27	0.9%	3.24	15.2%	2.81
Share price (USD)	2.50	0.0%	2.50	17.4%	2.13
Discount	24%		23%		24%
VN Index (USD terms)[2]	593.05	0.3%	578.13	19.5%	481.13
VND depreciation	21,825	2.3%	21,330	0.7%	21,180

Source: Bloomberg.

[1] NAV per share for financial years 2013 and 2014 is based on the restated NAV and NAV per share following the adoption of new accounting standards. Refer to Note 18(c) of the annual financial statements on page 103.

[2] VN Index % change in USD terms, adjusting for currency depreciation.

SECTION 1

FINANCIAL HIGHLIGHTS FOR THE FINANCIAL YEAR 2015

Net asset value at 30 June 2015

USD718.7m

NAV per share at 30 June 2015

$3.27

Increase in NAV per share

0.9%

The stock market index of Vietnam ("VN Index") has delivered lacklustre performance this financial year, increasing by 0.3% in USD terms over the financial year. However, this flat performance masks the underlying volatility of the market, influenced by domestic events, as well as volatility in global and emerging markets, and the impact of widespread currency depreciation. The Vietnam Dong ("VND") devalued by 2.3% during the financial year, and has seen further devaluation subsequent to the financial year end.

Reflecting this volatility in the public markets, the capital markets component of VOF's portfolio, which includes listed equities and over-the-counter ("OTC") traded securities delivered a 1.0% return to contribute 0.8% to the overall portfolio return. Private equity investments continued to outperform, delivering a return of 13.1%, but given that this is an area of the portfolio which we are focusing on replenishing after several successful exits, this asset class contributed 1.2% to the change in the portfolio value over the period. Direct real estate, which excludes operating assets, continued to face challenges, delivering a negative return of 10%, primarily as a result of the adoption of IFRS10A and the corresponding valuation write-downs under fair value assumptions. This asset class contributed -1.4% to the portfolio return over the period. Finally, the realisation of the government bond investments in late 2014, prior to the currency devaluations set by the State Bank of Vietnam, delivered a 4.6% return, contributing 0.2% to the portfolio return for the financial year.

Throughout the financial year, VOF continued the ongoing share buyback programme in order to return capital to shareholders and attempt to stabilise the discount. During the twelve month period ended 30 June 2015, VOF spent USD47.3 million to repurchase 18.3 million shares. Since the commencement of the share buyback programme on 25 October 2011, VOF has spent USD213.3 million to repurchase 104.7 million shares, representing 32% of the total shares then in issue. Both the Board and the Investment Manager believe that this ongoing share buyback programme can be a method of distributing capital to shareholders and help narrow the discount of the Company's share price to its NAV per share.

CHAIRMAN'S STATEMENT

Steven Bates
Chairman

" ...the normalization of capital markets should bring greater focus by international investors on the Vietnamese market."

Dear Shareholder,

This is my third statement to you as Chairman of the VinaCapital Vietnam Opportunity Fund Limited. This year I want to cover a number of topics which I and my colleagues on the Board think are important for all of you. I will start with a brief overview of the returns in the portfolio, revisit our investment strategy, then move on to our attempts to control the discount of the share price to the Net Asset Value ('NAV'). I will go on to canter through matters corporate which will include an attempt to explain some significant changes to the methodology we use to value our private equity and direct real estate assets. I will finish with a comment on some important developments in the capital markets in Vietnam. You will no doubt have noticed that these results are being released later than we had originally planned. This is because of some difficulties we have had surrounding the calculation of the incentive fee, which are explained in Part 3 of the section on Corporate Matters.

Returns

The 2015 fiscal year was rather lacklustre in terms of returns, with the NAV per share more or less unchanged during the period. The Investment Manager's report goes into detail about the contributions of the various parts of the portfolio to the overall return, so I will confine myself to an overview of the main sub-components.

The portfolio of listed equities represented 52.4% of total net assets at the end of June. This is down slightly on last year and reflects no significant shifts either into or out of the asset class. This part of the portfolio returned 0.2% versus the Vietnamese benchmark (known as the VN Index), which returned 0.3% in US Dollar terms, a good result in a market where the small overall market movement masked considerable volatility and currency weakness. Last year, we also had 9.4% of your assets in the so called over-the-counter ('OTC') traded securities. These are companies which are listed in the legal sense but which are going through a privatisation (or as it is officially known in Vietnam as equitisation) process which should eventually lead to active market trading. As reported at the half year, we sold our 23.6% position in An Giang Plant Protection for USD63.1 million. The reduction in weighting as a result of this successful exit was partially offset by some new OTC investments, but the net result was that the weighting in this area reduced to 4.9% at the end of the fiscal year.

Longer term returns in both of these areas have been good, and are set out in the table below (in USD terms):

Top 10 Holdings	Financial year 2015	3 years annualized	5 years annualized
Listed equities	0.2%	15.7%	8.8%
OTC securities	4.9%	12.7%	13.4%
Combined (Capital Markets)	1.0%	15.4%	9.8%
VN Index (USD terms)	0.3%	10.6%	5.8%

While we hope to invest a greater proportion of the assets in OTC traded securities, the Investment Manager is restricted by the slow progress of the privatisation process and the lack of interesting companies of a scale and at a valuation which make sense for VOF. We continue to monitor the situation.

The weighting in private equity, which represented 11.3% of assets at 30 June 2015, compared to 2.5% a year earlier, reflects the major investment of USD34.5 million in International Dairy Products, which was described at the half year stage. We have also made a USD15 million investment into a convertible instrument issued by Novaland, one of Vietnam's pre-eminent residential property developers. Novaland plans to go public within two years, a liquidity event which should provide us with an option to exit having made a good return.

The result from this part of the portfolio returned 13.1%, which captures the write-back of USD2.3 million of receivables which were unexpectedly collected during the year as well as net adjustments of USD4.9 million as a result of changes to the methodology which we use to value our private equity investments under recently adopted accounting standards. The longer term returns from this asset class have been excellent, as shown in the table below (in USD terms):

Top 10 Holdings	Financial year 2015	3 years annualized	5 years annualized
Private equity	13.1%	25.9%	21.3%

Given the scale of the historic returns and a belief on the part of the Investment Manager that opportunities abound, this is an area where VOF would like to deploy more capital, particularly in the service sector. Whilst it is not easy to close private equity transactions in any frontier market, and the difficulty of ensuring appropriate protection and agreeing reasonable valuations can derail deals at any point, the Investment Manager remains optimistic that despite the inherent need to be opportunistic, the proportion of capital invested in this area will rise.

Our record in direct real estate has, however, not been good. This year, some of our investments were impacted by an increase in land taxes which caused us to write-down the value of certain assets. Most of our directly invested real estate assets are held as co-investments with VinaLand Limited, another investment company managed by VinaCapital. The strategy has been to reduce the exposure to this asset class, with a view to exiting altogether, and it is disappointing that we were unable to achieve any significant exits during the fiscal year, leaving the weighting of the portfolio at the end of the year at 13.9%.

We categorize an additional 11.5% of our portfolio as being 'operating real estate assets', by far the largest part of which is the Sofitel Metropole Hotel in Hanoi. It has been a stable rather than a spectacular year in the hospitality industry and returns here have been below what we would expect over the medium term for a premium asset. The longer term returns reflect the dividends earned by the hotels, as the underlying valuation has not changed significantly. The Investment Manager is actively considering a number of options in this area.

The returns are shown in the table below (in USD terms):

Top 10 Holdings	Financial year 2015	3 years annualized	5 years annualized
Direct Real Estate	-10.0%	-9.2%	-9.2%
Operating Real Estate	4.5%	3.3%	3.9%

Strategy

Our investment strategy has not changed:

1. We intend to reduce our exposure to direct real estate. The investment in Novaland is an indirect exposure to the sector and more in keeping with our approach, which is to focus on a spread of third party developers.
2. We continue to look to add to OTC and private equity assets, albeit opportunistically. Our experience suggests that these are areas where illiquidity is rewarded with superior returns.
3. We retain the largest part of the portfolio in listed assets. Our approach here is differentiated from a conventionally diversified fund in that it comprises positions where the Investment Manager has influence and looks to add value to a business by helping with the development of good governance and management practice as well as by offering strategic advice. Often, these companies have been in the portfolio since they formed part of the OTC assets.

Discount Management

Every statement I have written has contained an expression of disappointment that the discount to NAV remains too high. This year's is no exception. While we have continued to buy shares back and the Investment Manager has taken an active approach to spreading the 'VOF message', the impact has been less than your Board would like. This year, we bought back USD47.3 million of stock, adding 5 cents to NAV per share and, since the inception of the buyback programme in November 2011, the total value of shares bought back amounts to USD214 million with a cumulative accretion to NAV per share of 37 cents.

The buy backs are designed to affect the supply side of the discount problem. This year, the Board and the Investment Manager have been implementing a plan to influence demand. The centrepiece of this is to change the domicile of the Company to Guernsey and list the shares on the Premium segment of the London Stock Exchange's Main Market (LSE). The rationale is to open up the Company to the broadest possible range of investors, many of whom were unable to buy shares that are admitted to trading on AIM or domiciled in the Cayman Islands. The Board also expects that the shares of the Company will be admitted to the FTSE All Share Index in due course, which is likely to generate additional demand over time for our shares.

I am pleased to be able to report that Shareholders voted in favour of these changes to VOF's domicile at an Extraordinary General Meeting held on 27 October 2015. As part of the process, new Articles have been adopted. This also paves the way for the Company to be listed on the LSE some time in early 2016.

Of course, this project of itself is not a one shot solution to the discount conundrum. It must be accompanied by a serious effort to market the Company's shares widely and to continue with the buyback programme. Both the Board and the Investment Manager are fully committed to these objectives.

Corporate Matters

1. Corporate Governance – as part of VOF's proposed listing on the LSE, we have reviewed our compliance with the Corporate Governance Code issued by the Association of Investment Companies (the 'AIC Code'). We had already committed to upholding high standards of governance and transparency and have historically benchmarked ourselves against the AIC Code. Details of this exercise can be found on pages 48 to 54 of this report. We are, in all material senses, compliant with the AIC code and, where we are not, an explanation is given.

2. Accounting standards – we have adopted a new standard for valuing our private equity and direct real estate assets. This is known as IFRS 10A, and it has involved a significant change in the methodology that we use to value these assets. In the past, we used a so called 'impairment' approach, which looked at the value of a business from a pure accounting view. We also had to consolidate the net assets of subsidiaries. The new standard requires us to apply a protocol called 'Fair Value through Profit and Loss' (FVTPL). This standard requires us to apply judgement as to what an asset might fetch on the open market under 'normal' conditions. This means taking into account all sorts of factors beyond pure accounting. For example, are there similar companies trading on the market from which to benchmark a value? Are there specific issues in the shareholders' agreement which warrant a higher/lower valuation, or real estate held at cost rather than market value? We have opted to take professional advice on these matters and have contracted with KPMG to go through a detailed valuation exercise on all relevant assets. The results of this process are disclosed in Notes 2.2 and 2.15 to the financial statements. There are three particular points to which I would draw your attention:

    a. The results for last year have been restated to reflect what would have been the case had we applied IFRS 10A to last year's accounts. On this basis, the NAV at the end of the last fiscal year was USD771.4 million rather than USD779.0 million.

    b. The effect on net assets of the changes which the Board has approved amounts to USD7.6 million, or a reduction of 3 cents per share. The major changes to previous values were due to valuation adjustments of the direct real estate and operating assets portfolios as a result of applying IFRS10A, including adjustments to the values of the Sofitel Metropole Hotel, Century 21 and Danang Beach Resorts.

    c. In Note 29 to the accounts, on page 110, there is a hierarchical breakdown of the assets. You will see that all of VOF's assets are characterized as Level 3, which implies that they are illiquid and may be subject to valuation by the directors. This is misleading, and is shown in this way because all of VOF's listed assets are owned by Special Purpose Vehicles (SPV's) which are themselves not listed. We do this in order to ensure that our assets are held in a tax and operationally efficient manner, but the accounts do not recognize this. For clarity, we have also chosen to show the 'look through' position, which is shown in the same Note to the financial statements.

3. Incentive fee – There has been a difference of interpretation between the Company and the Investment Manager about certain provisions of the investment management agreement relating to the calculation of the incentive fee. Negotiating a resolution to this issue has delayed the release of the Company's results. The Board has taken independent legal advice on the matter. In order to avoid the costs and financial uncertainty of recourse to a legal solution and with a view to maintaining the relationship with the investment manager for the future, the Board and the Investment Manager have agreed a compromise whereby the incentive payment for the last financial year was $3.67m. The impact of this fee on the NAV per share for 30 June 2015 is an increase of 2 cents (0.6% per share) compared with the previously released estimated NAV per share at that date. Furthermore, and as an integral part of the settlement described above, the Investment Manager and the Board have agreed that the investment management agreement will be modified to reduce the possibility of differences of interpretation in the future. The Board believes that this solution is in the best interests of the Company and its shareholders.

4. Listing on the Premium segment of the London Stock Exchange Main Market – as a result of our proposed Main Market listing, we will be required to comply in subsequent periods with some new procedures. While these are not onerous, and are generally in shareholders' interests, I thought I should set some of them out. The main differences between AIM and the LSE are as follows:

   a. Results announcements have to be quicker. Our interim results must be released within three months of the relevant closing date, and our final results within four months, instead of three and six months respectively;
   b. We are able to buy back under a single authority a maximum of 14.99% of our share capital. Should we reach this limit, we will need to call a General Meeting to refresh the authority;
   c. Our new Articles introduce pre-emption rights, which prevent the Company issuing shares unless they are offered on the same terms to all shareholders. As is standard practice, these pre-emption rights have then been waived on issues of up to 10% of share capital, but we will not exercise this capacity to issue except at or above the prevailing NAV per share;
   d. The share of votes required to pass a special resolution increases to 75% from two thirds.

5. Shareholder Communication and AGM – I want to reiterate what I have said before, which is that this is your Company and both the Board and the Investment Manager are readily accessible to all of you at any point. We welcome suggestions about how we could improve communication and reporting. This year we will hold our third AGM in Guernsey on 26 January 2016. You are all very welcome to attend.

Outlook

Emerging markets have been experiencing something of a perfect storm. Markets have been upset by the prospects of an end to the very easy monetary policy in the US, and the resultant strength of the US Dollar has led to many emerging market currencies suffering significant devaluation. The most recent capitulation of the Chinese Renminbi led to competitive adjustments of many currencies, including the Vietnam Dong (VND). The VND has fallen by approximately 5% this calendar year compared with the USD, and it seems likely that any general weakness in emerging market currencies will be matched by the Vietnamese authorities. This uncertainty led over the summer to weakness across the emerging world, which is adjusting to lower commodity prices and a deceleration in growth rates which may be more than cyclical. Vietnam has been fairly resilient in the face of these headwinds.

Meanwhile, Vietnam has made important changes to the percentage of publically listed companies which can be owned by foreigners. This is a key step in the normalization of capital markets and should bring greater focus by international investors on the Vietnamese market. The stock market boasts a reasonable valuation by South East Asian standards and the underlying macro-economic conditions are gradually improving.

Many emerging markets are struggling to come to terms with the fact that they have actually 'emerged', and there are few significant investment opportunities which still deserve the epithet. Vietnam is not one of these and once conditions in the investment world calm down somewhat, its markets should be a beneficiary of its very strong fundamentals.

Steven Bates *Chairman*
VinaCapital Vietnam Opportunity Fund Limited
29 December 2015

SECTION 2
INVESTMENT MANAGER'S REPORT – 2015

INVESTMENT ENVIRONMENT

The financial year in review

During the financial year ended 30 June 2015, the Vietnam Index (VN Index) increased by 0.3% in USD terms after adjusting for the State Bank of Vietnam's (SBV's) official currency devaluations over the financial year (once in January 2015 by 1%, and a second time in May 2015 with a further 1% devaluation, raising the reference rate from 21,458 to 21,673). Subsequent to the financial year, in August 2015 the SBV devalued the Vietnam Dong (VND) again, this time by 1% while also widening the VND trading band to +/-3% from +/-1%. The VND has depreciated by nearly 5% so far this calendar year compared with the USD, but has nonetheless strengthened against many other ASEAN currencies.

Currency devaluation and volatility have been key themes for the year, as the SBV attempted to cope with negative influences from international markets. The SBV's decision officially to adjust the currency's reference rate by 3% this calendar year seems warranted from a macroeconomic perspective, all the while limiting the scale of central bank intervention in an attempt to preserve a foreign exchange reserve of almost USD40 billion (equivalent to 3 months of exports).

Nevertheless, the VND has been one of the more stable currencies amidst widespread emerging market currency depreciation, with regional export-oriented peers like Thailand's Baht falling 8%, Indonesia's Rupiah losing 12% and Malaysia's Ringgit down by 17% against the USD this year respectively. In turn, the devaluation has helped Vietnamese exporters compete against cheaper goods from China and other regional peers.

The resilience of Vietnamese exports is also attributable to a spectacular shift in the export structure over recent years, from traditional agricultural goods to more labour-intensive manufacturing such as shoes and textiles, and capital-intensive manufacturing including smart phones and electronic appliances. While Vietnam remains among the world's top five exporters of coffee, natural rubber and rice, it has rapidly climbed the ranks in the export of higher valued-added manufactured goods. For example, Samsung Electronics has committed over USD12 billion in foreign direct investments ('FDI') to produce smart phones, displays and appliances in the country. Microsoft Corporation announced in July 2014 that they would move their smart phone manufacturing operations to Vietnam from China, and several manufacturers of Apple product components have indicated that they intend to relocate to Vietnam as the relative cost of labour continues to rise in China. Overall, according to the Foreign Investment Agency of Vietnam, FDI continues to increase, with registered FDI of USD19.3 billion as of October year-to-date, and is forecast to exceed 2014 commitments.

Vietnam's currency stability relative to regional peers

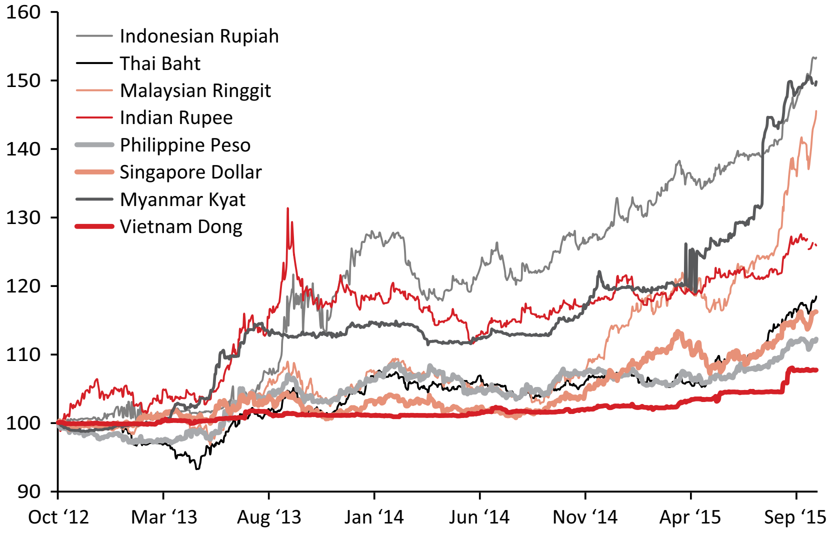


Figure 1: Relative movement of VND versus basket of South East Asian currencies 2012 – 2015, showing the longer-term stability of the VND against regional export-oriented peers. *Source:* Bloomberg.

Lower commodity prices, in particular oil and gas, have helped contain inflation to multi-year lows, a trend that is expected to continue for the remainder of the year. Coupled with a more competitive currency, the reduction in commodity prices has been a boon to Vietnamese exporters, with a small trade deficit reported after several years of record trade surpluses. Domestic consumers have also benefited from lower prices at the fuel pump and from cheaper imported goods from China, where manufacturers struggle to keep utilization rates and employment steady in the face of rising labour costs. Consumer confidence and private consumption growth continues to show strong signs of recovery, thanks to ongoing FDI, rising discretionary income, low inflation and declining energy costs.

However, lower oil prices have meant that the government has had to resort to other measures to narrow the widening budget deficit. Vietnam is the 7th largest oil producer in the Asia Pacific region, and oil revenues, which have in the past contributed 20% of the state's revenues, are currently at 39% of their yearly estimate as of the first half of 2015. Driven by a progressive reduction in corporate income taxes, tax revenue collection is well below estimates while the aggressive fiscal spending program has not abated, and as a result the budget deficit is forecast to grow to almost 6% of GDP by the end of 2015. Finally, the ambitious program of partially privatising State-owned enterprises has, until recently, stalled and failed to deliver the headline-grabbing attention that would bring much needed foreign money to help ease the budget shortfall.

The combination of strong domestic demand, lower commodity prices, continued fiscal spending, and strong credit growth has led to an improvement in overall economic strength, with real GDP growth accelerating to 6.0% in 2014 after 2 years of sub-par growth. This growth has continued through the first half of 2015, with real GDP growing by 6.3% year-on-year, placing Vietnam amongst the best performing emerging economies in South East Asia.

Trade (including exports) remain a key growth driver

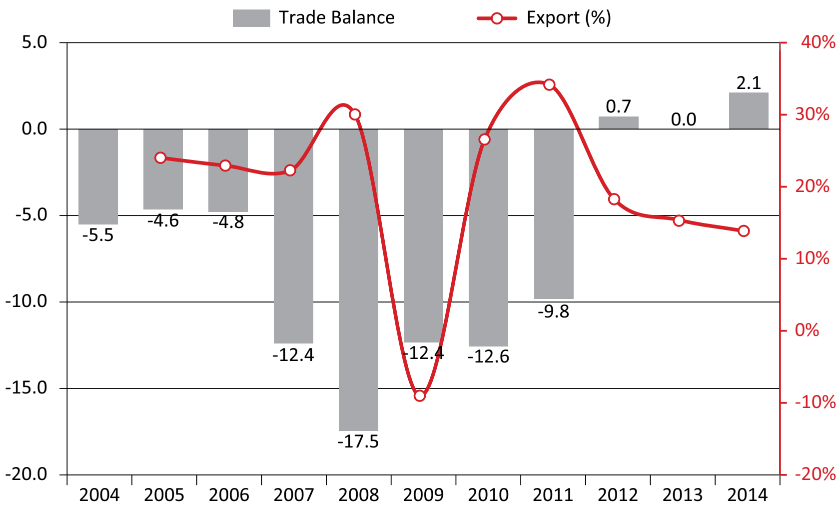


Figure 3 Trade balance and the percentage of exports, 2004 – 2014, showing a strong trade balance supported by stable export performance in recent years. *Source: Vietnam Customs Office, General Statistics Office of Vietnam.*

Foreign direct investments remain strong

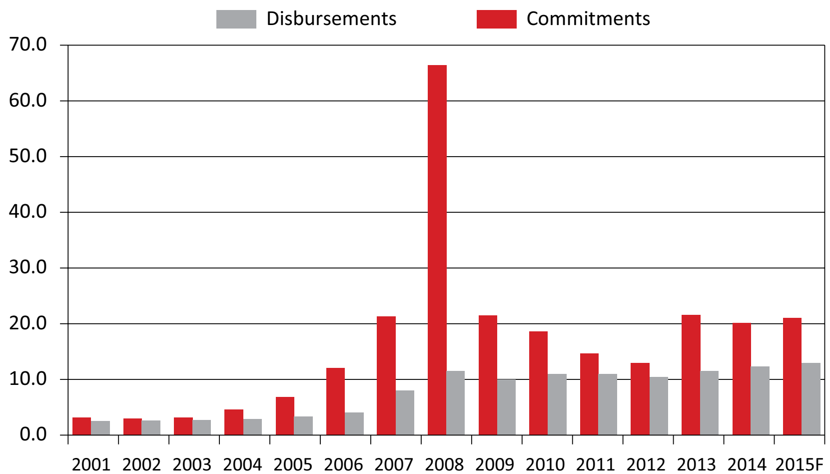


Figure 2: FDI commitments and disbursements 2001 – 2015F, showing a steady increase in disbursements over recent years. *Source: Ministry of Planning and Investment.*

Gradual credit growth provides a stable growth environment

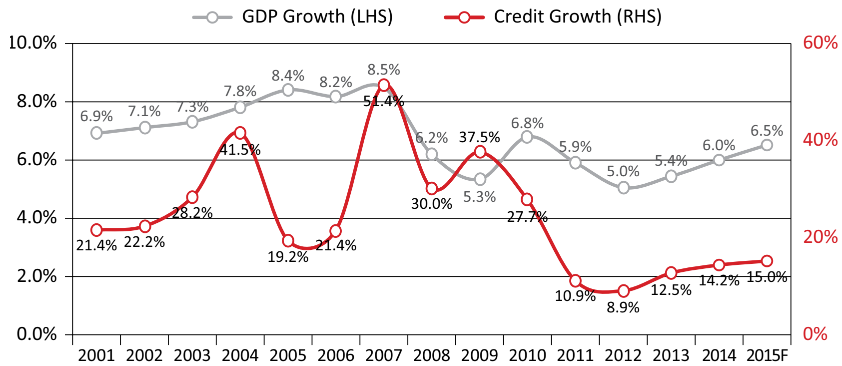


Figure 4: GDP and credit growth 2001 – 2015F, both demonstrating stable rates of growth in recent years. *Source: General Statistics Office of Vietnam, Bloomberg.*

INVESTMENT MANAGER'S REPORT

PORTFOLIO PERFORMANCE

Portfolio review

Against this backdrop of market volatility, the Company's portfolio has displayed similar variations in return, with the capital markets portfolio performing almost in line with the VN Index, while over-the-counter (OTC) traded securities and private equity continued to deliver strong returns. The direct real estate component has been negatively impacted primarily by valuation adjustments as a result of the Company adopting new accounting standards and changes in the land tax rate.

Overall, VOF's NAV per share increased by 3.0 cents during the financial year 2015 to USD3.27, from USD3.24 (2014 NAV per share restated as a result of adopting new accounting standards), of which 5.2 cents accretion was a result of the share buyback programme, 0.4 cents accretion from the portfolio on a VND basis, while the impact of the VND depreciation on the portfolio resulted in a negative contribution of 2.6 cents.

VOF's listed equities portfolio has reduced slightly to 52.4% of the total portfolio versus 55.8% as of last financial year, as we continue to concentrate and build up our positions in key holdings where we are able to negotiate significant blocks, such as Khang Dien Housing (KDH), or where we can demonstrate a premium to market price as a result of foreign ownership being at or close to prescribed limits, such as with Vinamilk (VNM).

The other component of our capital markets portfolio is OTC traded securities which has reduced to 4.9% of the total portfolio versus 9.4% as of last financial year, primarily as a result of our successful divestment of An Giang Plant Protection (AGPP) in September 2014 which reduced our total portfolio allocation, while a dearth of investible opportunities from the State's privatisation programme – traditionally the pipeline for OTC investments – has not helped replenish this part of the portfolio. However, in September 2014 we deployed some of the proceeds from the exit of AGPP to increase our OTC portfolio by investing in the privatisation of Vinatex, Vietnam's leading garment and textile company.

Turning to the private equity portfolio, as of the end of the financial year 2015, private equity accounted for 11.3% of the total portfolio, up from 2.5% last financial year. In December 2014 we successfully invested in International Dairy Products (IDP), a leading consumer goods company that dominates southern Vietnam's market for flavoured milk and yogurt products. We took a controlling stake in this business and implemented several changes including the appointment of an industry veteran as the new CEO. In June 2015, prior to the end of the financial year, we deployed almost USD15 million into Novaland Group, one of Vietnam's leading residential property developers, through a redeemable convertible preferred equity instrument that provides an annual dividend payment and offers significant downside protections to our investment. While this investment has been classified under "unlisted and OTC shares" in the financial statements, given how we monitor this investment and the terms we were able to negotiate concerning the downside protections, for portfolio monitoring and reporting purposes we classify this as a private equity investment.

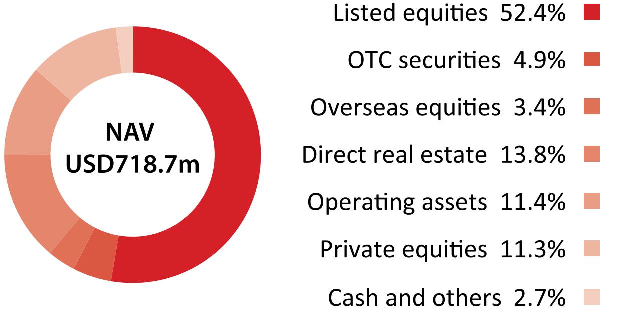


Figure 5: VOF portfolio by asset class as at 30 June 2015.

Meanwhile, operating assets which include our hospitality investment in the Sofitel Metropole Hanoi Hotel, represent 11.4% of NAV, up from 9.1% reported last year, primarily as a result of the reclassification of Huong Vuong Plaza, a mature, cash-yielding investment which in prior years was classified under direct real estate. Similar to the Novaland investment mentioned above, we have taken a different classification to the financial statements for this investment, placing it under operating assets better reflects its mature, cash-yielding nature, whereas direct real estate investments should more accurately reflect the development risk associated with projects.

Finally, with regards to our direct real estate portfolio, efforts continue to reduce the development risk through the divestment of several large projects in this portfolio. As of 30 June 2015, direct real estate represents 13.8% of the total portfolio, down from 14.3% as of last financial year. Efforts continue, with negotiations at various stages of progress, and on some projects, deposits have been taken from potential buyers while they proceed with their due diligence. We believe that the real estate sector continues to show promising signs of recovery, and we will position the portfolio for this recovery through public equity or private equity investments where we are able to negotiate attractive terms.

Capital markets

Sector overview

We remain optimistic on the prospects for Vietnam's public equities market as a number of changes in regulations may lead to strong upside potential, although any delays would be likely to dampen market performance. These catalysts include:

- The gradual easing of foreign ownership limits in listed companies.
- A reduction of stock settlement timing from T+3 to T+2 and allowing intra-day trading for more liquid stock.
- Plans for a derivatives market.
- Allowing foreign ownership of residential property.
- Participation into various free trade agreements including, hopefully, the Trans-Pacific Partnership (TPP).

After the year end, the volatility witnessed in international markets between August and September 2015 saw some governments, particularly China, intervening in an attempt to create some level of stability and confidence, although the effectiveness of any intervention remains questionable and goes against the principles of an open and freely operating market. While Vietnam's markets also suffered from wild swings during this period, importantly, instead of trying to interfere with the market, the Vietnamese government's decision to allow greater foreign access has instead allowed the market to operate like a properly functioning free market.

In order to encourage foreign participation in the market, the government resolved eventually to lift the foreign ownership limits (FOLs) on a number of domestic companies. The details of this policy move remain somewhat unclear and the true impact has yet to be seen, however early signs are encouraging although there is still significant work to be done to encourage more companies to lift their limits. The FOL theme has consistently been touted as a catalyst for market growth, but until the government offers clarity on which sectors remain restricted little meaningful progress can be made.

As mentioned above, the financial year ended 30 June 2015 saw the VN Index close at 593 points, an increase of 2.6%, or 0.3% in USD terms. While this financial year's level of performance is well below that of recent years (in financial year 2014 the index was up by 19.2% in USD terms), the index did in fact reach its peak of 640 points in early September 2014, and its trough of 518 points in mid December 2014. The December low was partly a result of the government's decision to increase capital adequacy ratios at large banks, which resulted in a sharp reduction in margin-lending levels, which are traditionally seen as a key source of capital for domestic investors.

Since the financial year end, the VN Index surged to 639 points in mid-July 2015, as investors reacted positively to news of the decision to lift the FOL's on listed companies. This rally was short-lived as global markets corrected in reaction to China's unexpected decision to devalue their currency and ongoing concerns of China's economic slowdown impacting the global economy. The VN Index had pulled back to 526 points by late August, but has subsequently seen a return to above 600 points by the end of October. On a calendar basis, in USD terms, the VN Index is up approximately 6% year-to-date versus 6.7% for the 2014 calendar year.

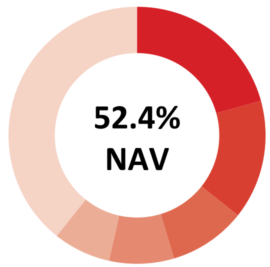
Banks have been the best performing sector in the market, up by 54.9% for financial year 2015, benefitting from relatively strong loan growth. If there is further VND depreciation, this could result in increased pressure on VND deposits to leave the system for USD, gold or real estate. This in turn would force banks to raise deposit rates and perhaps increase borrowing costs to maintain their margins, which would not be conducive to lowering the number of non-performing loans or for corporate profits in general. Furthermore, the government recently announced measures to prevent banks paying annual interest of more than 0.5% on USD deposits, in an attempt to limit hoarding of USD deposits.

Asset class performance
On the capital market side, as at 30 June 2015 the listed equities portfolio (52.4% of NAV) performed in line with the market, with key stocks such as Vinamilk (VNM), Khang Dien Housing (KDH) and Phu Nhuan Jewelry (PNJ) performing well, driven by impressive growth in their underlying core businesses of over 30% on average. However, performance was dragged down by weaknesses in oil and gas stocks such as PetroVietnam Drilling (PVD) and PetroVietnam Services (PVS) (both top-10 stocks in VOF's listed assets portfolio) due to low oil prices.

During the year we also took profit and trimmed down our position in VNM. In August 2014 and again in June 2015, the Manager sold 4.5 million shares in aggregate of VNM to a strategic investor in an off-market transaction, crystallizing a 15% to 17% premium to the prevailing market price of VNM shares at the time of each sale. As at the 30 June 2015, seven holdings in our listed equity portfolio were at or near their foreign ownership limits, equivalent to 42.1% of the listed portfolio, or 21.7% of the total portfolio. These include top 10 portfolio holdings in VNM, KDH, Hau Giang Pharmaceuticals (DHG), and PNJ. While admittedly the foreign premiums associated with specific stocks may fluctuate, our track record has demonstrated that we have been able to divest at significant premiums to the prevailing market price at exit. These transactions are testament to the value of large, significant holdings in the VOF portfolio in companies that are at or near their foreign ownership limits. Foreign investors are still willing to pay a premium for access to these stocks, a sentiment that is likely to continue until the authorities in Vietnam provide real clarity on how and when they will fully lift foreign ownership limits.

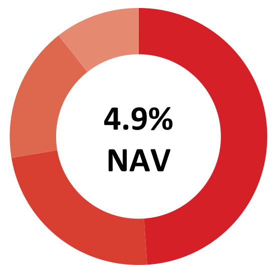
VOF's second largest holding in the listed portfolio, steel producer Hoa Phat Group (HPG), was impacted after setting a low profit target which disappointed analysts and spurred selling, particularly by foreign investors. Incidentally, after VOF's financial year end better business conditions allowed the company to raise its profit forecast by 40% and consequentially the stock has risen by 30%. This illustrates just how quickly events can unfold in Vietnam. We took the opportunity to add to our HPG position in the portfolio prior to the revised upward forecast in the belief that the stock was oversold. We believe that the construction materials sector will do well as the property market recovers, the government continues to spend on infrastructure projects and as GDP growth continues above 6%.

Eximbank (EIB), the third largest holding in the listed portfolio, underperformed the banking and financial services sector during the financial year, due to both technical and company specific reasons. EIB has little foreign ownership room available and thus does not qualify to be part of the portfolios of various international exchange traded funds (ETF's). As a result, EIB share prices underperformed the sector as these funds started to acquire significant stakes in the larger State-owned commercial banks. In addition, shareholders, particularly domestic investors have been awaiting the final resolutions of: 1) the bank's non-performing loans (NPL's) which, similar to other joint stock banks, should come to a conclusion by the end of 2015; and 2) the bank's corporate restructuring, including the appointment of new members to the Board of Directors and Management team. During the first half of 2015, EIB suffered from the unconfirmed media reports that allege EIB may merge with a smaller, potentially weaker, bank. Given VOF's 5% stake in EIB, any decision to divest would most likely involve an exit to a strategic investor.



Vietnam Dairy Corporation (VNM) 10.9%
Hoa Phat Group (HPG) 7.9%
Exim bank (EIB) 5.1%
Petroleum Technical Services (PVS) 4.3%
Petrovietnam Drilling Services (PVD) 3.8%
All others 20.5%

Figure 6: Listed equities, 52.4% of total portfolio as at 30 June 2015.



Quang Ngai Sugar 2.3%
Vinatex 1.1%
Binh Dien Fertilizer 0.8%
Cienco 4 0.5%

Figure 7: OTC traded securities, 4.9% of total portfolio as at 30 June 2015.

In the OTC portfolio, after a significant reduction in the portfolio following the divestment of An Giang Plant Protection (AGPP) in September 2014, which delivered an IRR of 23.7% and returned USD63.1 million to the fund, we have sought to replenish the Fund's allocation to this asset class. At the moment, OTC companies are mostly State Owned Enterprises that have undergone privatisation. In October 2014, VOF participated in one such privatisation opportunity, investing USD8 million for a 3% stake in Vinatex, Vietnam's leading garment and textile manufacturer.

In March 2015, the Manager on behalf of VOF also negotiated to acquire a small stake in QNS for USD16.7 million. QNS is a leading food and beverage business in Vietnam with revenues of USD303 million and profit after tax of USD27 million in calendar year 2014. Their best selling product is soy milk (contributing 46.6% of total revenues for 2014) followed by beer and sugar produced from sugarcane. We believe that QNS can grow both average revenue and profit by over 25% per annum over the coming years.

Finally, in March 2015 we also witnessed South Basic Chemicals (CSV) move from being OTC traded to list on the public market as part of the company's commitment to IPO and list after a highly successful privatisation. The share price of CSV has since performed well, relative to the volatility experienced by the wider market, trading at times over 20% above its initial listing price.

Fundamentally, the companies in our OTC traded portfolio on average have experienced strong growth in sales and profit, such as QNS where we have seen profit grow by 48% in Q1 2015.

Overall, in USD terms, the capital market portfolio, including listed equities, OTC traded securities and overseas equity which includes our holdings in Vinaland Limited (VNL) and Vietnam Infrastructure Limited (VNI), added 2.1 cents to the NAV per share.

Private equity

Sector overview

We have been successful in converting several deals that were in the pipeline into investments over the past financial year, and therefore increased our private equity portfolio weight to 11.3% from 2.5%. In recent years we have capitalised on divestment opportunities in mature private equity investments across sectors such as healthcare (Hoan My Hospital Group), education (International School of Ho Chi Minh City) and construction materials (Prime Group). These exits have usually been to strategic investors who seek companies with strong brands, well-established distribution channels, and a track-record of top-line earnings growth. Similarly, our recent investments continue with this theme, albeit the deals have involved larger stakes, longer periods of due diligence, and hence at times protracted negotiation of terms to ensure adequate downside protection.

During the year, we made an investment in International Dairy Products (IDP), a leading dairy company that has strong positions in the yogurt and flavoured milk market in southern Vietnam. While it may be tempting to monetise this investment quickly, we have instead opted to help increase the diary company's product range, market share and distribution reach. Furthermore, a key tenet that was crucial for us to invest into this company was that we had the ability to appoint one of Vietnam's leading consumer goods marketing executives as IDP's head of marketing and he was subsequently promoted to CEO. His extensive experience with consumer goods companies like Pepsico, Vinamilk and TH Milk has benefited IDP since his appointment in late 2014. IDP is seeking to grow market share and earnings aggressively, given the low levels of dairy consumption among Vietnamese consumers at less than 20 litres of milk per annum compared to regional peers like Thailand and Malaysia where milk consumption averages 30 to 50 litres per annum respectively.

The other addition to the private equity portfolio this financial year came in June 2015 when we participated in a syndicated deal to invest into Novaland, one of Vietnam's leading residential property developers, deploying close to USD15 million into a redeemable convertible preferred equity instrument that was part of a USD47 million syndicated offer alongside two other financial investors. The investment carries an attractive annual interest coupon of 5% but, more important, locks in several terms that allow us to exercise a range of downside protections should the company miss certain deadlines. However, our expectation is that Novaland will successfully IPO and list within the next 18 to 24 months. The company's projects, which are located throughout Ho Chi Minh City and developed under the Novaland brand, were valued at USD753.4 million as of 31 December 2014. The company has over 5,000 units either sold, pre-sold or under development, as well as over USD190.0 million in signed contracts to acquire additional land for future development. Novaland continues to demonstrate strong sales growth this calendar year as several new well-located, mid-scale projects have been launched.

Going forward, private equity remains an area of focus and we will seek to convert several deals currently in the pipeline. While too early to name, sectors that we are actively looking into include construction materials, healthcare and education. Not only are these sectors that we have demonstrated a good track record of investments and returns, but they are also sectors that feature highly in discussions with institutional and strategic investors as they seek potentially to partner with us to invest into Vietnam. Our unique network of business and government leaders, and our ability to navigate through licensing and administrative issues, places us in a unique position to capitalise on these private equity investments for VOF, although, as always in frontier markets, there is no assurance given that deals can be closed.

Asset class performance

The top five holdings in the private equity portfolio now make up over 10% of the total portfolio as we seek to invest into larger-sized deals. In addition, during the financial year some of VOF's holdings were written up after an independent valuation was carried out by KPMG based on fair-value methodologies under IFRS10A accounting standards. The net adjustments from this valuation exercise resulted in a write-up of USD4.9 million to the private equity portfolio over the financial year. VOF has also received money from Mai Linh Taxi which had been previously written down due to problems recovering overdue debts from the company. The company has now committed to repaying the full value of the outstanding loan, resulting in a write-back of USD2.3 million to NAV.

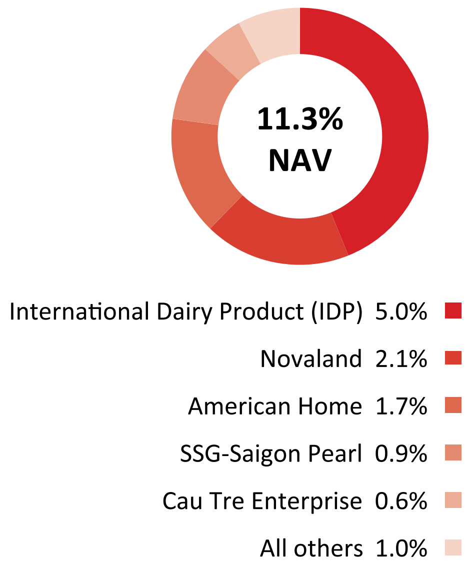


Figure 8: Private equity holdings, 11.4% of total portfolio as at 30 June 2015.

Similar to our OTC traded portfolio, the companies in our private equity portfolio on average have experienced strong growth in sales and profit, such as IDP where sales grew by 69% in Q1 2015. Overall, in USD terms, the private equity segment of the portfolio contributed 4.0 cents to NAV per share.

Real estate

Sector overview

The VND devaluation potentially creates upward pressure on interest rates. Nevertheless, credit to the sector has begun to expand again after several years of contraction. However, the impact on the real estate market is expected to be modest, especially as the property market is largely fuelled by domestic demand and dominated by domestic supply from local developers. Policy initiatives like the relaxation of the foreign ownership regulations and subsidized credit for the real estate sector are also helping to expand the real estate demand pool as investors rotate away from gold and bank deposits back into real estate. Developers which have survived the downturn have emerged stronger and more innovative, having reconfigured their capital structures and end-product offerings to harness evolving consumer tastes, thereby further stimulating demand.

Optimism created by the new Housing Law and Real Estate Business Law, both effective 1 July 2015, as well as a greater availability of mortgages, resulted in a new wave of condominium supply to the market. Although it remains to be seen whether the market can absorb all of the new condominium units, the passage of these two laws has established a transparent legal framework to help protect home buyers, and increase the confidence of foreign investors (corporate and private) when purchasing residential properties in Vietnam. As a result, the apartment market will become more competitive as it seeks to absorb all of the new supply from these launches.

Condominium sector

The condominium market has seen an improvement over the last twelve months with more launches and transactions, especially in the high-end and mid-end property segments. Developers like Novaland and KDH have successfully launched several large-scale projects that have attracted strong sales to local investors. Projects like Novaland's Lexington Residences in District 2 of Ho Chi Minh City, launched in 2014, have almost completely sold all their 1,500 units, while phase 2 of Novaland's high-end Tropic Gardens project, again in District 2, saw long queues to buy up the 400+ units on the opening weekend of the project's launch in late 2014. According to CBRE Vietnam, numerous condominium projects were launched in the first half of 2015, specifically 36 projects comprising 13,678 units in Ho Chi Minh City and 37 projects with 10,017 units in Hanoi. The number of new condominiums launched in Ho Chi Minh City and Hanoi rose by 170% and 90% year-on-year respectively. The average selling price of all

Figure 9: Novaland's Sunrise Central development, District 7, Ho Chi Minh City.

segments increased between 5% and 10% year-on-year in both Ho Chi Minh City and Hanoi. However, in the first half of 2015, the absorption rate of Ho Chi Minh City was estimated to be 73% while Hanoi's rate was at 45%. There is no future supply located in the city centre due to limited supply of development sites and permission to build residential projects is also difficult to obtain. Therefore, future supply will be in non-CBD (non-Central Business District) areas and located along the metro lines which will attract more buyers and investors.

Landed property sector
The landed property market continues to demonstrate improvements with new project launches, helped by changes in sales strategies from existing developers such as protracted repayment plans and additional amenities. According to Savills, the number of transactions increased by 5% to 15% year-on-year, both in Ho Chi Minh City and Hanoi. A large portion of recent buyers are end-users who are interested in locations with improving infrastructure, the landscape, available amenities, in near completed projects or projects developed by high profile developers. Projects in Da Nang and Nha Trang have experienced improved sales volumes over the last four quarters, and this trend is expected to continue. There has been a notable increase in the number villas with prices from USD250,000 – USD900,000 per unit, as against those priced at over USD1,000,000. This demonstrates that developers are now focusing on a wider customer base where budgets for second/third homes are lower.

Market outlook
A tentative recovery is underway in Vietnam's real estate sector. However, oversupply in the condominium market may cause some instability and low occupancy rates in the rental apartment market. Moreover, difficulties in implementing new regulations and a lack of subsequent legal documents clarifying relevant procedures of these new regulations will pose a challenge for both developers and buyers.

To ensure a sustainable recovery will require developers to follow a disciplined strategy concerning their investment horizon and risk management, while continually selecting the right product to meet an ever more discerning domestic buyer. Developers with access to sites near key infrastructure projects, particularly along corridors where rail transit systems are being built in Hanoi and Ho Chi Minh City, and where major road and highway projects have been completed, will stand to benefit the most. Likewise, we are also seeing this benefit the construction materials sector, which has grown 9% year-on-year as at June 2015. With top-line growth showing signs of improvement, we are expecting property companies to raise capital to take advantage of current market conditions. Novaland has already raised capital from investors including VOF, while KDH, a top 10 holding in VOF's portfolio, is also expected to tap the public equity market to raise capital in order to acquire new projects.

With this backdrop of improving market conditions, VOF should find exit opportunities for its real estate development projects becoming increasingly attractive. Efforts continue to reduce our exposure to development risk through the divestment of several large projects in this portfolio, but progress has been slow and protracted mostly because of the lack of credit available until recently to domestic buyers and caution on the part of foreign participants. While we have negotiations across several projects at various stages of progress, as of this report, we are unable to announce any specific project divestments but will do so as they materialise, with the desire to reduce our overall exposure to real estate development risk to below 10% over the coming year.

Hospitality sector

The hospitality sector remains subdued, as the impact from a free-falling rouble has meant that Russian tourist numbers are down for the year. Furthermore, the fall-out from last May's incursion by Chinese maritime vessels into disputed waters off Vietnam's central coast and the subsequent posturing by the two governments and their citizens has meant that the number of Chinese visitors to Vietnam are down, particularly to the central region where gaming and golfing activities are key attractions. Overall, according to government statistics, as at October 2015 visitor numbers to Vietnam have increased by 16.1% year-on-year. However, with a lower rate of currency devaluation compared to regional peers like Thailand and Indonesia, growth in the hospitality sector has been concentrated around the segment that caters to the executive and professional business traveller, rather than the budget and leisure segment.

The Sofitel Metropole Hanoi remains a popular destination for executive and professional business travellers, foreign dignitaries, and the more discerning tourist, given its consistent high standards and proximity to Hanoi's city centre. There are still no immediate competitors to the Sofitel Metropole in the inner city area and, as such, it still enjoys high rates of occupancy and stable average room rates. Performance is in line with last year across these two measures, a commendable result given the impacts to the market discussed above. Net operating income for the first half of this calendar year is slightly lower than the same period last year, but management is confident that performance for calendar year 2015 will improve and exceed that of the prior year.

Asset class performance

The direct real estate portfolio underperformed, negatively impacted largely by write-downs as a result of an independent valuation that was carried out by KPMG based on fair-value methodologies under IFRS10A accounting standards. The net adjustments from this valuation exercise resulted in a write-down of USD10.0 million to the direct real estate portfolio over the financial year. With regard to the operating assets portfolio, which for portfolio monitoring purposes includes the Sofitel Legend Metropole and the Hung Vuong Plaza, the net adjustment was a write-up of USD11.0 million, primarily due to the adoption of the IFRS10A accounting rules this financial year. Overall, in USD terms, the real estate asset class including operating assets contributed a loss of 3.4 US cents to NAV per share.

Divestment activities under the direct real estate and operating assets portfolio over the financial year have been limited, with a partial divestment of Phase 1 of the World Trade Centre (Riverview project) at cost, and the full divestment of the Movenpick Hanoi Hotel booked early in the financial year, resulting in a small uplift to NAV at the time of exit. As mentioned earlier, our focus for the direct real estate portfolio remains on realising several large development projects over the coming year into a market that appears to be recovering, by garnering interest from both domestic and international investors.

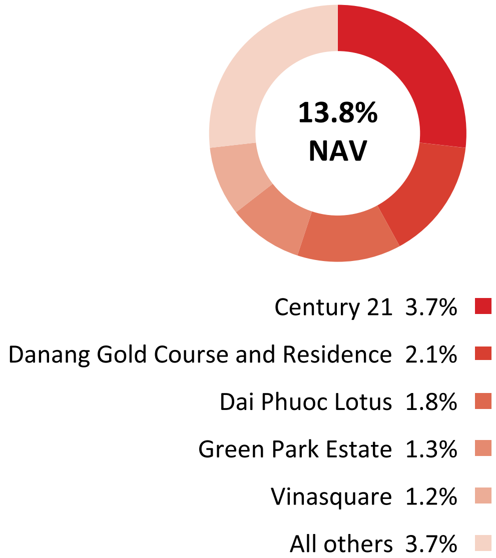


Figure 10: Direct real estate, 13.8% of total portfolio as at 30 June 2015

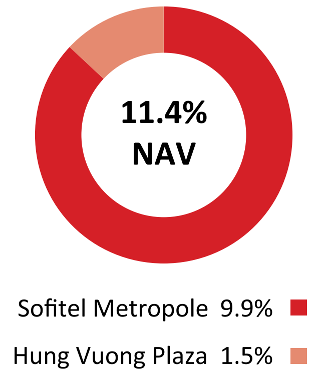


Figure 11: Operating assets, 11.4% of total portfolio as at 30 June 2015.

Share buyback programme

During the year VOF spent USD47.3 million to buy back 18.3 million shares at an average price of USD2.59 per share. In comparison, last financial year the Fund spent USD52.3 million to buy back 23.1 million shares. The share buyback added 5.0 US cents to the NAV per share over this financial year.

VOF's share price appears highly correlated to the often volatile VN Index, and as such the buyback programme has provided some price stability in times of market volatility. For example, during the fourth quarter of 2014, the VN Index declined from its peak of 640 points in September 2014 to 518 points in December 2014. Over this period, the level of buyback activity accelerated in order to assure the market that the widening discount level was not an accurate reflection of the quality, resilience and valuation of the underlying portfolio. The discount subsequently contracted to below 20% for a short period of time late in the quarter, after temporarily widening to close to 30% during the period of market volatility. After the financial year end, the share price and corresponding discount to NAV per share suffered a temporary widening above historical levels as the local and global markets experienced extreme volatility as a result of concerns over China's slowdown in growth and the unprecedented devaluation of the Chinese Yuan, prompting a general sell-off in emerging and frontier markets. However, VOF's share price and NAV per share have recovered as we have seen natural buyers, including institutional and value investors, who seek to increase their off-index allocation to Vietnam, select VOF shares as a natural proxy.

Looking ahead – a brighter outlook

Looking forward, below are some of the opportunities and challenges facing VOF's asset classes as discussed below.

Capital markets

From a macroeconomic perspective, GDP is growing at an annual rate of 6.5% to 6.8%, led by rising manufacturing output and strong performance in the construction materials and real estate sectors. We are also seeing a strong domestic recovery as retail consumption growth for the first half of 2015 reached 10%, and over 8% in real terms, fuelled by rising incomes, improving consumer confidence and low inflation thanks to low oil prices.

On the subject of inflation, China's subdued growth has contributed quite significantly to lower inflation in Vietnam. As mentioned, Vietnam is experiencing more imports at lower prices from China's manufacturers as they struggle to keep utilization rates and employment steady. At the same time, the lower demand has led to lower commodity prices, an important factor considering that commodities make up a large component of Vietnam's CPI. Vietnam's inflation rate for the first 10 months of 2015 to October is 0.5% year-to-date, and 0.0% year-on-year. Our Chief Economist expects full year inflation to be less than 1.5%.

VOF share buyback activity and discount

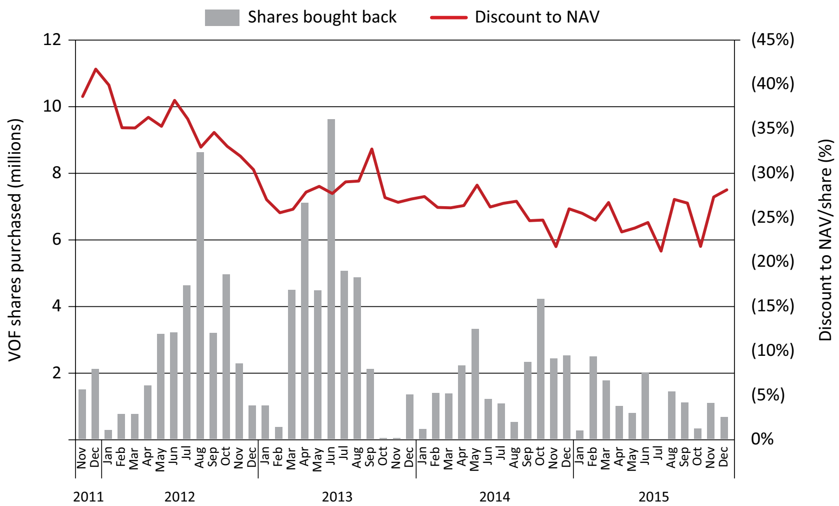


Figure 12: VOF number of shares bought back (millions) and discount to NAV per share (%) since the commencement of the buyback programme, November 2011 to December 2015.

VOF share price and NAV per share

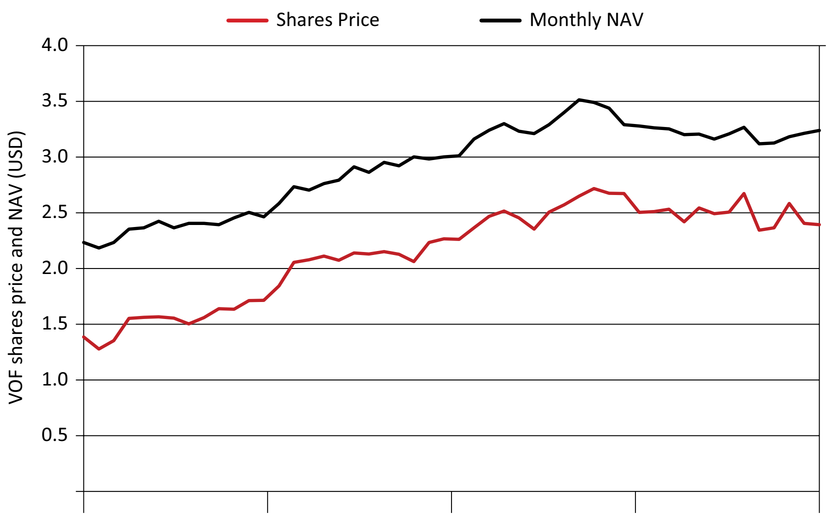


Figure 13: VOF share price (USD) and NAV per share (USD), November 2011 to December 2015.

It is our belief that stronger growth in retail spending, in particular consumer spending on fast moving consumer goods and lower commodity or input prices, will bode well for VOF's investment in both listed and unlisted consumer oriented sectors with companies such as VNM, QNS (OTC traded security) and IDP standing to benefit the most.

We also believe that the recovery in the real estate sector is sustainable in the medium term and, as such, holdings in the listed portfolio such as HPG who supply the steel needed for construction activities should do well. Additionally, as described above, HPG has recently increased its profit target by 40% for 2015. Although the share price has caught up somewhat, it is still trading at a 2015 PE of 8x, compared to 12x on average for the market and 11x for VOF's listed portfolio.

Furthermore, at the end of June the government issued Decree 60, a piece of legislation that allows companies listed on the stock market to be purchased up to 100% by foreign investors with the exception of some stocks in sensitive sectors (such as banking and defence). We see this as a game changer and, in conjunction with other improvements such as shorter settlement, could qualify Vietnam for emerging market status in global indices in the not too distant future.

OTC trade securities and privatisation

On the OTC side, VOF will take part in the privatisation process with target companies that fit VOF's investment criteria. With a healthier stock market and the Government running a budget deficit of close to 6% of GDP we anticipate a better IPO pipeline in the coming year. However, given the slow pace of privatisation and our selectiveness, VOF may only seriously consider a handful of companies. Meanwhile, VOF will also continue to review the existing OTC traded securities available in the market for opportunities to invest.

Private Equity

Turning to private equity opportunities, we aim to increase exposure by reinvesting some of the expected proceeds from the sale of direct real estate projects into private equity-type deals. VOF has a large pipeline of potential investments and is actively looking at sectors that benefit from rising disposable income and domestic consumption such as food and beverage companies, education and healthcare opportunities. For companies such as IDP, in which VOF has already invested, sales growth has continued to be strong and the focus is to build up the brand and increase distribution in order to be able to exit when the company achieves a significant market share. Given that many private businesses' valuations are now comparable to public market valuations, VOF's focus is to find companies that can demonstrate structural growth and deals that allow the Company to negotiate in such a way as to limit our downside risk or to pay a premium valuation multiple only when certain profit commitments are achieved. VOF's challenge going forward is to find suitable investments which are expected to generate at least 20-25% IRR to maintain our consistent track-record of over 20% IRR on past private equity investments.

Real estate

Finally, we understand that development risk through direct real estate exposure may create an unnecessary drag on our discount to NAV per share. We therefore are planning the divestment of a number of large, controlled direct real estate projects, and expect to participate in the sale of certain projects where VOF is co-invested with Vinaland (VNL) which is also undertaking a realisation strategy. Over the coming months we hope to be in a better position to allow us to share with shareholders the progress and completion of these divestments.

Widening budget deficit is a concern

There remains concern that the large and growing budget deficit will lead to additional and more aggressive issuance of debt by the Government which could lead to a rising cost of funding and higher bond yields. This crowding out effect will make it harder for local businesses to borrow and compete for funding. This is especially disadvantageous given that Vietnam is highly dependent on FDI from multinationals which have access to much a lower cost of funding, and could soften the bottom-line of domestic businesses relative to multinationals operating in Vietnam and cause domestic businesses to become less competitive.

However, the differential cost of funding is also leading to more acquisitions by multinationals in Vietnam and VOF stands to benefit if it exits some of its holdings to strategic acquirers.

As well as continued currency volatility

On the subject of currencies, as described above, the VND has devalued by nearly 5% versus the USD as at September 2015 and our projection is for further weakness as Vietnam needs to regain export competiveness against other countries whose currencies have depreciated by a larger amount and potentially as a result of the US Government increasing the Federal Funds Rate at some point. As many companies in Vietnam rely on imports that are USD based, devaluation could have a harmful effect on corporate profits. We have run some sensitivity analyses on the companies in our portfolio and estimate that a small devaluation in the range of 1-2% does not have a material impact on the companies' earnings but larger devaluations are harder to judge. Some leading companies with strong market shares may be able to pass on the price increases, but others may not and this could impact the portfolio negatively. On the flipside of the coin, those companies which add value domestically and export will benefit from these conditions.

Conclusion – several catalysts point to an overall upward market re-rating

Despite the concerns described above, we remain positive on the prospects for Vietnam and its stock market due to the prospects for a strong economy, the recent relaxation of foreign ownership limits and most importantly valuation as the market is trading at an estimated 2015 P/E ratio of 14.8x versus the region's average of 16.6x according to Bloomberg. With a domestic and real estate recovery, we see potential for earnings growth in the 10-15% range which should support upside in valuation before any market re-rating in terms of PE expansion.

Our optimism is further reinforced by Vietnam's increased participation in international free trade agreements (FTAs). Of note, Vietnam is a part of the 12-nation Trans Pacific Partnership (TPP), a deal which encompasses 40% of the world's economy and 30% of global trade. TPP joins a growing list of FTAs involving Vietnam, including recently finalized agreements with Korea, the European Union and Russia-Belarus. Vietnam is set to benefit tremendously from TPP and the collection of other FTAs as lowered tariffs will stimulate exports and cheaper imports will promote competitiveness among domestic firms. Overall, it is reasonable to project that TPP alone will drive GDP growth to the tune of 1-2% per annum, and will have sweeping effects across the country's financial markets.

In all, it has been an eventful year for VOF and Vietnam, with numerous signs of promise on the horizon.

INVESTMENT MANAGER'S REPORT:

TOP TEN HOLDINGS

	Top 10 holdings	Asset Class	Sector	Description	NAV[1] (USD million)	% of NAV
1	Vinamilk (VNM)	Listed equities	Food & beverage	Leading dairy company with dominant market share	78.0	10.9
2	Sofitel Legend Metropole Hotel Hanoi	Operating assets	Hospitality	Internationally recognised premium city hotel	71.3	9.9
3	Hoa Phat Group (HPG)	Listed equities	Construction materials	Largest steel manufacturer in Vietnam	56.6	7.9
4	Eximbank	Listed equities	Financial services	One of Vietnam's top 10 commercial banks	36.4	5.1
5	International Dairy Products (IDP)	Private equity	Food & beverage	One of the fastest growing dairy companies in Vietnam	35.7	5.0
6	PetroVietnam Technical Services Corporation (PVS)	Listed equities	Mining, oil & gas	Leading oil and gas technical services provider in Vietnam	30.8	4.3
7	PetroVietnam Drilling and Well Services (PVD)	Listed equities	Mining, oil & gas	Leading drilling contractor in Vietnam and South East Asia	27.1	3.8
8	Century 21	Direct real estate	Real estate	HCM City residential development project	26.6	3.7
9	Khang Dien Housing (KDH)	Listed equities	Real estate	Leading property developer with large land plots located in District 9, HCM City	26.1	3.6
10	Hau Giang Pharmaceuticals (DHG)	Listed equities	Pharmaceuticals	Largest domestic pharmaceuticals producer in Vietnam	21.4	3.0
	Total				**410.0**	**57.2**

[1] As of 30 June 2015.

Vinamilk (VNM) – Listed equities, NAV USD78.0 million

Vinamilk (VNM) is the leading dairy manufacturer and distributor in Vietnam. The company offers a wide range of products including liquid, powdered and condensed milk, as well as yogurt and fruit juice. The company still retains its No.1 position in liquid milk with 53% market share, in addition to a 26% market share in powdered milk, 90% in yogurt and 75% in condensed milk.

VNM reported 1H2015 sales of USD898 million and a net profit of USD175 million, increases of 13.3% and 26% year-on-year respectively. While gross profit increased by 41% due to a significantly lower skim milk input price (-39% yoy as of Q2 2015), operating profit growth rate was lower at 23% given increased spending on advertising (+105%) and commission (+257%).

VNM closed at VND114,000 per share as at 30 Jun 2015 (unadjusted for a 20% share bonus in August), representing a market capitalization of USD5.3 billion and a trailing P/E of 16.9x. As at 30 June 2015, VOF's stake in VNM was valued at USD85 million.

Financial highlights

Profit and loss (VND bn)	**FY13A**	**FY14A**	**1H 2014**	**1H 2015**
Net revenue	30,949	34,977	16,958	19,216
Net profit	6,534	6,068	2,971	3,746
Net margin (%)	21	17	18	19
EPS (annualised, adjusted) (VND)	4,903	4,555	5,342	6,738
Balance sheet (VND bn)				
Total assets	22,875	25,770	23,734	27,224
Shareholders' equity	17,545	19,680	18,552	21,059
ROE (%)	37	31	32	36
Valuation				
PER (x)	17.2	15.7		16.9
P/B (x)	6.3	4.9		5.4
Dividend yield (%)	3.7	4.2		3.5

Sofitel Legend Metropole Hanoi Hotel – Operating assets, NAV USD71.3 million
The Sofitel Legend Metropole Hanoi Hotel, surrounded by various historical monuments and museums, is located on 7,500 square meters of prime real estate in the centre of Hanoi. It is considered one of the top five-star hotels in the city with the nearest comparable hotel, a newly built Lotte Hotel, being more than 5 kilometers outside of the historical city center. The hotel, managed by Accor Group, boasts 364 rooms with over 27,000 square meters of gross floor area.

For the first half of 2015, the hotel's average occupancy rate was 65.0% with revenue of USD17.8 million and a gross operating profit of USD9.6 million. Declines in tourist arrivals to Vietnam and a reduction in spending in the leisure market led to lower than optimal occupancy rates but management is confident they can rebound from a challenging first half to achieve their annual targets.

Management expects the financial results to improve for 2015, with a target of USD38.8 million in revenue and USD20.6 million in gross operating profit, growth of 4.5% and 2.5% compared to 2014, respectively.

Financial highlights

Profit and loss (USD mn)	**FY13A**	**FY14A**	**1H 2014**	**1H 2015**
Revenue	37.6	37.1	18.5	17.8
Gross profit	20.2	20.1	10.0	9.6
Gross margin (%)	53.7	54.2	54.1	53.9
Net income	9.7	9.6	4.8	4.9
Net margin (%)	25.8	25.9	25.9	27.5
Balance sheet				
Total assets	46.1	42.6	46.5	40.3
Shareholders' equity	38.0	29.8	37.2	34.7
ROE (%)	25.5	32.2	12.9	14.1

Hoa Phat Group (HPG) – Listed equities, NAV USD56.6 million
Hoa Phat Group (HPG) is the largest steel company in Vietnam with 21% market share. Established in 1992 as a trading company, HPG has evolved into a holding group with thirteen subsidiaries specializing in construction materials such as steel, steel pipe, furniture, refrigerators, construction and mining equipment, real estate and industrial park operations. HPG has a well established nationwide distribution and sales network, with a strong platform for future product expansion and diversification.

HPG announced results for 1H2015, with revenue of VND13.5 trillion (+2.3% year-on-year) and a net profit of VND1.9 trillion (+1.4% year-on-year). Excluding real estate assets, the company's core revenue increased by 25% year-on-year while core net profit increased by 24% year-on-year. For 2015, we estimate that HPG can achieve net profit of VND3.5 trillion with a proposed dividend of VND3,000 per share, implying a dividend yield of 10%.

As of 30 June 2015, HPG closed at VND29,000 per share, equivalent to a trailing P/E of 6.1x and P/B of 1.6x. VOF's stake in HPG was valued at USD56.6 million as at 30 June 2015.

Financial highlights

Profit and loss (VND bn)	FY13A	FY14A	1H 2014	1H 2015
Revenue	18,934	25,525	13,197	13,486
Net income	1,954	3,144	1,874	1,902
Net margin (%)	10.3	12.3	14.2	14.1
EPS (annualised, adjusted) (VND)	2,666	4,289	4,289	4,775
Balance sheet				
Total assets	23,076	22,089	20,350	22,968
Shareholders' equity	9,500	11,796	10,618	13,242
ROE (%)	20.6	26.7	29.6	26.4
Valuation (VND bn)				
PER (x)	10.88	6.76	6.76	6.07
P/B (x)	2.24	1.80	2.00	1.61
Dividend yield (%)	5	3	10	10

Eximbank (EIB) – Listed equities, NAV USD36.4 million
Eximbank (EIB) is the eighth largest lender in the Vietnamese banking system with a loan book of VND89 trillion, representing 2% of the country's total credit. EIB mainly focuses on corporate customers who account for 65% of the company's loan book and 37% of deposits.

Operational results in the first half of 2015 were modest with a 2% increase in total income and a 14% decline in net profit, mainly due to rising staff costs. The total loan book declined by 5% in the first 6 months, lower than the sector credit growth of 6% as the bank was more conservative in regards to new loans. Their non-performing loan ratio was at 2.1% as of 30 June and by the end of June, EIB had sold VND5.6 trillion of bad debts to VAMC, or 6.3% of its loan book and 3.5% of total bad debts purchased by VAMC.

As of 30 June 2015, EIB closed at VND13,000 per share, equivalent to a P/B ratio of 1.1. VOF's stake in EIB was valued at USD36.4 million as at 30 June 2015.

Financial highlights

Profit and loss (VND bn)	**FY13A**	**FY14A**	**H1 2014**	**H1 2015**
Net interest income	2,736	2,710	1,589	1,553
Total income	3,249	2,942	1,776	1,808
Net profit	658	56	515	442
EPS (annualised, adjusted) (VND)	532	45	834	719
Balance sheet (VND bn)				
Total assets	169,835	161,093	132,045	130,158
Shareholders' equity	14,680	14,068	14,574	14,486
ROE (%)	4.5	0.4	3.5	3.0
Valuation				
PER (x)	23	282	15.8	18.1
P/B (x)	1.0	1.1	1.1	1.1
Dividend yield (%)	3.3	–	–	–

International Dairy Products (IDP) – Private equity, NAV USD35.7 million

International Dairy Products (IDP) was established in 2004 with its first factory in Chuong My – Hanoi. In 2010 and 2013, IDP launched its second and third factories in Ba Vi and Cu Chi (HCMC), two of the largest fresh milk production hubs of Vietnam. IDP specializes in producing and selling UHT and pasteurized fresh milk, spoon and drinking yogurt and nutritional products related to milk, using the latest technology from Europe to offer the best-quality dairy products to Vietnamese customers. Currently, IDP is cooperating with over 2,000 farmers, collecting more than 75 tonnes of fresh milk per day for production. Key brands are Love'in Farm, Love'in Ba Vi, and Love'in Farm KUN.

For the first 6 months of 2015, IDP reported a top-line growth of ~41% compared to the same period last year, which is estimated to be the highest growth among dairy producing peers due to the success of its KUN brand. IDP expects to continue to achieve ~30-40% in revenue growth for full year 2015, with long-term growth reaching 25.0% per annum thereafter.

Financial highlights

Profit and loss (USD mn)	**FY13A**	**FY14A**	**Q1 2014**	**Q1 2015**
Revenue	47.8	76.5	29.0	40.81
Net income	(0.4)	(1.7)	0.2	(0)
Net margin %	n/a	n/a	1	n/a
Balance sheet				
Total assets	37.4	47.7	43.9	45.6
Shareholders' equity	10.5	18.8	10.9	7.4
ROE (%)	n/a	n/a	n/a	n/a

PetroVietnam Technical Services Corporation (PVS) – Listed equities, NAV USD30.8 million

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

For Q2 2015, PVS announced consolidated results with revenue of VND12.5 trillion (-7% year-on-year) and profit after tax of VND0.9 trillion (+11% year-on-year), thanks to contributions from the new Lam Son FPSO and the recognition of big projects such as Maharaja, White Rhino H5, and White Lion. The supply base and port services achieved 15% sales growth thanks to bustling trade activities as well as higher put-thru volume from projects like Nghi Son Refinery and Dung Quat Refinery.

As at 30 June 2015, PVS closed at VND26,900 per share, implying a trailing P/E ratio of 6.3x and P/B ratio of 1.3x.

Financial highlights

Profit and loss (VND bn)	**FY13A**	**FY14A**	**1H 2014**	**1H 2015**
Net revenue	25.5	31.5	13.4	12.5
Net profit	1.6	1.8	0.9	0.9
Net margin (%)	6.2	5.8	5.9	7.0
EPS (annualised, adjusted) (VND)	3.5	4.1	1.8	2.0
Balance sheet (VND bn)				
Total assets	14.9	15.7	16.6	16.9
Shareholders’ equity	8.3	9.4	8.3	9.5
ROE (%)	19.1	19.4	19.1	19.4
Valuation				
PER (x)	7.6	6.6	6.5	6.3
P/B (x)	1.5	1.3	1.4	1.3
Dividend yield (%)	4.5	4.5	4.5	4.5

PetroVietnam Drilling (PVD) – Listed equities, NAV USD27.1 million

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

In 1H2015, PVD posted VND8.3 trillion in revenue, a decrease of 17% year-on-year and VND1 trillion in net profits, a decline of 25% year-on-year, due to lower rig day-rates and lower demand for technical services. The rig day-rate declined by 10% year-on-year due to lower crude oil prices in 1H2015. However, the decline was partially offset by one new jack-up rig in March. As a result, the net profit margin declined to 12.3% in 1H2015 from 14.2% in 1H2014.

As at 30 June 2015, PVD closed at VND52,500 per share, implying a trailing P/E ratio of 8.7x and P/B ratio of 1.5x.

Financial highlights

Profit and loss (VND bn)	FY13A	FY14A	1H 2014	1H 2015
Net revenue	14.9	20.9	9.9	8.3
Net profit	1.9	2.4	1.4	1.0
Net margin (%)	12.7	11.7	14.2	12.3
EPS (annualised, adjusted) (VND)	5.4	7.0	4.9	2.9
Balance sheet (VND bn)				
Total assets	17.0	17.8	16.6	21.6
Shareholders' equity	9.9	11.5	11.1	12.6
ROE (%)	19.1	21.3	25.5	16.1
Valuation				
PER (x)	9.7	7.5	6.7	8.7
P/B (x)	1.9	1.6	1.6	1.5
Dividend yield (%)	1.9	3.8	2.9	2.9

Century 21 – Direct real estate, NAV USD26.6 million

Century 21 was acquired in 2006 because of its prime location near a new traffic corridor to the city's central business district (CBD). The Thu Thiem tunnel, part of the Ho Chi Minh City East-West Highway, opened in November 2011 and has given the site increased access to the city's CBD. The project site is 100% compensated and cleared, and in Q4 2011 the Century 21 Nam Rach Chiec project received a 1:500 master plan approval and investment licence. The revised 1:500 master plan in-principal approval was received in Q2 2014 and the detailed 1:500 master plan approval was received in Q3 2014. In a recent development, the Long Thanh Dau Giay Highway, a major access point running along the front of the site, has been completed and is now open to the public.

VOF and VinaLand Limited (VNL) are in discussions with a potential investor for divestment of the site. The surrounding District 2 area has seen improvements to infrastructure, sparking interest among domestic and foreign investors.

Project summary

Sector	Residential
Area	30ha
Location	Dist 2, HCMC
History	Co-invested between the two funds (VOF/VNL) with split ratio of 75/25 (VNL/VOF).
	1:500 master plan approval and investment licence are in place.
	Land use fee is being finalised with local government.
Investment rationale	Large land bank strategically located at a corridor to the city's central business district.

Khang Dien Housing (KDH) – Listed equities, USD26.1 million

Khang Dien Housing (KDH) is one of the leading property developers in Vietnam, particularly in the Ho Chi Minh City market, specializing in landed properties in District 2 and District 9. KDH is one of the few listed developers focusing on affordable town houses, which is a less competitive market than condominiums. The company has benefited from a real estate market recovery and currently owns large land plots that were acquired at low prices and are located near major current and future infrastructure projects in the city.

KDH announced that 1H2015 revenue reached USD21.4 million with a net profit of USD4.5 million, increases of 487% and 149% year-on-year, respectively. These results are indicative of the improvement in Vietnam's real estate market as KDH's growth was primarily derived from successful sales of its Mega Residence and Mega Ruby projects. In January 2015, KDH issued 48.5 million shares via private placement to a select group of existing shareholders, including VOF which received an additional 11.5 million shares.

As at 30 June 2015, KDH closed at VND21,500 per share, implying a trailing P/E ratio of 16.6x, and P/B ratio of 1.1x. VOF's stake in KDH was valued at USD26.8 million as at 30 June 2015.

Financial highlights

Profit and loss (VND bn)	FY13A	FY14A	1H 2014	1H 2015
Net revenue	112	621	82	482
Net profit	(125)	102	41	102
Net margin (%)	(112)	16	50	21
EPS (annualised, adjusted) (VND)	2.33	1.36	1.36	1.98
Balance sheet (VND bn)				
Total assets	1,558	2,873	2479	3,893
Shareholders' equity	966	1,498	1437	2,450
ROE (%)	(13)	7	3	4
Valuation				
PER (x)				10.8
P/B (x)				1.1
Dividend yield (%)				4

Hau Giang Pharmaceutical (DHG) – Listed equities, NAV USD21.4 million
Hau Giang Pharmaceutical (DHG) is one of the leading domestic pharmaceutical manufacturers in Vietnam. DHG's in-house products accounted for 80% of total revenue in 1H2015. The company's new non-betalactam factory went online in 2015, enabling DHG to expand by doubling total capacity to eight billion units.

Total net sales in 1H2015 were USD67 million, up by 3% year-on-year, driven by 124% growth in revenue from trading as opposed to manufacturing. Sales of in-house products fell by 10% due to high inventories in the OTC market and declining selling price in the hospital channel. Despite a lower corporate income tax rate for the new factory, net profit declined by 4% as it experienced increased overheads.

DHG closed at VND73,500 per share as at 30 June 2015, representing a market capitalization of USD293 million and a trailing P/E ratio of 12.3. VOF's stake in DHG was valued at USD21.1 million as at 30 June 2015.

Financial highlights

Profit and loss (VND bn)	**FY13A**	**FY14A**	**1H2014**	**1H2015**
Revenue	3,391	3,913	1,693	1,468
Net income	589	533	271	261
Net margin (%)	17	14	16	18
EPS (annualised, adjusted) (VND)	6,764	6,118	3,108	2,989
Balance sheet (VND bn)				
Total assets	3,081	3,483	3,134	3,060
Shareholders' equity	1,981	2,277	2,028	2,206
ROE (%)	32	25	14	12
Valuation (VND bn)				
PER (x)	10.9	12.0	10.3	12.3
P/B (x)	3.2	2.8	3.2	2.9
Dividend yield (%)	4	4	–	4

VINACAPITAL MANAGEMENT TEAM

Don Lam

Chief Executive Officer

Don Lam, a founding partner of VinaCapital, has more than 20 years of experience in Vietnam. He has overseen VinaCapital's growth from manager of a single USD10 million fund in 2003 into a leading investment management and real estate development firm in Southeast Asia, with a diversified portfolio of USD1.5 billion in assets under management. Before founding VinaCapital, Mr Lam was a partner at PricewaterhouseCoopers (Vietnam), where he led the corporate finance and management consulting practices throughout the Indochina region. Additionally, Mr Lam set up the VinaCapital Foundation whose mission is to empower the children and youth of Vietnam by providing opportunities for growth through health and education projects. He also is the Vice-Chairman, Global Agenda Council on ASEAN for the World Economic Forum. He has a degree in Commerce and Political Science from the University of Toronto, and is a member of the Institute of Chartered Accountants of Canada. He is a Certified Public Accountant and holds a Securities License in Vietnam.

Brook Taylor

Chief Operating Officer

Brook Taylor has more than 20 years of management experience, including eight years as a senior partner with major accounting firms. Previously, Brook was deputy managing partner of Deloitte in Vietnam and head of the firm's audit practice. He was also managing partner of Arthur Andersen Vietnam and a senior audit partner at KPMG. Brook has lived and worked in Vietnam since 1997. Brook's expertise spans a broad range of management and finance areas including accounting, business planning, audit, corporate finance, taxation, and IT systems risk management. He holds an MBA from INSEAD, a B.A. in Commerce and Administration from Victoria University of Wellington, New Zealand, and is a member of the New Zealand Institute of Chartered Accountants.

Andy Ho

Managing Director and Chief Investment Officer

Andy Ho is Managing Director and Chief Investment Officer of VinaCapital, where he oversees the capital markets, private equity, fixed income and venture capital investment teams. Previously, Mr Ho was Director of Investment at Prudential Vietnam's fund management company, where he managed the capital markets portfolio and Prudential's bank investment strategy. He has also held management positions at Dell Ventures (the investment group of Dell Computer Corporation) and Ernst & Young. Mr Ho is a leading authority on capital markets investment, privatisations, and private equity deals and structures in Vietnam, where he has led private placement deals totalling over USD700 million. He holds an MBA from the Massachusetts Institute of Technology and is a Certified Public Accountant in the United States.

Dang Pham Minh Loan

Deputy Managing Director

Loan Dang joined VinaCapital in August 2005 and is responsible for VOF's private equity investments. Ms Dang has led numerous private equity and private placement deals for VOF, and holds board positions at several VOF investee companies. Ms Dang has previous experience at KPMG Vietnam and Unilever Vietnam. She has an MBA from the University of Hawaii and holds an FCCA (UK) fellow membership and a BA in Finance and Accounting from the University of Economics, Ho Chi Minh City.

Duong Vuong

Deputy Managing Director

Duong Vuong is responsible for VOF's capital market investments. Mr Vuong has 20 years of investment experience including the last 8 years in Vietnam. Previously, Mr Vuong was a Research Head at PXP Vietnam Asset Management where he managed a team of analysts responsible for producing investment ideas for all of the firm's portfolios. Prior to working in Vietnam, he held various positions including Senior Investment Analyst for ADIA in Abu Dhabi and Banks Analyst for Merrill Lynch in London. He is a CFA charter holder having gained the CFA designation in 2001

SECTION 3

BOARD OF DIRECTORS

Steven Bates

Non-executive Chairman (Independent)

Steve Bates is a veteran investor in emerging markets, spending most of his career with the Fleming Group and its successor JP Morgan Asset Management, where he led the emerging markets team. Over the past 10 years Mr Bates has continued to manage investments across the emerging world working for Zephyr Management and has added a number of non-executive roles in investment companies.

Martin Adams

Non-executive Director (Independent)

Martin Adams has over 30 years investment and banking experience in emerging markets, including over 20 years in Vietnam, and has forged a career serving as an independent director on listed and unlisted funds. He is currently chairman of Eastern European Property Fund, Kubera Cross Border Fund, Trading Emissions and Trinity Capital, and a non-executive director of a number of other funds.

Michael Gray

Non-executive Director (Independent)

Michael G. Gray has over 30 years' professional accounting experience and trained as a chartered accountant with Coopers & Lybrand in the UK. He was admitted as a member to the Institute of Chartered Accountants of England and Wales (FCA) in 1976. Prior to his accounting career, Mr Gray spent 10 years in the shipping industry. Apart from being a FCA, Mr Gray has a Bachelor of Science Degree in Maritime Studies from Plymouth University, a Masters of Arts in South East Asian Studies from the National University of Singapore and Doctor of Business (Honoris Causa) from the University of Newcastle in Australia. He is also a Fellow of the Chartered Institute of Logistics and Transport, a Fellow of the Institute of Singapore Chartered Accountants and a Fellow of the Singapore Institute of Directors. Mr Gray was a partner in PricewaterhouseCoopers Singapore and was the founding Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos). He is a board member of several listed companies in Singapore, including Avi-tech Electronics Ltd, GSH Corporation Holdings Ltd, Ascendas India Trust and FSL Trust Management Pte Ltd. Mr Gray has also held many positions in Boards of Voluntary Welfare Organisations and government committees in Singapore.

Thuy Bich Dam

Non-executive Director (Independent)

Ms Thuy Bich Dam began her career at Vietnam's Ministry of Science, Technology and Environment, responsible for coordinating treaties between the government and the World Intellectual Property Organisation (WIPO) and the European Patent Office (EPO). From 1996 to 2005, Ms Dam worked as the Natural Resources Director of ANZ Investment Bank (Singapore). Following this, Ms Dam was appointed as the CEO Vietnam, CEO Greater Mekong Region and Vice Chairwoman for the Greater Mekong Region for ANZ Bank Vietnam over a span of nearly eight years. Ms Dam is currently the Chief Representative for the National Australia Bank, Vietnam. She holds a Bachelors degree in English from Hanoi University, an MBA Finance from The Wharton School of Business and completed the Advanced Management Program from Harvard Business School.

REPORT OF THE DIRECTORS

The Board of Directors ("the Board") submits its report together with the consolidated financial statements of VOF and its subsidiaries (together "the Group") for the year from 1 July 2014 to 30 June 2015 ("the year").

VOF is currently incorporated in the Cayman Islands as an exempted company with limited liability. The current registered office of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares are currently traded on the AIM market of the London Stock Exchange. Throughout the year ended 30 June 2015 and to the date of this report, the Company complied with the AIM rules for companies.

The Company's investments are managed by VinaCapital Investment Management Limited ("VCIM" or the "Investment Manager").

At an Extraordinary General Meeting on 27 October 2015, shareholders approved proposals to change the Company's domicile to Guernsey. An announcement of the new registered office will be made once the change of domicile has taken place.

Following the change of domicile, it is the also Directors' intention to move the trading venue for the Company's shares from AIM to a premium listing on the Main Market of the London Stock Exchange and this is expected to occur shortly after completion of the migration to Guernsey.

Principal activities
VOF's principal activity is to undertake various forms of investment activity in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam. The Company mainly invests in listed and unlisted companies, debt instruments, private equity and real estate assets and other opportunities with the objective of achieving medium to long-term capital appreciation and investment income. The principal activities of the subsidiaries are predominantly investment holding, having investments primarily in property and hospitality management.

Life of the Company
VOF does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, every fifth year the board intends to propose to shareholders the opportunity to vote on the continuation of the Company. The next resolution on the life of the Company will be proposed at the AGM to be held in 2018.

Investment Policy and Valuation Policy
VOF investment objectives and investing policy are set out on page 118. The valuation policy can be found on page 119.

Co-investments
The Investment Manager may from time to time manage other funds which have a similar or overlapping investment objective and policy to that of the Company. Circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more of the other funds managed by the Investment Manager. Where a conflict arises in respect of an investment opportunity, the Investment Manager will allocate the opportunity on a fair basis. In such event, deals sourced by the investment teams serving the Company will normally be made on a pro rated basis between the Company and the other funds served by the Investment Manager.

Performance

The Chairman's Statement on pages 3 to 7 and the Investment Manager's Report on pages 8 to 32 give details of VOF's activities and performance during the year.

The key performance indicators ("KPIs") used to measure the progress of VOF during the year are as follows:

- NAV
- The movement in the Company's share price
- Discount of the share price in relation to the NAV

Information relating to the KPIs can be found in the Financial Highlights on page 1.

Principal Risks and Uncertainties

The Board considers the principal risks to be those set out below. Information regarding the Company's risk management and internal control procedures is given in the following sections and in the Corporate Governance Statement and financial statements within this Annual Report.

The Company is exposed to a variety of risk factors. The Company's overall risk management programme covers the broad range of risks to which the Company is exposed. Risk management is coordinated by the Investment Manager who seeks to manage risks to an acceptable level through the implementation and operation of effective controls and/or the transfer of risk to other parties. The Board receives and reviews regular reports on all identified risks.

General market risk

The Company may not meet its investment objective

The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

Investor returns will be dependent on the performance of the portfolio and the Company may experience fluctuations in its operating results

The market value of the Shares may fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period and this may materially adversely affect the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Calculation of Net Asset Value
In calculation of the Company's unaudited Net Asset Value, the Company will have regard to the various valuation policies that it has adopted. The value of securities which are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") shall be based on the last traded prices on such stock exchange. However, in circumstances where such prices are not available, or the Investment Manager believes such securities are not traded in sufficient volume for the market price to represent an accurate valuation, such holdings will be attributed to a fair value as determined by the Board. In addition, whilst the fair value of unlisted equities (private equities) and real estate will be determined by using industry standard valuation techniques there are inherent limitations of estimating the values. Accordingly, such fair valuations may not be accurate and this may impact on the accuracy of the unaudited Net Asset Value reported to Shareholders.

Currency and interest rate risks and hedging risks
The Company has made and will make investments in, and earns income denominated in Vietnamese Dong. The value of the Vietnamese Dong has historically been closely linked to that of the U.S. Dollar via a crawling peg, the Group's reporting currency. Exchange rate fluctuations and local currency devaluation could have a material effect on the Net Asset Value, which is expressed in U.S. Dollars.

Concentration of investments
The Company intends to meet its investment objective by investing in a diversified portfolio of assets either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam and across a range of sectors with the objective of spreading investment risk. However, the Company may invest up to 20 per cent. of its gross assets in a single investment and there are no restrictions on the Company's exposure to one particular sector. Concentration of the Company's portfolio of investments in any one holding or in any particular sector may result in greater volatility in the value of the Company's investments and consequently its Net Asset Value and may materially adversely affect the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Delays in currency conversion
Most of the Company's investments are in securities that are denominated in Vietnamese Dong and that pay dividends in Vietnamese Dong. The Company will need to convert Vietnamese Dong back into US Dollars when funds are remitted outside of Vietnam, but the Vietnamese Dong is currently not a freely convertible currency. Due to current applicable Vietnamese currency and tax restrictions, there is no assurance that the Company will be able to convert Vietnamese Dong proceeds from the disposal of investments or income arising from investments into US Dollars at all or at any particular exchange rate. Any delay in conversion may increase the Company's exposure to depreciation of the Vietnamese Dong against other currencies which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Vietnamese market risk

Investments in Vietnamese issuers are subject to a greater risk of loss than investments located or operating in more developed markets. This is due to, among other things, the potential for greater market volatility, lower trading volume, higher levels of inflation, deflation or currency devaluation, which could damage their economies and securities markets. Political and economic change (including the pace or direction of economic and legal reforms), market shutdown and governmental limitations on foreign investments may affect the value of the Company's investments. Investments in Vietnamese companies might also be affected by any escalation that may occur in tensions in the South China Sea or elsewhere. In addition, investments in Vietnam may carry risks of failed or delayed settlement and in the registration and custody of securities. Companies operating in Vietnam may not be subject to accounting, auditing and financial reporting standards nor the same level of corporate governance or internal controls nor the same level of government supervision and regulation as in more developed markets. The occurrence of any such issues, could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Legal system risks

The laws and regulations in Vietnam are at an early stage of development and are not well established. The Company may find it difficult or impossible to obtain effective enforcement of its rights through legal proceedings in Vietnam. Foreign court judgments are generally not recognised in Vietnam. Where possible, foreign entities such as the Company often select foreign arbitration to resolve contract disputes. However, while there is a legal basis for the recognition and enforcement of foreign arbitral awards in Vietnam in respect of certain types of contracts, there have only been a small number of cases where a Vietnamese court has actually enforced such an award against a Vietnamese party.

Listed securities and OTC stocks

The Hanoi Stock Exchange and the Ho Chi Minh City Stock Exchange are not as developed as the more established securities markets and have substantially less trading volume, which may result in a lack of liquidity and higher price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. In addition, there has often been a high degree of short–term speculative trading on these markets, partly attributable to the underdeveloped institutional investor base in Vietnam. These factors may adversely affect the timing and price of the acquisition or disposal of securities on these markets. In addition, an economic downturn or an increase in the real or perceived risks associated with Vietnam or the Asia-Pacific region could adversely affect the market price of securities of companies exposed to Vietnam or the Asia-Pacific region even if the economies of such countries remain stable, all of which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Private equity investments

Private equity investments may be difficult for the Company to sell and the price achieved on any such realisation may be at a discount to the prevailing valuation of the relevant investment which may adversely affect the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Real estate risk
The Company is subject to a broad range of real estate specific risks. In addition, a significant proportion of the Company's real estate holdings are co-investments with VinaLand Limited, another fund managed by the Investment Manager. In most cases VinaLand Limited holds a controlling stake in the joint venture company and therefore exerts control over the investment and the Company may not always have structural minority protection rights. As both funds are managed by the same Investment Manager, each fund's investment objectives for each property are generally the same, but this may not always be the case. Given VinaLand Limited's recently established investment objectives of disposing of a portion of its portfolio, the Company could potentially be put in a position where sales may be triggered earlier than ideally desired. The Board reviews all such decisions and under normal circumstances is not prepared to assume the development risk that would result from continuing to hold an investment which VinaLand Limited is selling.

The Company is dependent on the expertise of the Investment Manager and its key personnel to evaluate investment opportunities and to implement the Company's investment objective and investment policy
The performance of the Company will depend on the ability of the Investment Manager to provide competent, attentive and efficient services to the Company. There can be no assurance that, over time, the Investment Manager, will be able to provide such services or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses. If the Investment Management Agreement is terminated, the Directors would have to find a replacement investment manager for the Company and there can be no assurance that such a replacement will be found, which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Shares may trade at a discount to the Net Asset Value per Share
The Shares may trade at a discount to the Net Asset Value per Share and Shareholders may be unable to realise their investments through the secondary market at Net Asset Value per Share.

Distribution of Income
It is intended that the Company's income will consist wholly or mainly of investment income. The Directors currently intend to reinvest a large part of income to take advantage of opportunities meeting the Company's investment objectives, and where suitable opportunities are not available to distribute substantially all of the Company's surplus income and capital gains to holders of the ordinary shares. The distribution of dividends may be made in the form of a tender offer to shareholders at NAV for tax efficiency for certain shareholders.

Results and dividend
The results of the Group for the year and the state of its affairs as at that date are set out in the consolidated financial statements on pages 63 to 115.

The Board does not recommend the payment of a dividend for the year (year ended 30 June 2014: Nil).

Discount Management

The Board has been mindful over the last several years of the wide discount to NAV per share at which the shares have been trading. In October 2011, the Board sought and obtained shareholder approval to implement a share buyback programme. By 30 June 2015, a total of 104,652,647 shares had been bought back, a return of capital to shareholders of approximately USD213.3 million, which in turn has had a number of positive effects for shareholders:

- The discount to NAV at which the shares trade has narrowed considerably from a high of approximately 42 per cent at the commencement of the buyback programme in November 2011 to 23 per cent as at 30 June 2015; and
- Since the commencement of the buyback programme, the NAV per share has been enhanced by approximately 39 cents per share from these buybacks, equating to a 13.6 per cent benefit to the Company's NAV per share.

As at 29 December 2015, being the latest practicable date prior to the publication of this report, 110,088,647 shares had been bought back and cancelled. The total amount paid for these shares was USD227.3 million.

The Board remains determined to continue to operate the share buyback programme in an effort to ensure that the share price more closely reflects the underlying NAV per share. While no public announcement has been made in terms of the target percentage discount or the volume of funds to be allocated to buybacks, the Board considers the current discount to be too high.

The Board will continue to retain responsibility for setting the parameters for the discount management policy, for overseeing the management of the buyback programme and for ensuring that its policy is implemented. The Board intends to continue to seek to narrow the discount through the continued use of share buybacks and will consider using other means of addressing the discount level should it persist at the current wide level. The Board's objective is to achieve a narrowing of the discount in a manner that is sustainable over the longer term. The Board and the Investment Manager intend to consult regularly with Shareholders with a view to assessing and improving the effectiveness of the buyback programme.

Share Capital and Treasury Shares

At the year end, the Company had 324,610,259 ordinary shares in issue, of which 104,652,647 were held in treasury. Subsequent to the Company's financial year end, and as part of the process of migrating the Company's domicile to Guernsey, the Directors resolved to cancel all shares held in treasury and this cancellation was completed on 30 September 2015. As at 29 December 2015, there were 214,521,612 ordinary shares in issue.

Investment Manager
The Investment Manager is responsible for the day-to-day management of the Company's investment portfolio including the acquisition, monitoring and disposal of assets in line with the overall strategy and framework set out by the Board.

Following the shareholders' rejection of the Company's discontinuation at the EGM held in 22 July 2013, the Company entered into an Amended and Restated Investment Management Agreement ("the Agreement") which the Board believes to comply with best practice for investment management agreements. The Agreement reduced the base investment management and incentive fees by 25 per cent and restructured the incentive fee to better align the interests of the Investment Manager with those of the shareholders. The notice period for termination of the Agreement remains at six months.

Investment Manager's Fees
The Investment Manager is entitled to receive from the Company a base fee ("the Management Fee") and, where applicable, a performance-related fee ("the Incentive Fee").

The Management Fee is 1.5 per cent per annum of the NAV, payable monthly in arrear.

In respect of the Incentive Fee, the Investment Manager is eligible for a payment equal to 15 per cent of the performance subject to an 8 per cent hurdle and full catch up.

For the purpose of calculating the Incentive Fee, the net assets are segregated into a Direct Real Estate Portfolio and a Capital Markets Portfolio. A separate Incentive Fee is calculated for each portfolio and operates independently so that for any financial year it will be possible for an Incentive Fee to become payable in relation to one, both or neither portfolio, depending on the performance of each portfolio. The amount of Incentive Fees paid in any single financial year is limited to 1.5 per cent of the applicable closing NAV of the portfolio from which the Incentive Fee was earned.

Continuing Appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under review. It is the opinion of the Board that the continuing appointment of VinaCapital Investment Management Limited is currently in the best interests of shareholders as a whole. The Investment Manager has one of the largest and best resourced investment teams in the Vietnamese markets, and has the track record, experience and capacity to make and monitor investments across a range of different asset classes and sectors. The team is led by Andy Ho and comprises his deputies Loan Dang (Private Equity) and Duong Vuong (Capital Markets) and a further 16 investment and research professionals. In addition, the Company has access to the investment team responsible for real estate investment, a significant part of which is co-invested with VNL, another closed ended Company managed by VCIM. The investment returns earned by the Company over the year under review and over the longer term have been good and bear witness to the capability of the team. The investment team is supported by a comprehensive operational infrastructure. VinaCapital also operates a risk management and control environment with the goal of controlling the risks of investing in a less developed market.

Board of Directors

The members of the Board during the year and up to the date of this report are:

Name	Position	Date of appointment	Date of resignation
Steven Bates	Chairman	5 February 2013	–
Martin Adams	Director	5 February 2013	–
Thuy Dam	Director	7 March 2014	–
Martin Glynn	Director	18 March 2008	27 November 2014
Michael Gray	Director	24 June 2009	–
Don Lam	Director	18 March 2008	27 November 2014

The biographies of the Directors in office as at the date of this report are shown on pages 35 and 36.

The UK Corporate Governance Code, published by the Financial Reporting Council in September 2012 ("UK Code"), provides that all directors of FTSE 350 companies should be subject to annual election by shareholders. Although VOF, as an AIM quoted company, is not required to comply with this provision, the Board is committed to achieving the highest standards of corporate governance and, as such, has decided to adopt best practice in this area. As explained in the 2013 Annual Report and Accounts the Board has decided that all Directors will stand for election annually. Accordingly, Messrs Bates, Adams, Gray and Ms Thuy will each retire and stand for re-election at the 2015 Annual General Meeting.

Directors' interests in the Company

As at 30 June 2015, the interests of the Directors in the shares are as follows:

	Direct holding	Indirect holding	Approximate direct and indirect holding
Steven Bates	–	–	–
Martin Adams	–	–	–
Thuy Dam	–	–	–
Michael Gray	100,000	–	0.031%

There have been no changes to any holdings between 30 June 2015 and the date of this report.

Substantial Shareholdings

As at 30 June 2015 and 31 August 2015, the Directors are aware of the following interests in the Company's voting rights:

	30 May 2015		31 August 2015	
Shareholder	**Number of ordinary shares**	**% of voting rights**	**Number of ordinary shares**	**% of voting rights**
Lazard Asset Management	19,805,761	8.92	22,227,788	10.11
Simplex Asset Management	13,035,000	5.87	12,870,000	5.85
UBS, Zurich	11,706,244	5.27	10,830,712	4.92
VR Global Partners	11,575,000	5.22	10,525,000	4.79
City of London Investment Management	10,304,668	4.64	9,268,970	4.21
State Street	8,038,941	3.62	7,392,777	3.36
Bank Julius Baer, Zurich	7,417,460	3.34	7,093,024	3.22
Advance Emerging Capital	4,809,389	2.17	6,624,389	3.01

Annual General Meeting ("AGM")
The Company's second AGM will be held at the offices of Northern Trust at Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL. The Notice of Meeting is set out on pages 116 and 117. The following notes provide an explanation of the resolutions being proposed by the Board:

Resolution 1 – Report and Accounts
The Directors are proposing an ordinary resolution to adopt the Company's financial statements for the financial year ended 30 June 2015.

Resolutions 2 – 5 – Re-election of Directors
As set out on page 45 all Directors will retire and submit themselves for re-election annually. The Board is satisfied that each of the Directors continues to be effective and demonstrates a commitment to the role and that each of the Directors continues to be able to dedicate sufficient time to their duties.

The Directors believe that the Board continues to include an appropriate balance of skills knowledge which include significant financial experience, extensive knowledge of South East Asia and experience of public companies listed on the London Stock Exchange.

Full biographies of all the Directors are set out on pages 35 and 36 and are also available for viewing on VCIM's website (http://www.vinacapital.com).

Resolutions 6 and 7 – re-appointment of auditor and auditors' remuneration
The Board is proposing the re-appointment of PricewaterhouseCoopers ("PwC") as the Group's auditor for the financial year to 30 June 2015. The PwC entity which is responsible for the audit will change from PwC (Hong Kong) to PwC (CI) following the planned migration to Guernsey. Resolution 7, if passed, also gives authority to the Directors to determine the auditor's remuneration.

Auditor

The Group's Auditor is PricewaterhouseCoopers Hong Kong, which was appointed in November 2011. Shareholders approved their re-appointment at the 2014 AGM. Following the planned migration to Guernsey a different PricewaterhouseCoopers entity, PricewaterhouseCoopers CI LLP will take over the audit function.

Corporate Governance

The Corporate Governance Statement on pages 48 to 59 forms part of the Report of the Directors.

Going Concern

The Directors have carefully reviewed the Company's current financial resources and the projected expenses for the next 12 months. On the basis of that review and as the majority of net assets are securities which are traded actively on the Vietnam Stock Exchange, the Directors are satisfied that the Company's resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the Group's financial statements on a going concern basis.

Subsequent events after the reporting date

No significant events have occurred since the reporting date which would impact on the financial position of the Group as disclosed in the Consolidated Balance Sheet as at 30 June 2015 or on the results and operations and cash flows of the Group for the year then ended.

While not impacting the financial position of the Group, as reported above at an Extraordinary General Meeting on 27 October 2015, shareholders approved proposals to change the Company's domicile to Guernsey. This change of domicile is expected to take place in March 2016. It is expected that the trading venue for the Company's shares will change from AIM to a premium listing on the Main Market of the London Stock Exchange shortly after completion of the migration to Guernsey.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
29 December 2015

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining a high standard of corporate governance, with the ultimate aim being to protect shareholders' and other stakeholders' interests. Whilst the Company is currently trading on the Alternative Investment Market, it is anticipated that it will shortly be admitted to the Main Market of the London Stock Exchange. In preparation for the listing on the Main Market the Board has considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in the UK Corporate Governance Code ("the UK Code") and the GFSC Finance Sector Code of Corporate Governance ("Guernsey Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders. The AIC Code can be found on the AIC website at www.theaic.co.uk/aic-code-of-corporate-governance.

The UK Code includes provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

For the reasons set out in the AIC Guide and in the preamble to the AIC Code, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administration functions are outsourced to third parties. The Company has therefore not reported further in respect of these provisions, but provides further details of the Investment Manager's internal audit function on page 58.

The AIC Code sets out 21 principles. A statement of compliance with each of these 21 principles is set out in the following table:

1. The Chairman should be independent	The Chairman, Steven Bates, was independent of the Investment Manager at the time of his appointment and remains so. There is a clear division of responsibility between the Chairman, the Directors, the Investment Manager and the Company's other third party service providers. The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and is responsible for ensuring that all Directors receive accurate, timely and clear information. Given its size, the nature of its business and the fact that all Directors are non-executive, the Board does not believe that it requires a Senior Independent Director. The Chairman or any other director may be contacted via the Company Secretary, who is independent of the Board and of the Investment Manager.

2. A majority of the Board should be independent of the Manager.	The Board consists of four non-executive Directors, each of whom is independent of the Investment Manager. No member of the Board is a Director of another investment company managed by the Company's Investment Manager, nor has any Board member been an employee of the Company, its Investment Manager or any of its service providers, with the exception that Mr Gray was, until 2004, a partner of PwC Singapore. PwC Hong Kong were appointed as the Company's auditor with effect from November 2011. Mr Gray joined the Board in 2009 and is independent of the Manager.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors will submit themselves for annual re-election by shareholders. The individual performance of each Director standing for re-election is evaluated annually by the other members of the Board and, if considered appropriate, a recommendation is made that shareholders vote in favour of their re-election at the AGM.
4. The Board should have a policy on tenure, which is disclosed in the Annual Report.	The Board, meeting as the Nomination Committee, considers the structure of the Board and recognises the need for progressive refreshing of the Board. The Board has adopted a formal policy requiring that Directors should stand down at the AGM following the ninth anniversary of their initial appointment.
5. There should be full disclosure of information about the Board.	The biographical details of the Directors are set out on pages 35 and 36 of this Annual Report. Details of the Board's Committees and their composition are set out on pages 56 and 57 of this Annual Report. The Audit Committee comprises all of the Directors, all of whom are considered independent. The Chairman of the Company is a member of the Audit Committee, but does not chair it. His membership of the Audit Committee is considered appropriate given the nature of the Company and his extensive knowledge of the asset management industry and investment in emerging markets.

6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The Board believes that each Director has appropriate qualifications, industry experience and expertise to guide the Company and that the Board as a whole has an appropriate balance of skills, experience and knowledge. The Directors' biographies can be found on pages 35 and 36. **Steven Bates** (Chairman) – was appointed to the Board in May 2013, bringing to the role his experience as a fund manager specialising in emerging markets and closed end funds. **Martin Adams** – is an expert in closed end funds with an excellent reputation as a champion of shareholder rights. Martin has a background as an Asian investment specialist and has managed and been a director of various investment funds in Vietnam since 1991. **Thuy Dam** – has had a distinguished career as a banker in the Indochina region, mostly spent with ANZ Banking Group. She is a Vietnamese citizen. **Michael Gray** – has extensive experience in accounting and auditing in Vietnam and the wider Asian region.
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors.	The Board, meeting as the Nomination Committee, has a formal process to evaluate its own performance and that of its Chairman annually. The Chairman leads the assessment which covers the functioning of the Board as a whole, the effectiveness of the Board Committees and the independence of each Director. Where necessary the Chairman discusses the responses with each Director individually. The Chairman absents himself from the Board's review of his effectiveness as the Company Chairman. During the 2014/15 accounting year, the review considered the Board's objectives and how the contributions made individually and collectively to Board meetings helped the Company to achieve its objectives. The Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.
8. Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.	The Board has a formal Remuneration Committee, chaired by Ms Dam. The Board's policy is that the remuneration of the independent non-executive Directors should reflect the experience and time commitment of the Board as a whole, and is determined with reference to comparable organisations and available market information each year. Details on the remuneration arrangements of the Directors can be found on page 60.

9. The Independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the Annual Report.	The Nomination Committee is responsible for the appointment of new Directors. The Committee's role and approach are described on page 57.
10. Directors should be offered relevant training and induction.	New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise, including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of a Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company
12. Boards and Managers should operate in a supportive, cooperative and open environment.	The Board meets regularly throughout the year and a representative of the Investment Manager is in attendance, when appropriate, at each meeting and most Committee meetings. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

13. The primary focus at regular Board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/ investor relations, peer group information and industry issues.	The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the level of permitted gearing and borrowings, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's treasury and share buyback policies. The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues. The Audit & Valuation and Management Engagement Committees of the Board respectively, review the Company's risk matrix and the performance and cost of the Company's third party service providers.
14. Boards should give sufficient attention to overall strategy.	The Board is responsible for strategy and has established a predetermined annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.
15. The Board should regularly review both the performance of, and contractual arrangements with, the Manager (or executives of a self-managed Company)	The Management Engagement Committee meets at least once a year. It reviews annually the performance of the Investment Manager. The Committee considers the quality, cost and remuneration method of the service provided by the Investment Manager against its contractual obligations and the Board receives regular reports on compliance with the Investment Restrictions which it has set. It also considers the performance analysis provided by the Investment Manager. In view of the level of data available from independent service providers, and the appraisal undertaken by the Board, the Board does not consider an independent appraisal of the Investment Manager's service to be necessary. The Audit and Valuation Committee reviews the Investment Manager's compliance and control systems in operation insofar as they relate to the affairs of the Company and the Board undertakes periodic reviews of the arrangements with and the services provided by the Custodian, to ensure that the safeguarding of the Company's assets and security of the shareholders' investment is being maintained.

16. The Board should agree policies with the Manager covering key operational issues.	The Investment Management Agreement between the Company and the Investment Manager sets out the limits of the Investment Manager's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with the Investment Manager, which are considered at each Board meeting. Representatives of the Investment Manager attend each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which the Investment Manager is required to refer to the Board, for example investing in real estate or unquoted investments. The Board has delegated discretion to the Investment Manager to exercise voting powers on its behalf.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	A report on discount management is set out in the Chairman's Statement on page 5.
18. The Board should monitor and evaluate other service providers.	The Management Engagement Committee reviews, at least annually, the performance of all of the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders. The Audit and Valuation Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon.

19. The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	A detailed analysis of the substantial shareholders of the Company is provided to the Directors at each Board meeting. The Chairman and representatives of the Investment Manager regularly meet with institutional shareholders to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Regular reports from the Company's brokers are submitted to the Board on investor sentiment and industry issues. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary, at the Registered Office. The Directors welcome the views of all shareholders and place considerable importance on communications with them.
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the Manager is asked to act as spokesman.	All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from the Investment Manager, the Auditor, legal advisers, broker and Company Secretary.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk: reward balance to which they are exposed by holding the shares.	The Company places great importance on communication with shareholders and aims to provide them with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative Annual and Half Year reports. This is supplemented by the publication of a monthly fact sheet. The Annual Report provides information on the Investment Manager's investment performance, portfolio risk and operational and compliance issues. The Company's website, www.vof-fund.com, is regularly updated with monthly factsheets and provides useful information about the Company including the Company's financial reports and announcements.

City Code on Takeovers and Mergers (the "City Code")

The Panel on Takeovers and Mergers supervises and regulates takeovers and other matters to which the City Code applies. The City Code did not apply to the Company during the year under review but will apply when it is listed on the Main Market of the London Stock Exchange.

Board of Directors
The Board consists entirely of non-executive Directors.

The Board meets regularly and uses a structured agenda to ensure that all key areas are reviewed, covering but not limited to the review of the Company's strategy, financial position and performance, the Investment Manager's operations and shareholder relations. During the year to 30 June 2015, the number of scheduled Board and Committee meetings attended by each Director was as follows:

	Board meetings	Audit and Valuation Committee meetings	Management Engagement Committee meetings	Nomination Committee meetings	Remuneration Committee meetings
Steven Bates†	3 (3)	4 (4)	1 (1)	1 (1)	1 (1)
Martin Adams‡	3 (3)	4 (4)	1 (1)	1 (1)	1 (1)
Thuy Dam	3 (3)	4 (4)	1 (1)	1 (1)	1 (1)
Martin Glynn*	1 (1)	1 (1)	N/A	1 (1)	1 (1)
Michael Gray±	3 (3)	4 (4)	1 (1)	1 (1)	1 (1)
Don Lam*	1 (1)	N/A	N/A	N/A	N/A

† Steven Bates is Chairman of the Board and the Nomination Committee.

‡ Martin Adams is Chairman of the Management Engagement Committee.

± Michael Gray is Chairman of the Audit and Valuation Committee.

* Martin Glynn and Don Lam retired as Directors on 27 November 2014.

Figures in brackets indicate the number of meetings held in the year in respect of which the individual was eligible to attend as either a Board or Committee member.

Board responsibilities
The Board is responsible to shareholders for the determination and implementation of the Company's investment policy, and the direction and long-term performance of the Company and the entities which it controls. The Board oversees the implementation of a high standard of corporate governance with respect to the Company's affairs, strategy, direction and the supervision of the Investment Manager, as stipulated in the Investment Management Agreement ('IMA'). The IMA documents the Investment Manager's responsibilities and authority to enter or exit investments, or enter into any commitments on behalf of the Company. Under the agreement, the Board ensures the Investment Manager follows the Board's strategic direction to achieve the investment objectives in the identification, acquisition, management and disposal of investments and the determination of any financing arrangements.

The Company's Directors have direct access to the Company's Nominated Adviser, Company Secretary, lawyers, brokers and the Investment Manager's Legal Counsel and Head of Compliance.

Board committees

During the year, there were four Board committees in operation: the Audit and Valuation Committee, Management Engagement Committee, Remuneration Committee and Nomination Committee. Each Committee was comprised solely of independent Directors. The chairmanship and membership of each Committee throughout the year, and the number of meetings held during the year, is shown in the table on page 55. A summary of the duties of each of the Committees is provided below. The terms of reference are available on the Company's website: www.vinacapital.com/VOF.

Audit and Valuation Committee

The Audit and Valuation Committee, which meets at least twice a year, comprises all independent Directors and is chaired by Mr Gray.

The Committee is responsible for monitoring the process of production and ensuring the integrity of the Company's accounts. The primary responsibilities of the Committee are: to oversee the relationship with the Auditor and make recommendations to the Board in relation to their re-appointment and to approve their remuneration and terms of engagement; to assess the Auditor's independence and objectivity and the effectiveness of the audit process; to review the effectiveness of the Company's internal control environment; to identify, assess, monitor and mitigate the risks associated with the Company's business; to monitor adherence to best practice in corporate governance; and to review the Company's whistleblowing arrangements and its procedures for detecting fraud and preventing bribery and corruption.

In discharging its responsibility to oversee the Auditor's independence, the Audit and Valuation Committee considers whether any other engagements provided to the auditor will have an effect on, or perception of, compromising the Auditor's independence and objectivity. The performance of services outside of external audit must be specific and approved by the Audit and Valuation Committee Chairman.

In relation to its remit over the valuation of investments, the Committee's primary goal is to ensure that the Company's investments are recorded at fair value. In doing so, the Committee reviews the reports of independent valuation specialists as well as reviewing the Investment Manager's valuation process. Each individual valuation is reviewed in detail and the recommendations of the independent valuers may be accepted or modified. The Committee approves the fair value of investments used to prepare the financial statements.

The Audit and Valuation Committee's Chairman presents the Committee's findings to the Board at each Board meeting.

Management Engagement Committee

The Management Engagement Committee comprises all independent Directors and is chaired by Mr Adams. The Committee's responsibilities include: reviewing the performance of the Investment Manager under the Investment Management Agreement and to consider any variation to the terms of the agreement. The Management Engagement Committee also reviews the performance of the nominated adviser, Company Secretary, corporate brokers, custodian, administrator and registrar and any matters concerning their respective agreements with the Company.

Remuneration Committee
The Remuneration Committee comprises all independent Directors and is chaired by Ms Dam. The Committee's responsibilities include: setting the policy for the remuneration of the Company's Chairman, the Audit and Valuation Committee Chairman and the Directors, and reviewing the ongoing appropriateness and relevance of the remuneration policy; determining the individual remuneration policy of each non-executive Director; agreeing the policy for authorising Directors' expenses claims; and the selection and appointment of any remuneration consultants who advise the Committee.

Nomination Committee
The Nomination Committee comprises all independent Directors and is chaired by Mr Bates. The Committee's responsibilities include: reviewing the structure, size and composition of the Board and making recommendations to the Board in respect of any changes; succession planning for the Chairman and the Directors; making recommendations to the Board concerning the membership and chairmanship of the Board committees; identifying and nominating for the approval of the Board candidates to fill Board vacancies; and, before any new appointment is recommended; evaluating the balance of skills, knowledge, experience and diversity within the Board and preparing an appropriate role description.

The Management Engagement Committee, the Remuneration Committee and the Nomination Committee each meet at least once a year.

Internal Controls and Risk Management
The Board is responsible for determining the nature and extent of the significant risks which it is willing to take in achieving its strategic objectives and maintaining sound risk management and internal control systems and for reviewing their effectiveness.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management System
The Investment Manager's Enterprise Risk Management ('ERM') framework provides a structured approach to managing risk across all of its managed funds by establishing a risk management culture through education and training, formalised risk management procedures, defining roles and responsibilities with respect to managing risk, and establishing reporting mechanisms to monitor the effectiveness of the framework. The Audit Committee works closely with the Investment Manager on the application and review of the ERM framework to the Company's risk environment.

The Audit and Valuation Committee considers the regular assessments of internal controls in the context of the Company. The reviews cover the strategic, investment, operational and financial risks facing the Company. In arriving at its judgement of the risks which the Company faces, the Board has considered the Company's operations in light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company of third parties operating the relevant controls.

Internal control assessment process

The key procedures which have been established to provide effective internal financial controls are as follows:

- investment management is provided by VinaCapital Investment Management. The Board is responsible for the implementation of the overall investment policy and monitors the investment performance, actions and regulatory compliance of the Investment Manager at regular meetings;
- accounting is provided by the Investment Manager and, with effect from 1 October 2015 by Northern Trust;
- the provision of fund administration by HSBC and, with effect from 1 October 2015 by Northern Trust;
- custody of assets is undertaken by Standard Chartered Bank;
- the duties of investment management, accounting and custody of assets are appropriately segregated. The procedures of the individual parties are designed to complement one another;
- VCIM, on behalf of the Directors of the Company, clearly defines the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted after consideration of the quality of the parties involved. The Management Engagement Committee monitors their ongoing performance and contractual agreements;
- mandates for authorisation of investment transactions and expense payments are set by the Board and documented in the Investment Management Agreement;
- the Board receives financial information produced by the Investment Manager on a regular basis. Board meetings are held at least once a quarter to review such information; and
- actions are taken to remedy any significant failings or weaknesses, if identified. No major control deficiencies were identified during the year or up to the date of this report.

Internal audit

The Company does not have its own internal audit function. All of the Company's management functions are delegated to independent third parties who report on their internal controls. These are reviewed by the Investment Manager are reviewed by the Investment Manager and the Board. It is therefore felt that there is no requirement for the Company to have an internal audit function separate from that retained by the Investment Manager.

Following a tender process and after the Company's 2014 year end, KPMG were replaced as the Investment Manager's internal auditor by EY, with the agreement of the Board. The internal audit work was performed based on an internal audit plan reviewed by the Company's Audit and Valuation Committee. The internal auditors have unrestricted access to the business and the Company's Audit and Valuation Committee. They performed audits of the control environment, procedures, and internal controls in respect to the audit areas selected for review. The internal auditor presents its findings to the Audit and Valuation Committee. During the year, no serious control breaches were reported.

The Board will continue to have direct access to the internal auditor who will be responsible for the implementation of a detailed plan which has been agreed by the Board. EY will also respond to specific requests of the directors and will disclose all applicable findings to the Board.

Code of Conduct and Compliance
All employees of the Investment Manager must adhere to the Code of Conduct set out in the Investment Manager's Compliance manual. The Investment Manager has adopted a Code of Conduct based on the International Organisation of Securities Commissions ("IOSCO") International Code of Business Principles 1990, which serves as a model reference for regulators in Vietnam. The manual also incorporates the necessary requirements of any applicable anti-bribery and corruption regulations.

All staff are required to sign an annual compliance attestation confirming compliance with the Code of Conduct and Compliance manual, including their commitment to the fraud and whistleblower policies and procedures. Non-compliance will result in disciplinary action.

Shareholder relations
The Board retains oversight of this process by monitoring the investor relations activities of the Investment Manager and the shareholder profile. Dialogue with shareholders is given a high priority by the Directors, who are keen to improve channels of communication and encourage shareholders to engage directly, the first step being the Board's commitment to hold Annual General Meetings. Shareholders are encouraged to attend and vote at the Annual General Meeting to be held on 26 January 2016 and any shareholder wishing to lodge questions in advance of the meeting is invited to do so by writing to ir@vinacapital.com.

Voting Policy
The exercise of the voting rights attached to the Company's portfolio has been delegated to the Manager who as a policy votes at all meetings of investee companies.

DIRECTORS' REMUNERATION REPORT

Policy on Directors' Fees

The Board's policy is that the remuneration of the independent non-executive Directors should reflect the experience and time commitment of the Board as a whole, and is determined with reference to comparable organisations and available market information each year.

Independent Directors' Fees

The fees for the independent Directors are determined within the limit set out in the Company's Articles of Association, which provide that the aggregate total remuneration paid to independent Directors shall not exceed USD500,000 (or such higher amount as may be approved by the Company in a general meeting) in respect of any 12-month period.

For the year to 30 June 2015, Directors' remuneration remained the same, being USD95,000 for the Chairman and USD75,000 for the independent Directors, with USD5,000 for membership of the Audit and Valuation Committee and USD15,000 for chairmanship of the same.

Directors' Emoluments for the Year

The Directors who served during the year received the following emoluments in the form of fees.

	Year to 30 June 2015 USD	Year to 30 June 2014 USD
Steven Bates	95,000	95,000
Martin Adams	80,000	80,000
Martin Glynn*	32,444	80,000
Michael Gray	90,000	90,000
Bich Thuy Dam	80,000	19,000
Don Lam*	–	–
	377,444	364,000

* retired 27 November 2014.

Mr Lam did not receive emoluments from the Company as he is a Director of the Investment Manager.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Board of Directors' responsibility in respect of the consolidated financial statements
When preparing the consolidated financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;

ii. comply with the disclosure requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") or, if there have been any departures in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the consolidated financial statements;

iii. maintain adequate accounting records and an effective system of internal control;

iv. prepare the consolidated financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and

v. control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

The Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and errors.

The Board confirms that the Group has complied with the above requirements in preparing the consolidated financial statements.

Statement by the Board
In the opinion of the Board, the accompanying consolidated balance sheet, consolidated statement of changes in equity, consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows, together with the notes thereto, have been properly drawn up and give fair presentation of the financial position of the Group as at 30 June 2015 and the results of its operations and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards as issued by the IASB.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
29 December 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of VinaCapital Vietnam Opportunity Fund Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of VinaCapital Vietnam Opportunity Fund Limited ("the Company") set out on pages 63 to 115, which comprise the balance sheets as at 30 June 2015 and 2014, and the statements of changes in equity, the statements of comprehensive income and the statements of cash flows for the years then ended, and a summary of significant accounting policies, and other explanatory information, as well as the balance sheet as of 1 July 2013.

Directors' responsibility for the Financial Statements
The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2015 and 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters
This report, including the opinion, has been prepared for and only for you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 December 2015

CONSOLIDATED FINANCIAL STATEMENTS

	Note	30 June 2015 USD'000	30 June 2014 USD'000 Restated	1 July 2013 USD'000 Restated
ASSETS				
Cash and cash equivalents	6	906	1,311	4,502
Short-term receivables from related parties	20(c)	382	331	2,403
Trade and other receivables		4,697	4,797	13,572
Financial assets at fair value through profit or loss	8	712,567	768,956	717,141
Prepayments for acquisitions of investment properties	9	5,192	6,250	6,250
Total assets		**723,744**	**781,645**	**743,868**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	10	3,246	3,246	3,246
Additional paid-in capital		722,064	722,064	722,064
Treasury shares	11	(213,283)	(165,939)	(113,639)
Retained earnings		206,637	212,009	123,026
Total equity		**718,664**	**771,380**	**734,697**
LIABILITIES				
Payables to related parties	12	5,036	10,246	1,198
Other payables		44	19	7,973
Total liabilities		5,080	10,265	9,171
Total equity and liabilities		723,744	781,645	743,868
Net asset value, USD per share	18(c)	**3.27**	**3.24**	**2.81**

The notes on pages 9 to 47 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company									
	Share capital USD'000	Additional paid-in capital USD'000	Treasury shares USD'000	Revaluation reserve USD'000	Available-for-sale financial assets reserve USD'000	Currency translation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance at 1 July 2013 (consolidated)	**3,246**	**722,064**	**(113,639)**	**31,376**	**4,336**	**(18,763)**	**123,823**	**752,443**	**1,089**	**753,532**
Restatement adjustments	–	–	–	(31,376)	(4,336)	18,763	(797)	**(17,746)**	(1,089)	**(18,835)**
Balance at 1 July 2013 (restated)	**3,246**	**722,064**	**(113,639)**	**–**	**–**	**–**	**123,026**	**734,697**	**–**	**734,697**
Profit for the year (restated)	–	–	–	–	–	–	88,983	**88,983**	–	**88,983**
Total comprehensive income (restated)	**–**	**–**	**–**	**–**	**–**	**–**	**88,983**	**88,983**	**–**	**88,983**
Transactions with owners										
Shares repurchased (Note 11)	–	–	(52,300)	–	–	–	–	**(52,300)**	–	**(52,300)**
Balance at 30 June 2014 (restated)	**3,246**	**722,064**	**(165,939)**	**–**	**–**	**–**	**212,009**	**771,380**	**–**	**771,380**
Balance at 1 July 2014 (consolidated)	**3,246**	**722,064**	**(165,939)**	**33,281**	**–**	**(19,186)**	**205,489**	**778,955**	**849**	**779,804**
Restatement adjustments	–	–	–	(33,281)	–	19,186	6,520	(7,575)	(849)	(8,424)
Balance at 1 July 2014 (restated)	**3,246**	**722,064**	**(165,939)**	**–**	**–**	**–**	**212,009**	**771,380**	**–**	**771,380**
Loss for the year	–	–	–	–	–	–	(5,372)	(5,372)	–	(5,372)
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**(5,372)**	**(5,372)**	**–**	**(5,372)**
Transactions with owners										
Shares repurchased (Note 11)	–	–	(47,344)	–	–	–	–	(47,344)	–	(47,344)
Balance at 30 June 2015	**3,246**	**722,064**	**(213,283)**	**–**	**–**	**–**	**206,637**	**718,664**	**–**	**718,664**

The notes on pages 9 to 47 are an integral part of these financial statements.

Consolidated Statement of Income

	Note	Year ended 30 June 2015 USD'000	Year ended 30 June 2014 USD'000 Restated
Dividend income (*)	13	69,197	70,926
Net (losses)/gains on financial assets at fair value through profit or loss (**)	14	(56,389)	51,815
General and administration expenses	15	(17,504)	(22,527)
Other income		382	369
Impairment losses	16	(1,058)	(11,600)
Operating (loss)/profit		**(5,372)**	**88,983**
(Loss)/profit before tax		**(5,372)**	**88,983**
Corporate income tax	17	–	–
(Loss)/profit for the year		**(5,372)**	**88,983**
(Loss)/earnings per share – basic and diluted (USD per share)	**18(a),(b)**	**(0.02)**	**0.36**
Total comprehensive (loss)/income for the year		**(5,372)**	**88,983**

	Year ended 30 June 2015 USD'000	Year ended 30 June 2014 USD'000
(*) Dividend income includes:		
– Dividend income from a subsidiary used to pay for the Company's share repurchases (Note 13)	47,344	52,300
– Dividend income from a subsidiary used to pay for the Company's operating expenses (Note 13)	21,853	18,626
(**) Net (losses)/gains on financial assets at fair value through profit or loss include:		
– Reduction in fair value of a subsidiary due to payments for shares repurchases on the Company's behalf (Note 14)	(47,344)	(52,300)
– Reduction in fair value of a subsidiary due to payment for the Company's operating expenses (Note 14)	(21,853)	(18,626)

The notes on pages 9 to 47 are an integral part of these financial statements.

	Note	Year ended 30 June 2015 USD'000	Year ended 30 June 2014 USD'000 Restated
Operating activities			
(Loss)/profit before tax		(5,372)	88,983
Adjustment for:			
Dividend income		(69,197)	(70,926)
Unrealised gains/(losses) on financial assets at fair value through profit or loss	14	56,503	(51,815)
Impairment losses	16	1,058	11,600
		(17,008)	**(22,158)**
Change in financial assets at fair value through profit or loss		(114)	–
Change in trade receivables and other assets		49	(753)
Change in trade payables and other liabilities		(5,185)	1,094
Dividend receipts		21,853	18,626
Net cash outflow from operating activities		**(405)**	**(3,191)**
Net change in cash and cash equivalents for the year		(405)	(3,191)
Cash and cash equivalents at the beginning of the year	6	1,311	4,502
Cash and cash equivalents at the end of the year	6	**906**	**1,311**

The statement of cash flows does not include payments made for share repurchases of USD47.3 million (year ended 30 June 2014: USD52.3 million) because these payments were made by a subsidiary of the Company.

The notes on pages 9 to 47 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited ("the Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company's primary objective is to undertake various forms of investment primarily in Vietnam, but it may also invest in Cambodia, Laos and Southern China. The Company is quoted on the AIM market of the London Stock Exchange under the ticker symbol VOF.

The Company does not have a fixed life but the Company's Admission Document to the AIM market of the London Stock Exchange states that the Board considers it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends that a special resolution will be proposed every fifth year that the Company ceases to continue as presently constituted. If the resolution is not passed, the Company will continue to operate. If the resolution is passed, the Directors will be required to formulate proposals to be put to shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up. The Board tabled such a special resolution on 22 July 2013 and it was not passed, allowing the Company to continue as presently constituted for another five years.

The financial statements for the year ended 30 June 2015 were approved for issue by the Board on 29 December 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRS as issued by the IASB. They have been prepared using the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and financial liabilities at fair value through profit or loss. The financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires judgement to be exercised in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policy and disclosures

a) *Changes in accounting policy*

The Company has adopted the "Investment Entities" amendments to IFRS 10, "Consolidated financial statements". The amendments define an investment entity and introduce an exception from the consolidation requirements for investment entities. On adoption, the Company has determined that it meets the definition of an investment entity (see Note 3.1 below). As a result, it has changed its accounting policy with respect to its investments in subsidiaries. The Company's subsidiaries, which were previously consolidated, are now accounted for at fair value through profit or loss. This change in accounting policy has been applied retrospectively in accordance with the transition provision of IFRS 10 and the amendments to IFRS 10. The impact of the change has been disclosed in Note 2.15 below.

- The Company has adopted amendments to IFRS 12, "Disclosure of interests in other entities", which introduce new disclosure requirements related to investment entities. Required disclosures are presented in Note 5.
- IAS 27 (revised 2011), "Separate financial statements" and amendments to IAS 27 have been adopted by the Company. The standard prescribes the accounting and disclosure requirements when an entity prepares separate financial statements. The amendments require an investment entity as defined in IFRS 10 to present separate financial statements as its only financial statements in the case where it measures all of its subsidiaries at fair value through profit or loss and to disclose that fact.
- The Company has opted to value all of its investments in associates at fair value in accordance with IAS 28 (revised 2011), "Investments in associates and joint ventures". As a result, the Company has ceased the application of equity accounting to its investments in associates. It now classifies its investments in associates as financial assets at fair value through profit or loss. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8, "Accounting policies, changes in accounting estimates and errors".
- The Company has selected to present its balance sheet in order of liquidity as the Board believes that such presentation format is more relevant.

b) *New and amended standards adopted by the Company*

The Company has applied the following standards and amendments for the first time for the year ended 30 June 2015:

- Annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle, and
- Annual improvements to IFRSs 2012-2014 cycle

The adoption of these amendments did not have any impact on the current year or any prior period and is not likely to affect future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policy and disclosures *(continued)*

c) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting year ending 30 June 2019.

IFRS 15, 'Revenue from contracts with customers', The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017) without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company believes that it is unlikely that IFRS 15 will have any significant impact as most of the Company's revenues are excluded from the scope of this standard.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Subsidiaries and associates

As a result of the adoption of the amendments to IFRS 10 and the fair value option under IAS 28, the Company has changed its accounting policy with respect to its investments in subsidiaries and associates. Its subsidiaries and associates which were previously consolidated or equity accounted, are now accounted for at fair value through profit and loss. At the date of initial application of IFRS 10, the Company measured these investments at fair value through profit or loss as if it had done so since its establishment. As part of the required retrospective application of those changes, the Company adjusted retained earnings at the beginning of the immediately preceding period for any difference between:

a) the previous carrying amount of the investments; and

b) the fair value of the Company's investments in subsidiaries and associates.

The cumulative amount of any fair value adjustments previously recognised in other comprehensive income was transferred to retained earnings at the beginning of the period immediately preceding the date of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Subsidiaries and associates *(continued)*

At the end of each half of the financial year, the fair values of a selection of investments in subsidiaries and associates are assessed such that the fair values of all material investments in subsidiaries and associates are assessed at least once each financial year. The fair values of these investments are estimated by a qualified independent professional services firm. The valuations by this professional services firm are prepared using a number of approaches such as adjusted net asset valuations, discounted cash flows, income-related multiples and price-to-book ratio. In cases where the underlying investments of a subsidiary or associate are real estate projects or hotels, the independent valuer determines their fair value based on valuations by independent professional appraiser as set out in Note 3.2. These estimated fair values are used by the independent valuer as the primary basis for estimating each subsidiary's or associate's fair value.

Any gain or loss arising from a change in the fair value of investments in subsidiaries and associates is recognised in the statement of comprehensive income.

2.4 Foreign currency translation

a) Functional and presentation currency

The functional currency of the Company is the United States dollar ("USD"). The Company's financial statements are presented in USD.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated to be carried at fair value through profit or loss at inception. Financial assets at fair value through profit or loss held by the Company comprise listed and unlisted securities, investments in subsidiaries and associates and bonds.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise "Trade and other receivables" and "Receivables from related parties" in the balance sheet.

2.5.2 Recognition, de-recognition and measurement

Purchases or sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

If the investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured, such investments shall be measured at cost, less provision for impairment.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of comprehensive income within "net gains/(losses) on financial assets at fair value through profit or loss" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Company's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Prepayments for acquisition of investment properties

These represent prepayments made by the Company to investment/property vendors for land compensation and other related costs, and professional fees directly attributed to the projects, where the final transfer of the investment property is pending the approval of the relevant authorities and/or is subject to either the Company or the vendor completing certain performance conditions set out in agreements. Such prepayments are measured initially at cost until such time as the approval is obtained or conditions are met, at which point they are transferred to appropriate investment accounts.

2.7 Impairment of assets

(a) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(b) Impairment of financial assets at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Trade receivables

Trade receivables are amounts from sales of investments in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.10 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of ordinary shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuance of the share capital. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Any transaction costs associated with the issuing of ordinary shares are deducted from additional paid-in capital, net of any related income tax benefits.

2.11 Treasury shares

Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the treasury shares are cancelled or reissued.

Where such treasury shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

(a) Interest income

Interest income is recognised using the effective interest method. When a loan receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan receivables is recognised using the original effective interest rate.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.14 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. Enterprises and individuals that directly, or indirectly through one or more intermediary, control, or are controlled by, or under common control with, the Company, including, subsidiaries and fellow subsidiaries are related parties of the Company. Associates are individuals owning directly, or indirectly, an interest in the voting power of the Company that gives them significant influence over the entity, key management personnel, including directors and officers of the Company, the Investment Manager and their close family members. In considering related party relationships, attention is directed to the substance of the relationship, and not merely the legal form.

2.15 Impacts of changes in accounting policies

As a result of the changes in the Company's accounting policies, financial statements for prior periods were restated. The Company changed from preparing consolidated financial statements to issuing separate financial statements with its investments in subsidiaries and associates classified as financial assets at fair value through profit or loss because as an investment entity it substantially measures and evaluates the performance of its investments on a fair value basis. The Company has opted to present the balance sheet in order of liquidity as opposed to using the current and non-current classifications. The following tables show the adjustments recognised for each individual line item.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Balance sheet as at 1 July 2013

	1 July 2013 USD'000 (Consolidated)	Adjustments USD'000	1 July 2013 USD'000 (Restated)
Assets			
Non-current			
Plant and equipment	3,093	(3,093)	–
Investment properties	3,722	(3,722)	–
Investments in associates	182,090	(182,090)	–
Prepayments for acquisition of investment properties	8,239	(1,989)	6,250
Financial assets at fair value through profit or loss	4,697	183,718	188,415
Available-for-sale financial assets	5,784	(5,784)	–
Long-term loan to an associate	1,325	(1,325)	–
Other non-current assets	207	(207)	–
Total non-current assets	**209,157**	**(14,492)**	**194,665**
Current			
Inventories	7,413	(7,413)	–
Trade and other receivables	17,918	(4,346)	13,572
Short-term loans to related parties	7,501	(7,501)	–
Short-term receivables from related parties	–	2,403	2,403
Financial assets at fair value through profit or loss	467,762	60,964	528,726
Other financial assets	8,700	(8,700)	–
Cash and cash equivalents	53,392	(48,890)	4,502
Total current assets	**562,686**	**(13,483)**	**549,203**
Total assets	**771,843**	**(27,975)**	**743,868**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Balance sheet as at 1 July 2013 *(continued)*

	1 July 2013 USD'000 (Consolidated)	Adjustments USD'000	1 July 2013 USD'000 (Restated)
Equity and liabilities			
Equity			
Equity attributable to shareholders of the Company			
Share capital	3,246	–	3,246
Additional paid-in capital	722,064	–	722,064
Treasury shares	(113,639)	–	(113,639)
Revaluation reserve	31,376	(31,376)	–
Available-for-sale financial assets	4,336	(4,336)	–
Translation reserve	(18,763)	18,763	–
Retained earnings	123,823	(797)	123,026
Total equity attributable to shareholders of the Company	**752,443**	**(17,746)**	**734,697**
Non-controlling interests	**1,089**	**(1,089)**	**–**
Total equity	**753,532**	**(18,835)**	**734,697**
Liabilities			
Non-current			
Other long-term liabilities	236	(236)	–
Total non-current liabilities	**236**	**(236)**	**–**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Balance sheet as at 1 July 2013 *(continued)*

	1 July 2013 USD'000 (Consolidated)	Adjustments USD'000	1 July 2013 USD'000 (Restated)
Current			
Short-term borrowings	2,261	(2,261)	–
Trade and other payables	13,658	(5,685)	7,973
Payables to related parties	2,156	(958)	1,198
Total current liabilities	**18,075**	**(8,904)**	**9,171**
Total liabilities	**18,311**	**(9,140)**	**9,171**
Total equity and liabilities	**771,843**	**(27,975)**	**743,868**
Net asset value, USD per share attributable to shareholders of the Company	**2.88**	**(0.07)**	**2.81**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Balance sheet as at 30 June 2014

	30 June 2014 USD'000 (Consolidated)	Adjustments USD'000	30 June 2014 USD'000 (Restated)
Assets			
Non-current			
Plant and equipment	3,114	(3,114)	–
Investment properties	4,175	(4,175)	–
Investments in associates	169,505	(169,505)	–
Prepayments for acquisition of investment properties	7,895	(1,645)	6,250
Financial assets at fair value through profit or loss	4,697	184,952	189,649
Available-for-sale financial assets	6,033	(6,033)	–
Other non-current assets	792	(792)	–
Total non-current assets	**196,211**	**(312)**	**195,899**
Current			
Inventories	7,216	(7,216)	–
Trade and other receivables	14,515	(9,718)	4,797
Short-term loans to related parties	5,235	(5,235)	–
Short-term receivables from related parties	–	331	331
Financial assets at fair value through profit or loss	552,339	26,968	579,307
Other financial assets	4,695	(4,695)	–
Cash and cash equivalents	21,551	(20,240)	1,311
Total current assets	**605,551**	**(19,805)**	**585,746**
Assets classified as held for sale	3,726	(3,726)	–
Total assets	**805,488**	**(23,843)**	**781,645**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Balance sheet as at 30 June 2014 *(continued)*

	30 June 2014 USD'000 (Consolidated)	Adjustments USD'000	30 June 2014 USD'000 (Restated)
Equity and liabilities			
Equity			
Equity attributable to shareholders of the Company			
Share capital	3,246	–	3,246
Additional paid-in capital	722,064	–	722,064
Treasury shares	(165,939)	–	(165,939)
Revaluation reserve	33,281	(33,281)	–
Translation reserve	(19,186)	19,186	–
Retained earnings	205,489	6,520	212,009
Total equity attributable to shareholders of the Company	**778,955**	**(7,575)**	**771,380**
Non-controlling interests	**849**	**(849)**	**–**
Total equity	**779,804**	**(8,424)**	**771,380**
Liabilities			
Non-current			
Other long-term liabilities	189	(189)	–
Total non-current liabilities	**189**	**(189)**	**–**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Balance sheet as at 30 June 2014 *(continued)*

	30 June 2014 USD'000 (Consolidated)	Adjustments USD'000	30 June 2014 USD'000 (Restated)
Current			
Short-term borrowings	7,839	(7,839)	–
Trade and other payables	4,566	(4,547)	19
Payables to related parties	13,090	(2,844)	10,246
Total current liabilities	**25,495**	**(15,230)**	**10,265**
Total liabilities	**25,684**	**(15,419)**	**10,265**
Total equity and liabilities	**805,488**	**(23,843)**	**781,645**
Net asset value, USD per share attributable to shareholders of the Company	**3.27**	**(0.03)**	**3.24**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Statement of income for the year ended 30 June 2014

	Year ended		
	30 June 2014 USD'000 (Consolidated)	**Adjustments USD'000**	**30 June 2014 USD'000 (Restated)**
Revenue	11,445	(11,445)	–
Cost of sales	(8,377)	8,377	–
Gross profit	**3,068**	**(3,068)**	**–**
Dividend income	19,804	51,122	70,926
Interest income	1,951	(1,951)	–
Net gains/(losses) on financial assets at fair value through profit or loss	97,307	(45,492)	51,815
Fair value gain on investment properties	473	(473)	–
Selling, general and administration expenses	(26,864)	4,337	(22,527)
Other income	6,558	(6,189)	369
Other expenses	(14,725)	3,125	(11,600)
Operating profit	**87,572**	**1,411**	**88,983**
Finance income	224	(224)	–
Finance costs	(938)	938	–
Finance costs – net	(714)	714	–
Share of losses of associates, net of tax	(4,230)	4,230	–
	(4,944)	4,944	–
Profit before tax	**82,628**	**6,355**	**88,983**
Corporate income tax	(64)	64	–
Withholding taxes imposed on investment income	(1,137)	1,137	–
Profit for the year	**81,427**	**7,556**	**88,983**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Statement of income for the year ended 30 June 2014 *(continued)*

	Year ended		
	30 June 2014 USD'000 (Consolidated)	Adjustments USD'000	30 June 2014 USD'000 (Restated)
Profit attributable to:			
Owners of the Company	81,666	7,317	88,983
Non-controlling interests	(239)	239	–
	81,427	7,556	88,983
Earnings per share			
– basic and diluted (USD per share)	0.33	0.03	0.36

Statement of comprehensive income for the year ended 30 June 2014

	Year ended		
	30 June 2014 USD'000 (Consolidated)	Adjustments USD'000	30 June 2014 USD'000 (Restated)
Profit for the year	**81,427**	**7,556**	**88,983**
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
– Disposal of available-for-sale financial assets	(4,336)	4,336	–
– Currency translation differences	(424)	424	–
	(4,760)	4,760	–
Items that will not be reclassified subsequently to profit or loss			
– Share of revaluation reserves of associates	1,905	(1,905)	–
Other comprehensive loss for the year	**(2,855)**	**2,855**	**–**
Total comprehensive income for the year	**78,572**	**10,411**	**88,983**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Statement of cash flows for the year ended 30 June 2014

	Year ended		
	30 June 2014 USD'000 (Consolidated)	**Adjustments USD'000**	**30 June 2014 USD'000 (Restated)**
Operating activities			
Profit before tax	82,628	6,355	88,983
Adjustments for:			
– Asset depreciation and write off	674	(674)	–
– Dividend income	–	(70,926)	(70,926)
– Net gain from realisation of financial assets at fair value through profit or loss	(9,134)	9,134	–
– Unrealised gains/(losses) on financial assets at fair value through profit or loss	(88,173)	36,358	(51,815)
– Gain on disposal of available-for-sale financial assets	(4,336)	4,336	–
– Fair value gain of investment properties	(473)	473	–
– Gain on disposal of plant and equipment	(69)	69	–
– Share of losses of associates	4,230	(4,230)	–
– Unrealised losses from foreign exchange differences	76	(76)	–
– Interest expense	573	(573)	–
– Reversal of impairment losses	(249)	249	–
– Impairment of other assets	14,045	(2,445)	11,600
Loss before changes in working capital	**(208)**	**(21,950)**	**(22,158)**
Change in trade receivables and other assets	(3,184)	2,431	(753)
Change in inventories	197	(197)	–
Change in trade payables and other liabilities	9,041	(7,947)	1,094
Income taxes paid	(1,201)	1,201	–
Dividend receipts	–	18,626	18,626
Net cash inflow/(outflow) from operating activities	**4,645**	**(7,836)**	**(3,191)**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Statement of cash flows for the year ended 30 June 2014 *(continued)*

		Year ended	
	30 June 2014 USD'000 (Consolidated)	**Adjustments USD'000**	**30 June 2014 USD'000 (Restated)**
Cash flows from investing activities			
Purchases of plant and equipment	(756)	756	–
Proceeds from disposal of plant and equipment	96	(96)	
Dividends received	2,837	(2,837)	–
Financial assets at fair value through profit or loss:			
– Acquisitions of investments	(76,216)	76,216	–
– Proceeds from disposals	88,947	(88,947)	–
Investments in associates:			
– Acquisitions of investments	(1,137)	1,137	–
– Proceeds from disposals	2,663	(2,663)	–
Assets classified as held for sale:			
– Proceeds from disposals	5,375	(5,375)	–
Term deposits at bank	(4,695)	4,695	–
Shareholder loans:			
– Advances made	(1,888)	1,888	–
– Repayments received	2,829	(2,829)	–
Net cash inflow from investing activities	**18,055**	**(18,055)**	**–**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impacts of changes in accounting policies *(continued)*

Statement of cash flows for the year ended 30 June 2014 *(continued)*

		Year ended	
	30 June 2014 USD'000 (Consolidated)	**Adjustments USD'000**	**30 June 2014 USD'000 (Restated)**
Cash flows from financing activities			
Interest paid	(573)	573	–
Payments for shares repurchased	(59,545)	59,545	–
Loan proceeds from banks	25,798	(25,798)	–
Loan repayment to banks	(20,221)	20,221	–
Net cash outflow from financing activities	**(54,541)**	**54,541**	**–**
Net change in cash and cash equivalents for the year	**(31,841)**	**28,650**	**(3,191)**
Cash and cash equivalents at the beginning of the year	53,392	(48,890)	4,502
Cash and cash equivalents at the end of the year	**21,551**	**(20,240)**	**1,311**

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the financial statements, the Board relies on a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements.

3.1 Eligibility to qualify as an investment entity

The Company has determined that it is an investment entity under the definition in IFRS 10 as it meets the following criteria:

a) the Company has obtained funds from investors for the purpose of providing those investors with investment management services;

b) the Company's business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

c) the performance of investments made by the Company are substantially measured and evaluated on a fair value basis.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

3.1 Eligibility to qualify as an investment entity *(continued)*

The Company also has the typical characteristics of an investment entity:

- it holds more than one investment;
- it has more than one investor;
- it has investors that are not its related parties; and
- it has ownership interests in the form of equity or similar interests.

As a consequence, the Company does not consolidate its subsidiaries and accounts for them at fair value through profit or loss. See Note 2.15 above for information regarding the impact of the change in accounting policy.

3.2 Fair value of subsidiaries and associates and their underlying investments

As at 30 June 2015, 100% (30 June 2014 restated: 100%) of the financial assets at fair value through profit and loss relate to the Company's investments in subsidiaries and associates that have been fair valued in accordance with the policies set out above. The Company has investments in a number of subsidiaries and associates which were established to hold underlying investments. The shares of the subsidiaries and associates are not publicly traded; return of capital to the Company can only be made by divesting the underlying investments of the subsidiaries and associates. As a result, the carrying value of the subsidiaries and associates may not be indicative of the value ultimately realised on divestment.

The underlying investments include listed and unlisted securities, private equity and real estate assets. Where an active market exists (for example, for listed securities), the fair value of the subsidiary or associate reflects the asset value of the underlying holdings. Where no active market exists, valuation techniques are used.

As at 30 June 2015 and 30 June 2014, the Company classifies its investments in subsidiaries and associates as Level 3 within the fair value hierarchy, because they are held by subsidiaries and associates which are not publicly traded, even when the underlying assets are readily realisable.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

3.2 Fair value of subsidiaries and associates and their underlying investments *(continued)*

The fair value of the investments in subsidiaries and associates is primarily based on their net asset value. The estimated fair values provided by the qualified independent professional services firm are used by the Audit and Valuation Committee as the primary basis for estimating each investment's fair value for recommendation to the Board. Information about the significant judgements, estimates and assumptions that are used in the valuation of these investments is discussed below.

(a) Valuation of assets that are traded in an active market

The fair values of listed securities are based on quoted market prices at the close of trading on the reporting date. For unlisted securities which are traded in an active market, fair value is the average quoted prices at the close of trading obtained from a minimum sample of three reputable securities companies at the reporting date. Other relevant measurement bases are used if broker quotes are not available or if better and more reliable information is available.

(b) Valuation of assets that are not traded in an active market

The fair value of assets that are not traded in an active market (for example, private equities and real estate where market prices are not readily available) is determined by using valuation techniques. The independent valuer uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Independent valuations are also obtained from appropriately qualified independent valuation firms. The valuations may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(b.1) Valuation of investments in private equities

The Company's private equity holdings are fair valued using the discounted cash flow and market comparison methods. The projected future cash flows are driven by management's business strategies and goals and its assumptions of growth in gross domestic product ("GDP"), market demand, inflation, etc. the independent valuer uses discount rates that reflect the uncertainty of the amount and timing of the cash flows.

Depending on the development stage of a business and its associated risks, the independent valuer uses discount rates in the range from 25% to 30% and terminal growth rates of 5% to 6% (30 June 2014: 25% to 30% and 5% to 6%, respectively). As at 30 June 2015, if the discount rates had been higher/lower, the fair value of the Company's private equity investments would have gone down/up. In contrast, if the terminal growth rates had been higher/lower, these investments' fair value would have increased/decreased.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

3.2 Fair value of subsidiaries and associates and their underlying investments *(continued)*

(b) Valuation of assets that are not traded in an active market (continued)

(b.2) Valuation of real estate and hospitality investments

A number of the Company's real estate investments are co-invested with VinaLand Limited ("VNL"), another fund managed by the Investment Manager. In most cases, VNL holds a controlling stake in the joint venture companies and therefore exerts control over the investments. As both funds are managed by the same Investment Manager, each fund's investment objectives for each property are generally the same. However, given VNL has an investment objective of disposing of a portion of its portfolio, the Company would potentially be put in a position where sales may be triggered earlier than ideally desired. The Board reviews all such decisions and under normal circumstances is not prepared to assume the development risk that would result from continuing to hold an investment which VNL is selling. The Company also holds a stake in VNL itself and supports the board of that company in its objective of disposing of a portion of its assets.

The fair values of underlying real estate properties are based on valuations by independent professional valuers including CBRE, Savills, Jones Lang LaSalle, Cushman & Wakefield and HVS. These valuations are based on certain assumptions which are subject to uncertainty and might materially differ from the actual results of a sale. The estimated fair values provided by the independent professional real estate appraisers are used by the independent valuer as the primary basis for estimating fair value of the Company's subsidiaries and associates that hold these properties in accordance with accounting policies set out in section 2.3.

In conjunction with making its judgement for the fair value of the Company's underlying real estate and hospitality investments, the independent valuer considers information from a variety of sources including:

a. current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

b. recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

c. recent developments and changes in laws and regulations that might affect zoning and/or the Company's ability to exercise its rights in respect to properties and therefore fully realise the estimated values of such properties;

d. discounted cash flow projections based on estimates of future cash flows, derived from the terms of external evidence such as current market rents, occupancy and room rates, and sales prices for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and

e. recent compensation prices made public by the local authority at the province where the property is located.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

3.2 Fair value of subsidiaries and associates and their underlying investments *(continued)*

(b) Valuation of assets that are not traded in an active market (continued)

(b.2) Valuation of real estate and hospitality investments (continued)

As at 30 June 2015, discount rates ranged from 15% to 21.5% (30 June 2014: 14.5% to 22%). As at the year end, if the discount rates had been higher/lower, the fair value of the Company's underlying real estate and hospitality investments would have been decreased/increased.

The average occupancy and room rates used in the discounted cash flow projections for the Company's hospitality investments are 69% and USD235 (30 June 2014: 67.5% and USD233, respectively). As at 30 June 2015, if the occupancy and room rates had been higher/lower, the fair value of the Company's underlying hospitality investments would have risen/gone down.

4 SEGMENT ANALYSIS

In identifying its operating segments, management follows the subsidiaries' sectors of investment which are based on internal management reporting information. The operating segments by investment portfolio include capital markets, real estate, hospitality, private equity and cash (including cash and cash equivalents, bonds, and short-term deposits) sectors.

Each of the operating segments are managed and monitored individually by the Investment Manager as each requires different resources and approaches. The Investment Manager assesses segment profit or loss using a measure of operating profit or loss from the underlying investment assets of the subsidiaries. Expenses and liabilities which are common to all segments are allocated based on each segment's share of total assets. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4 SEGMENT ANALYSIS *(continued)*

Segment information can be analysed as follows:

Statement of comprehensive income

	Capital markets USD'000	Real estate and hospitality USD'000	Private equity USD'000	Total USD'000
Year ended 30 June 2015				
Dividend income	69,197	–	–	69,197
Net gains/(losses) on financial assets at fair value through profit or loss	(62,114)	(222)	5,947	(56,389)
General and administration expenses (Note 15)	(13,698)	(2,999)	(807)	(17,504)
Other income	382	–	–	382
Impairment losses (Note 16)	–	(1,058)	–	(1,058)
(Loss)/profit before tax	**(6,233)**	**(4,279)**	**5,140**	**(5,372)**
Year ended 30 June 2014 (restated)				
Dividend income	70,926	–	–	70,926
Net gains/(losses) on financial assets at fair value through profit or loss	45,260	6,807	(252)	51,815
General and administration expenses (Note 15)	(19,528)	(2,860)	(139)	(22,527)
Other income	369	–	–	369
Impairment losses (Note 16)	–	–	(11,600)	(11,600)
Profit/(loss) before tax	**97,027**	**3,947**	**(11,991)**	**88,983**

4 SEGMENT ANALYSIS *(continued)*

Balance sheet

Assets

	Capital markets USD'000	Real estate and hospitality USD'000	Private equity USD'000	Cash USD'000	Total USD'000
As at 30 June 2015					
Cash and cash equivalents	–	–	–	906	906
Short-term receivables from related parties	382	–	–	–	382
Trade and other receivables	4,697	–	–	–	4,697
Financial assets at fair value through profit or loss	476,054	185,257	51,256	–	712,567
Prepayments for acquisitions of investment properties	–	5,192	–	–	5,192
Total assets	**481,133**	**190,449**	**51,256**	**906**	**723,744**
Payables to related parties	4,580	359	97	–	5,036
Other payables	44	–	–	–	44
Total liabilities	**4,624**	**359**	**97**	**–**	**5,080**
Net asset value	**476,509**	**190,090**	**51,159**	**906**	**718,664**

4 SEGMENT ANALYSIS *(continued)*

Assets *(continued)*

	Capital markets USD'000	Real estate and hospitality USD'000	Private equity USD'000	Cash USD'000	Total USD'000
As at 30 June 2014 (restated)					
Cash and cash equivalents	–	–	–	1,311	1,311
Short-term receivables from related parties	331	–	–	–	331
Trade and other receivables	4,797	–	–	–	4,797
Financial assets at fair value through profit or loss	573,985	185,647	9,324	–	768,956
Prepayments for acquisitions of investment properties	–	6,250	–	–	6,250
Total assets	**579,113**	**191,897**	**9,324**	**1,311**	**781,645**
Payables to related parties	9,929	303	14	–	10,246
Other payables	19	–	–	–	19
Total liabilities	**9,948**	**303**	**14**	**–**	**10,265**
Net asset value	**569,165**	**191,594**	**9,310**	**1,311**	**771,380**

5 INTERESTS IN SUBSIDIARIES AND ASSOCIATES

5.1 Subsidiaries

The Company had the following principal subsidiaries as at 30 June 2015 and 30 June 2014:

		As at		
Name	Country of incorporation	30 June 2015 % of Company interest	30 June 2014 % of Company interest	Nature of the business
Vietnam Investment Property Holding Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities and real estate
Vietnam Investment Property Limited	BVI	100.00	100.00	Holding company for listed, and unlisted securities
Vietnam Ventures Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities and real estate
Vietnam Investments Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities and real estate
Asia Value Investment Limited	BVI	100.00	100.00	Holding company for listed, and unlisted securities
Vietnam Master Holding 2 Limited	BVI	100.00	100.00	Holding company for listed securities
VOF Investment Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities, real estate, hospitality and private equity
VOF PE Holding 5 Limited	BVI	100.00	100.00	Holding company for listed securities
Visaka Holdings Limited	BVI	100.00	100.00	Holding company for treasury shares
Portal Global Limited	BVI	100.00	100.00	Holding company for listed securities
Winstar Resources Limited	BVI	100.00	100.00	Holding company for listed securities
Howard Holding Pte. Limited	Singapore	100.00	100.00	Holding company for private equity
Fraser Investment Pte. Limited	Singapore	100.00	100.00	Holding company for listed securities
SE Asia Master Holding 7 Pte Limited	Singapore	100.00	100.00	Holding company for private equity
Alright Assets Limited	Singapore	100.00	100.00	Holding company for real estate
VTC Espero Limited	Singapore	100.00	100.00	Holding company for real estate
American Home Vietnam Co., Limited	Vietnam	100.00	100.00	Ceramic tiles
Yen Viet Joint Stock Company	Vietnam	65.00	65.00	Birdnest products
International Dairy Products Joint Stock Company	Vietnam	56.00	–	Dairy products

There is no legal restriction to the transfer of funds from the BVI or Singapore subsidiaries to the Company. Cash held in Vietnamese subsidiaries is subject to restrictions imposed by co-investors and the Vietnamese government and therefore it cannot be transferred out of Vietnam unless such restrictions are satisfied.

5 INTERESTS IN SUBSIDIARIES AND ASSOCIATES *(continued)*

5.1 Subsidiaries *(continued)*

The Company has commitments under investment certificates it has received for real estate projects jointly invested with VinaLand Limited, a related party under common management, and other agreements it has entered into, to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam. Further investments in many of these arrangements are at the Company's discretion

5.2 Associates

		As at		
		30.6.2015	30.6.2014	
Name	Country of incorporation	% of Company interest	% of Company interest	Nature of the business
Pacific Alliance Land Limited	BVI	25.00	25.00	Holding company for real estate
Sunbird Group Limited	BVI	25.00	25.00	Holding company for real estate
VinaCapital Danang Resorts Limited	BVI	25.00	25.00	Holding company for real estate
Vietnam Property Holdings Limited	BVI	25.00	25.00	Holding company for real estate
Prosper Big Investment Limited	BVI	25.00	25.00	Holding company for real estate
VinaCapital Commercial Center Private Limited	Singapore	12.75	12.75	Holding company for real estate
Mega Assets Pte. Limited	Singapore	25.00	25.00	Holding company for real estate
SIH Real Estate Pte. Limited	Singapore	25.00	25.00	Holding company for real estate
VinaLand Eastern Limited	Singapore	25.00	25.00	Holding company for real estate

The Company has a 12.75% equity interest in VinaCapital Commercial Center Private Limited. The Company co-invested in this entity with VinaLand Limited ("VNL"), an investment company also managed by the Investment Manager. The Company considers this interest as an investment in an associate because, as part of the co-investment strategy, it can exert significant influence on the entity.

5 INTERESTS IN SUBSIDIARIES AND ASSOCIATES *(continued)*

5.3 Financial risks

The Company owns a number of subsidiaries for the purpose of holding investments in listed and unlisted securities, debt instruments, private equity and real estate. The Company, via these underlying investments, is subject to financial risks which are further disclosed in Note 22. The Investment Manager makes investment decisions after performing extensive due diligence on the underlying investments, their strategies, financial structure and the overall quality of management.

6 CASH AND CASH EQUIVALENTS

	30 June 2015 USD'000	30 June 2014 USD'000
Cash in banks	**906**	**1,311**

As at the balance sheet date, cash and cash equivalents were denominated in USD. Please refer to Note 8 for the balance of cash and cash equivalents held at the Company's subsidiaries.

7 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
As at 30 June 2015			
Cash and cash equivalents	906	–	**906**
Short-term receivables from related parties	382	–	**382**
Trade and other receivables	4,697	–	**4,697**
Financial assets at fair value through profit or loss	–	712,567	**712,567**
Total	**5,985**	**712,567**	**718,552**
Financial assets denominated in:			
– USD	5,985	712,567	**718,552**
As at 30 June 2014 (restated)			
Cash and cash equivalents	1,311	–	1,311
Short-term receivables from related parties	331	–	331
Trade and other receivables	4,797	–	4,797
Financial assets at fair value through profit or loss	–	768,956	768,956
Total	**6,439**	**768,956**	**775,395**
Financial assets denominated in:			
– USD	6,439	768,956	**775,395**

All financial liabilities are short term in nature and their carrying values approximate their fair values. There are no financial liabilities that must be accounted for at fair value through profit or loss (30 June 2014: nil).

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit and loss comprise the Company's investments in subsidiaries and associates. The underlying assets and liabilities of the subsidiaries and associates carried at fair value are disclosed in the following table:

	30 June 2015 USD'000	30 June 2014 USD'000
In Vietnam:		
Cash and cash equivalents	22,752	19,810
Government bonds	–	19,241
Ordinary shares – listed	401,218	449,106
– unlisted and over-the-counter ("OTC")	63,810	83,992
Private equity	51,256	9,324
Real estate projects and hospitality	168,776	178,845
Other assets, net of liabilities	4,755	8,638
	712,567	**768,956**

The sectors of the major underlying investments held by in the Company's subsidiaries are as follows:

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Consumer goods	175,391	149,599
Construction	94,341	101,599
Financial services	52,991	54,542
Agriculture	22,056	94,251
Energy, minerals and petroleum	58,153	57,642
Pharmaceuticals	21,356	28,886
Real estate and hospitality	257,491	233,363
Government bonds	–	19,241

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

As at 30 June 2015, an underlying holding, Vietnam Dairy Products Joint Stock Company, within financial assets at fair value through profit or loss amounted to 11% of the net asset value of the Company (30 June 2014: 12.2%). There were no other holdings that had a value exceeding 10% of the net asset value of Company as at 30 June 2015 or 30 June 2014.

9 PREPAYMENTS FOR ACQUISITIONS OF INVESTMENT PROPERTIES

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Historical costs	8,986	8,986
Less: cumulative allowance for impairment losses	(3,794)	(2,736)
	5,192	**6,250**

Movements in the prepayments and allowance for impairment during the year are as below:

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Opening balance	2,736	2,736
Charge for the year	1,058	–
Closing balance	**3,794**	**2,736**

Prepayments are made by the Company to property vendors where the final transfer of the properties is pending the approval of the relevant authorities and/or subject to either the Company or the vendor completing certain performance conditions set out in agreements.

As at 30 June 2015, due to market conditions, impairment allowances of USD1.1 million (30 June 2014: nil) have been taken against the prepayments for acquisitions of investments. The relevant recoverable amounts are fair values less costs to sell estimated by an independent professional qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and categories of the properties for which the prepayments are made.

The valuations by the independent valuation company are prepared based upon direct comparison with sales of other similar properties in the area and the expected future discounted cash flows of each property using a yield that reflects the risks inherent therein and a forecast horizon of 6 years. The discount rate applied is 20% (30 June 2014: 20%). If the sale prices of similar properties had increased/decreased, it is expected that the recoverable amounts of these prepayments would have moved up/down accordingly. On the other hand, if discount rates had risen/dropped, their recoverable amounts would have decreased/increased as a result.

It is the Company's view that all of its prepayments for acquisitions of investments are in Level 3 of the fair value hierarchy.

10 SHARE CAPITAL

	30 June 2015 Number of shares	30 June 2015 USD'000	30 June 2014 Number of shares	30 June 2014 USD'000
Ordinary shares of USD0.01 each:				
Authorised	500,000,000	5,000	500,000,000	5,000
Issued and fully paid	324,610,259	3,246	324,610,259	3,246

11 TREASURY SHARES

	30 June 2015 Number of shares	30 June 2015 USD'000	30 June 2014 Number of shares	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	86,355,265	165,939	63,233,988	113,639
Shares repurchased during the year	18,297,382	47,344	23,121,277	52,300
Closing balance	104,652,647	213,283	86,355,265	165,939

During the year, the Company purchased 18,297,382 of its ordinary shares (year ended 30 June 2014: 23,121,277 shares) for total cash consideration of USD47.3 million (year ended 30 June 2014: USD52.3 million). The consideration was paid with cash from one of the Company's subsidiaries. All purchases had been fully settled by the balance sheet dates. Please refer to Note 23 for the disclosure of cancellation of treasury shares subsequent to the year end.

12 PAYABLES TO RELATED PARTIES

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Management fees payable to the Investment Manager (Note 20)	938	1,013
Incentive fees payable to the Investment Manager (Note 20)	3,672	9,013
Other payables to related parties	426	220
	5,036	**10,246**

All payables to related parties are short-term in nature. Therefore, their carrying values are considered a reasonable approximation of their fair values.

13 DIVIDEND INCOME

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Dividend income from a subsidiary used to pay for the Company's share repurchases (*)	47,344	52,300
Dividend income from a subsidiary used to pay for the Company's operating expenses	21,853	18,626
	69,197	**70,926**

(*) The dividends income was settled by the subsidiary's payments on the Company's behalf for its share repurchases.

Since cash was transferred out of the subsidiary as settlement for the dividend income, the subsidiary's fair value decreased, thus resulting in losses on financial assets at fair value through profit or loss as described in Note 14.

14 NET (LOSSES)/GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended	
	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Financial assets at fair value through profit or loss:		
– Gains from the realisation of financial assets, net	114	–
– Unrealised (losses)/gains, net	(56,503)	51,815
Total	**(56,389)**	**51,815**

The above net (losses)/gains on financial assets at fair value through profit or loss includes dividend and interest income of USD16.3 million earned by the Company's subsidiaries during the year (year ended 30 June 2014: USD21.7 million). The net (losses)/gains also include total payments of USD47.3 million which a subsidiary paid for the Company's share repurchases made during the year (year ended 30 June 2014: USD52.3 million) as explained in Note 13. Also included in these (losses)/gains were this subsidiary's dividend payments of USD21.9 million to the Company to cover its operating expenses (year ended 30 June 2014: USD18.6 million).

15 GENERAL AND ADMINISTRATION EXPENSES AND ONGOING CHARGES

(a) General and administration expenses

	Year ended	
	30 June 2015 USD'000	**30 June 2014 USD'000 Restated**
Management fees (Note 20(a))	11,395	11,647
Incentive fees – capital market portfolio	3,672	9,013
Incentive fees – direct real estate portfolio	–	–
Directors' fees	377	364
Custodian, secretarial and other professional fees	1,508	1,178
Others	552	325
	17,504	**22,527**

(b) Total expenses ratio

	Year ended	
	30 June 2015 USD'000	**30 June 2014 USD'000**
Total expenses ratio	1.73%	1.72%
Incentive fees	0.49%	1.17%
Total expenses ratio including incentive fees	**2.22%**	**2.89%**

Total expenses ratio has been calculated in accordance with the Association of Investment Companies ("AIC") recommended methodology dated May 2012. It is the ratio of annualised ongoing charges over the average undiluted NAV of the Company during the year.

Expenses include management fees, directors' fees and expenses, recurring audit and tax services, custody and fund administration services, fund accounting services, secretarial services, registrars' fees, public relations fees, insurance premiums, regulatory fees and similar charges.

16 IMPAIRMENT LOSSES

	Year ended 30 June 2015 USD'000	Year ended 30 June 2014 USD'000 Restated
Impairment on prepayments for acquisitions of investment properties	1,058	–
Impairment on other receivables	–	11,600
	1,058	**11,600**

During the year ended 30 June 2014, the Company made a full provision for a receivable from a third party which did not have the financial capability to settle the balance.

17 INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, there are no income, state, corporation, capital gains or other taxes payable by the Company.

A number of subsidiaries are established in Vietnam and Singapore and are subject to corporate income tax in those countries. The income tax payable by these subsidiaries is included in their fair values as disclosed in the line item "Financial assets at fair value through profit or loss" on the balance sheet.

The relationship between the estimated income tax expense based on the applicable income tax rate of 0% and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

	Year ended 30 June 2015 USD'000	Year ended 30 June 2014 USD'000 Restated
(Loss)/profit before tax	(5,372)	88,983
Applicable tax rate	0%	0%
Income tax	**–**	**–**

There is no deferred income tax.

18 (LOSS)/EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit from operations of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (Note 11).

	Year ended	
	30 June 2015 USD'000	**30 June 2014 USD'000 Restated**
(Loss)/profit for the year (USD'000)	(5,372)	88,983
Weighted average number of ordinary shares in issue	228,742,512	246,934,372
Basic (loss)/earnings per share (USD per share)	(0.02)	0.36

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no category of potentially dilutive ordinary shares. Therefore, diluted (loss)/earnings per share is equal to basic (loss)/earnings per share.

(c) Net asset value per share

Net asset value ("NAV") per share is calculated by dividing the net asset value of the Company by the number of outstanding ordinary shares in issue as at the reporting date excluding ordinary shares purchased by the Company and held as treasury shares (Note 11). NAV is determined as total assets less total liabilities.

	30 June 2015 USD'000	**30 June 2014 USD'000**
Net asset value (USD'000)	718,664	771,380
Number of outstanding ordinary shares on issue	219,957,612	238,254,994
Net asset value per share (USD/share)	3.27	3.24

19 DIRECTORS' REMUNERATION

The aggregate directors' fees for the year amounted to USD377,944 (year ended 30 June 2014 (restated): USD364,000), of which there was no outstanding amount payable at the reporting date (30 June 2014: nil).

The details of remuneration for each director are summarised below:

	Year ended	
	30 June 2015 USD	**30 June 2014 USD**
Steven Bates	95,000	95,000
Martin Adams	80,000	80,000
Thuy Bich Dam	80,000	19,000
Martin Glynn (*)	32,444	80,000
Michael Gray	90,000	90,000
Don Lam	–	–
	377,444	**364,000**

(*) Martin Glynn retired on 27 November 2014.

20 RELATED PARTIES

(a) Management fees
Under an amended and restated investment management agreement dated 24 June 2013 which became effective as of 1 July 2013 (the "Amended Management Agreement"), the Investment Manager receives a fee at an annual rate of 1.5% of the NAV, payable monthly in arrears.

Total management fees for the year amounted to USD11.4 million (the year ended 30 June 2014: USD11.6 million), with USD0.9 million (30 June 2014: USD1.0 million) in outstanding accrued fees due to the Investment Manager at the reporting date.

20 RELATED PARTIES *(continued)*

(b) Incentive fees

Under the Amended Management Agreement dated 24 June 2013 and the latest amendment dated 15 October 2014, from 1 July 2013, the incentive fee was changed to be 15% of the increase in NAV per share over a hurdle rate of 8% per annum. A catch up is no longer applied. Furthermore, for the purposes of calculating incentive fees, the Company's net assets are segregated into a Direct Real Estate Portfolio and a Capital Markets Portfolio. Shares bought back by the Company shall be treated as distributions, with the purchase amounts allocated to each portfolio subtracted from the relevant portfolio as an adjustment to the high water mark per share. A separate incentive fee is calculated for each portfolio so that for any balance sheet date it will be possible for an incentive fee to become payable in relation to one, both, or neither, portfolio depending upon the performance of each portfolio. However, the maximum incentive fee that can be paid in any given year in respect to a portfolio is 1.5% of the NAV of that portfolio at the balance sheet date. Any incentive fees earned in excess of the cap may be paid out in subsequent years providing that certain performance targets are met.

There has been a difference of interpretation between the Company and the Investment Manager about certain provisions of the investment management agreement relating to the incentive fee. The Board has taken independent legal advice on the matter. In order to avoid the costs and financial uncertainty of recourse to a legal solution, the Board and the Investment Manager agreed the total incentive fees for the year amounted to USD3.7 million (the year ended 30 June 2014: 9.0 million), with USD3.7 million (30 June 2014: USD9.0 million) in outstanding accrued fees due to the Investment Manager at the reporting date. Furthermore the Investment Manager and the Board have agreed that the investment management agreement will be modified to reduce the possibility of differences of interpretation in the future.

(c) Other balances with related parties

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Receivables from the Investment Manager on management fees rebate	382	331
Payables to the Investment Manager on expenses paid on behalf	427	220
Investments in other investment funds managed by the Investment Manager, held by a subsidiary of the Company:		
– Vietnam Infrastructure Limited	5,860	4,955
– VinaLand Limited	18,698	20,053
	24,558	**25,008**

21 COMMITMENTS

The Company's real estate associates have a broad range of commitments under investment licences which they have received for real estate projects jointly invested with VinaLand Limited, a related party under common management, and other agreements they have entered into, to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam. Further investments in many of these arrangements are at the Company's discretion.

22 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company has set up a number of subsidiaries as well as invested in some associates for the purpose of holding investments in listed and unlisted securities, debt instruments, private equity and real estate in Vietnam and overseas with the objective of achieving medium to long-term capital appreciation and providing investment income. The Company accounts for these subsidiaries and associates as financial assets at fair value through profit or loss. The fair values are therefore subject to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the Company's financial performance. The Company's risk management is coordinated by the Investment Manager who manages the distribution of the assets to achieve the investment objectives.

There have been no significant changes in the management of risk or in any risk management policies since the last balance sheet date.

Foreign exchange risk

The Company's subsidiaries' exposure to risk resulting from changes in currency exchange rates is moderate as, although transactions in Vietnam are settled in the VND, the value of the VND has in recent times been closely tied to that of the USD, the reporting currency.

Neither the Company nor any of its subsidiaries or associates hedges currency exposure, but cash may be held in either VND or USD. The Board and Investment Manager regularly review the costs and potential benefits of currency hedging. The Company did not enter into any currency hedges in the reporting period and it is considered unlikely that it will do so in the foreseeable future.

As at 30 June 2015 and 30 June 2014, the fair value of the Company's investments in subsidiaries and associates is exposed to foreign currency risk mainly because they hold financial assets and liabilities denominated in VND. As at the reporting date, had the VND weakened/strengthened by 5 per cent in relation to the USD, with all other variables held constant, the balance of financial assets held at fair value through profit or loss would have been lower/higher by USD33.2 million (30 June 2014 (restated): USD36.1 million).

22 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

Price risk
Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or factors affecting all instruments traded in the market.

The Company's subsidiaries invest in listed and unlisted equity securities and are exposed to market price risk of these securities.

The majority of the Company's subsidiaries' equity investments are publicly traded on either of Vietnam's stock exchanges (HOSE or HNX).

All securities investments present a risk of loss of capital. This risk is managed through the careful selection of securities and other financial instruments within specified limits and by holding a diversified portfolio of listed and unlisted instruments. In addition, the performance of investments held by the Company is monitored by the Investment Manager on a monthly basis and reviewed by the Board of Directors on a quarterly basis.

If the prices of the securities had increased/decreased by 10 per cent, the Company's financial assets held at fair value through profit or loss would have been higher/lower by USD44 million (30 June 2014 (restated): USD50.8 million).

The Company's associates invest in a number of real estate projects. The fair values of the underlying properties have a direct impact on the fair values of these investments in associates. The Investment Manager closely monitors indicators that may affect property valuations. The Board of Directors is also highly involved through its quarterly reviews of these valuations.

If the fair values of real estate properties had gone up/down by 10 per cent, the Company's financial assets at fair value through profit and loss would have risen/dropped by USD10.7 million (30 June 2014 (restated): USD11.1 million).

Interest rate risk
The Company's subsidiaries' exposure to interest rate risk is related to interest bearing financial assets and financial liabilities. Cash and cash equivalents, and government bonds are subject to interest at fixed rates. They are exposed to fair value changes due to interest rate changes. The Company's subsidiaries had no significant financial liabilities with floating interest rates. As a result, the Company had limited exposure to cash flow and interest rate risk.

22 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

Liquidity risk
Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Listed securities held by the Company's subsidiaries are considered readily realisable, as the majority are listed on Vietnam's stock exchanges.

At year end, the Company's non-derivative financial liabilities have contractual maturities which are summarised in the table below. The amounts in the table are the contractual undiscounted cash flows.

	30 June 2015		30 June 2014	
	Within 12 months USD'000	Over 12 months USD'000	Within 12 months USD'000	Over 12 months USD'000
Payables to related parties (Note 12)	5,036	–	10,246	–
Other payables	44	–	19	–
	5,080	**–**	**10,265**	**–**

The Company manages its liquidity risk by investing predominantly in securities through its subsidiaries that it expects to be able to liquidate within 12 months or less. The following table analyse the expected liquidity of the underlying assets held by the Company and its subsidiaries and associates:

	30 June 2015		30 June 2014 Restated	
	Within 12 months USD'000	Over 12 months USD'000	Within 12 months USD'000	Over 12 months USD'000
Cash and cash equivalents	906	–	1,311	–
Short-term receivables from a related party	382	–	331	–
Trade and other receivables	–	4,697	100	4,697
Financial assets at fair value through profit or loss	545,627	166,940	585,291	183,665
	546,915	**171,637**	**587,033**	**188,362**

22 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

Capital management

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern
- To provide investors with an attractive level of investment income; and
- To preserve a potential capital growth level.

The Company considers the capital to be managed as equal to the net assets attributable to the equity shareholders of the parent. The Company is not subject to any externally imposed capital requirements. The Company has engaged the Investment Manager to allocate the net assets in such a way so as to generate a reasonable investment returns for its shareholders and to ensure that there is sufficient funding available for the Company to continue as a going concern.

Capital as at year end is summarised as follows:

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Net assets attributable to the equity shareholders of the parent	718,664	771,380

(b) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no financial liabilities of the Company which were carried at fair value through profit or loss as at 30 June 2014 and 30 June 2015.

The level into which financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

22 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Fair value estimation *(continued)*

Financial assets measured at fair value in the balance sheet are grouped into the following fair value hierarchy:

	Level 3 USD'000	Total USD'000
As at 30 June 2015		
Financial assets at fair value through profit or loss	712,567	**712,567**
As at 30 June 2014 (restated)		
Financial assets at fair value through profit or loss	768,956	**768,956**

All of the Company's financial assets at fair value through profit or loss are classified as Level 3, because they represent the Company's interests in private entities which hold the Company's underlying investments. If these investments were held at the Company level, they would be presented as follows:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2015				
Cash and cash equivalents	22,752	–	–	**22,752**
Ordinary shares – listed	391,459	9,759	–	**401,218**
Ordinary and preference shares – unlisted and OTC	–	30,438	33,372	**63,810**
Private equity	–	–	51,256	**51,256**
Real estate projects and hospitality	–	–	168,776	**168,776**
Other assets, net of liabilities	–	–	4,755	**4,755**
	414,211	40,197	258,159	**712,567**

22 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Fair value estimation *(continued)*

	Level 1 USD'000 Restated	Level 2 USD'000 Restated	Level 3 USD'000 Restated	Total USD'000 Restated
As at 30 June 2014 (restated)				
Cash and cash equivalents	19,810	–	–	**19,810**
Government bonds	19,241	–	–	**19,241**
Ordinary shares – listed	444,507	4,599	–	**449,106**
Ordinary shares – unlisted and OTC	–	81,301	2,691	**83,992**
Private equity	–	–	9,324	**9,324**
Real estate projects and hospitality	–	–	178,845	**178,845**
Other assets, net of liabilities	–	–	8,638	**8,638**
	483,558	85,900	199,498	**768,956**

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded equities, government bonds and private equity investments which have committed prices at the balance sheet date. The Company does not adjust the quoted price for these instruments.

Financial instruments which trade in markets that are not considered to be active but are valued based on quoted market prices and dealer quotations are classified within Level 2. These include investments in unlisted equities and over-the-counter ("OTC") equities. As Level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. There are no significant adjustments that may result in a fair value measurement categorised within Level 3.

Private equities, real estate and hospitality investments, and other assets that do not have an active market are classified within Level 3. The Company uses valuation techniques to estimate the fair value of these assets based on significant unobservable inputs such as discount rates, occupancy and room rates, etc., as described in Note 3.2.

There were no transfers between the Levels (the year ended 30 June 2014: none).

22 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Fair value estimation *(continued)*

Set out below is the sensitivity analysis on the significant unobservable inputs used in the valuation of Level 3 investments:

As at 30 June 2015

Level 3 – Range of unobservable inputs (probability-weighted average)

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Occupancy rate	Room rate (USD)	Selling price per unit (USD)	Sensitivity analysis on management's estimates				
Real estate	Direct comparisons	66,842	N/A	N/A	N/A	N/A	N/A	285 – 1,818			**Change in selling price per square meter**		
											-10%	0%	10%
											64,217	66,842	69,434
Real estate	Discounted cash flows	39,757	15% – 21.5%	8.5% – 9.0%	N/A	N/A	N/A	N/A			**Change in discount rate**		
											-1%	0%	1%
									Change in cap rate	-1%	47,855	41,872	36,383
										0%	45,547	39,757	34,575
										1%	43,597	37,971	32,935
Hospitality	Discounted cash flows	62,177	15.75%	10.75%	N/A	69%	235	N/A			**Change in discount rate**		
											-1%	0%	1%
									Change in cap rate	-1%	65,987	62,825	59,900
										0%	65,281	62,177	59,306
										1%	64,681	61,569	58,748
											Change in room rate		
											-1%	0%	1%
									Change in occupancy rate	-5%	57,320	57,386	57,453
										0%	62,105	62,177	62,249
										5%	66,891	66,968	67,044
Private equity	Discounted cash flows	51,256	25% – 30%	N/A	5% – 6%	N/A	N/A	N/A			**Change in discount rate**		
											-1%	0%	1%
									Terminal growth rate	-1%	52,263	48,364	44,832
										0%	55,560	51,256	47,427
										1%	59,235	54,516	50,288

22 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Fair value estimation *(continued)*

As at 30 June 2014

Level 3 – Range of unobservable inputs (probability-weighted average)

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Occupancy rate	Room rate (USD)	Selling price per unit (USD)	Sensitivity analysis on management's estimates				
Real estate	Direct comparisons	58,822	N/A	N/A	N/A	N/A	N/A	22 – 1,818			**Change in selling price per square meter**		
											-10%	0%	10%
											54,799	58,822	63,439
Real estate	Discounted cash flows	52,824	14.5% – 22%	8.5% – 9.0%	N/A	N/A	N/A	22 – 486			**Change in discount rate**		
											-1%	0%	1%
									Change in cap rate	-1%	55,910	53,520	51,299
										0%	55,090	52,824	50,718
										1%	54,438	52,195	50,117
Hospitality	Discounted cash flows	67,199	15.75%	10.75%	N/A	67.5%	233	N/A			**Change in discount rate**		
											-1%	0%	1%
									Change in cap rate	-1%	71,038	70,328	69,627
										0%	67,885	67,199	66,557
										1%	64,934	64,305	63,716
											Change in room rate		
											-1%	0%	1%
									Change in occupancy rate	-5%	62,355	62,419	62,483
										0%	67,130	67,199	67,268
										5%	71,904	71,979	72,053
Private equity	Discounted cash flows	9,324	25% – 30%	N/A	5% – 6%	N/A	N/A	N/A			**Change in discount rate**		
											-1%	0%	1%
									Change in terminal growth rate	-1%	9,711	7,908	6,237
										0%	11,262	9,324	7,535
										1%	12,986	10,888	8,962

22 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Fair value estimation *(continued)*

Specific valuation techniques used to value the Company's underlying investments include:

- Quoted market prices or dealer quotes;
- Use of discounted cash flow technique to present value the estimated future cash flows;
- Other techniques, such as the latest market transaction price.

Changes in Level 3 financial assets at fair value through profit or loss

The fair value of the Company's investments and associates are estimated using approaches as described in Note 3.2. As observable prices are not available for these investments, the Company classifies them as Level 3 fair values.

	30 June 2015 USD'000	30 June 2014 USD'000 Restated
Opening balance	768,956	717,141
Realised gains	114	–
Unrealised (losses)/gains	(56,503)	51,815
Closing balance	712,567	768,956
Total unrealised (losses)/gains for the year included in:		
– Profit or loss	(56,503)	51,815
– Other comprehensive income	–	–
	(56,503)	51,815

23 SUBSEQUENT EVENTS

(a) Migration of the Company from the Cayman Islands to Guernsey and Listing on to the Main Market

At the Extraordinary General Meeting (the "EGM") held on 27 October 2015, all of the resolutions set out in the Notice of EGM sent to Shareholders on 1 October 2015 were duly passed. The resolutions included proposals to improve the marketability of the ordinary shares of the Company, in order to make them attractive to a larger pool of potential investors. It was proposed that the Company de-register as an exempted limited liability company in the Cayman Islands, and re-register in Guernsey. At the same time, it was proposed that the Company move the trading venue for its shares from the AIM market to a premium listing of the Main Market of the London Stock Exchange.

(b) Cancellation of treasury shares

In anticipation of the plan to move the Company's trading platform from the AIM market to a premium listing on the Main Market of the London Stock Exchange, the Company cancelled all treasury shares held by Visaka Holdings Limited as at 30 September 2015. The Company has also cancelled all shares acquired in subsequent share buy-back transactions after that date. Following these cancellations, at the date of this report, the total number of ordinary shares in issue and total voting rights is 214,521,612.

After migration from the Cayman Islands to Guernsey and listing on to the Main Market, the Company will continue with its share buy-back program in accordance with the share buy-back program approved by the Board of the Company on 25 October 2011. Any shares purchased as part of the share buy-back activities will be held in treasury up to a limit of 14.99% of ordinary shares in issue.

SECTION 4

NOTICE OF 2015 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the VinaCapital Vietnam Opportunity Fund Limited will be held at 12 noon local time on 26 January 2016 at the offices of Northern Trust at Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL for the purpose of considering and, if thought fit, passing the following resolutions all of which will be proposed as ordinary resolutions:

Resolution 1 – ordinary resolution	To receive and adopt the Financial Statements for the year ended 30 June 2015, with the Reports of the Directors and Auditors thereon.
Resolution 2 – ordinary resolution	To re-elect Ms Thuy Dam as a Director of the Company.
Resolution 3 – ordinary resolution	To re-elect Mr Steven Bates as a Director of the Company.
Resolution 4 – ordinary resolution	To re-elect Mr Martin Adams as a Director of the Company.
Resolution 5 – ordinary resolution	To re-elect Mr Michael Gray as a Director of the Company.
Resolution 6 – ordinary resolution	To appoint PricewaterhouseCoopers CI LLP as independent auditor to the Company.
Resolution 7 – ordinary resolution	To authorise the Directors to determine the remuneration of the auditors

Dated: 29 December 2015

By Order of the Board

Registered Office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Northern Trust International Fund Administration Services (Guernsey) Limited
Trafalgar Court,
Les Banques,
St Peter Port,
Guernsey
GY1 3QL

Company Secretary

NOTES:

1. *A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this notice. Completion and return of the Form of Proxy will not preclude shareholders from attending or voting at the meeting, if they so wish.*

2. *To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited with:*

   Computershare Investor Services (Cayman) Limited
   c/o The Pavilions
   Bridgwater Road
   Bristol
   BS13 8AE
   United Kingdom

   Attn: Ashley Ford

   or

   by email Scanned PDF to: ashley.ford@computershare.co.je

   by no later than 5pm Greenwich Mean Time on Friday, 22 January 2016

3. *A holder of ordinary shares (or the beneficial title thereto) must first have his or her name entered on the Register (or where ordinary shares are held in Euroclear or Clearstream otherwise be beneficially entitled to such ordinary shares by) not later than 12 noon (Greenwich Mean Time) on Friday, 22 January 2016. Changes to entries in that Register after that time shall be disregarded in determining the rights of any holders to attend and vote at such meeting (or to provide voting instructions to the relevant Euroclear or Clearstream nominee).*

4. *Shareholders who wish to attend the AGM in person should follow normal Euroclear and/or Clearstream procedures.*

SECTION 5

INVESTING POLICY

Investment Objective

The Company adopted the following revised investment objective at an Extraordinary General Meeting on 27 October 2015:

The Company's objective is to achieve medium to long-term returns through investment either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam.

Investment Policy

The Company adopted the following revised investment policy at an Extraordinary General Meeting on 27 October 2015:

All of the Company's investments will be in Vietnam or in companies with at least 75 per cent of their assets, operations, revenues or income in, or derived from, Vietnam at the time of investment.

No single investment may exceed 20 per cent of the net asset value of the Company at the time of investment.

The Company may from time to time invest in other funds focused on Vietnam. This includes investments in other funds managed by the Investment Manager. Any investment or divestment of funds managed by the Investment Manager will be subject to prior approval by the Board. No more than 10 per cent, in aggregate, of the value of the Company's total assets may be invested in other listed closed-ended investment funds. The restriction on investment in other listed closed-ended investment funds does not apply to investments in closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent of their total assets in other listed closed-ended investment funds.

The Company may from time to time make co-investments alongside other investors in private equity, real estate or similar assets. This includes, but is not restricted to, co-investments alongside other funds managed by the Investment Manager.

The Company may gear its assets through borrowings which may vary substantially over time according to market conditions and any or all of the assets of the Company may be pledged as security for such borrowings. Borrowings will not exceed 10 per cent of the Company's total assets at the time that any debt is drawn down.

From time to time the Company may hold cash or low risk instruments such as government bonds or cash funds denominated in either Vietnamese Dong or US Dollars, either in Vietnam or outside Vietnam.

Valuation policy
The Net Asset Value and the Net Asset Value per Share is calculated (and rounded to two decimal places), in U.S. Dollars by the Administrator and Company Secretary (or such other person as the Directors may appoint for such purpose from time to time) on a monthly basis (or at such other times as the Investment Manager may determine but in any event at least quarterly).

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

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

- the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the Directors shall have determined that the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate to reflect the true value thereof;
- the value of securities which are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") shall be based on the last traded prices on such stock exchange, or if there is more than one stock exchange on which the securities are traded or admitted for trading, that which is normally the principal stock exchange for such security, provided that any such securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, shall be valued at a discount (the amount of such discount being determined by the Directors in their absolute discretion or in a manner so approved by the Directors);
- as regards unquoted securities:
  - unquoted investments will initially be valued at fair value, with any expenses relating to their acquisition expensed in the income statement;
  - a revaluation of unquoted investments to a value in excess of or below cost may be made in the circumstances provided by and in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which are available at www.privateequityvaluation.com;
  - all other assets and liabilities shall be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures;
- any value other than in U.S. Dollars shall be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate in the circumstances having regard, inter alia, to any premium or discount which may be relevant and to costs of exchange; and
- real estate projects are initially valued at fair value, with any expenses relating to their acquisition expensed in the income statement. Once an investment licence is obtained, or by way of other arrangements the Company has a legal entitlement to an investment property, the investment property is revalued. The valuation process consists of obtaining two or more valuations for each property from independent third-party valuation companies. The valuations are reviewed by the Company's audit and valuation committee. At the end of each quarter, the Investment Manager and its investment committee also reviews all real estate investments for possible impairment based on internal calculations.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider reasonable. The Directors may delegate to the Investment Manager any of their discretions under the valuation guidelines.

The Administrator and Company Secretary will be reliant on information from the Directors, the Investment Manager or the administrator of the underlying subsidiaries of the Company. In the event that this information is delayed, this will impact the ability of the Administrator and Company Secretary to finalise the Net Asset Value calculation. The Administrator and Company Secretary shall not be liable for any loss suffered by the Company by reason of any error resulting from any inaccuracy in the information provided.

Details of each monthly Net Asset Value are announced by the Company through a Regulatory Information Service within ten days of each month end and published on the Company's website.

The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to obtain a value for the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the Administrator and Company Secretary) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.

HISTORICAL FINANCIAL INFORMATION

Years ended 30 June	2009	2010	2011	2012	2013(*)	2014(*)	2015
Statement of Income (USD'000)							
Total income from ordinary activities	29,075	134,263	(8,420)	54,556	120,239	111,510	12,132
Total expenses from ordinary activities	(25,869)	(29,047)	(27,214)	(25,424)	(29,515)	(22,527)	(17,504)
Operating profit before income tax	3,206	105,216	(35,634)	29,132	90,724	88,983	(5,372)
Income tax expense	(108)	(211)	(545)	(700)	(672)	–	–
Profit for the year	3,098	105,005	(36,179)	28,432	90,052	88,983	5,372
Minority interests	(3,684)	311	106	–	(202)	–	–
Profit attributable to ordinary equity holders	6,782	104,694	(36,285)	28,432	90,254	88,983	5,372
Statement of financial position (USD'000)							
Total assets	718,023	793,820	764,603	775,455	743,868	781,645	723,744
Total liabilities	36,111	11,319	12,697	9,810	9,171	10,265	5,080
Net assets	681,912	782,501	751,906	765,645	734,697	771,380	718,664
Share information							
Basic earnings per share (cents per share)	2.00	32.00	(11.00)	9.00	31.00	36.00	(2.00)
Share price as 30 June	1.43	1.40	1.57	1.50	2.13	2.50	2.50
Ordinary share capital (thousand shares)	324,610	324,610	324,610	312,536	261,376	238,255	219,958
Market capitalization at 30 June (USD'000)	462,569	455,428	509,313	468,803	556,731	595,638	549,894
Net asset value per ordinary share (USD)	2.10	2.41	2.32	2.45	2.81	3.24	3.27
Ratio							
Return on average ordinary shareholder's funds	1.1%	17.0%	(6.0%)	4.0%	14.8%	15.9%	1.0%
Total expense ratio (% of NAV)	2.24%	2.16%	2.13%	2.13%	2.13%	2.89%	2.22%

(*) IFRS 10A adjustments

NOTES

Fund size
USD718.7 million (NAV as of 30 June 2015)

Fund launch
30 September 2003

Term of fund
Five years and then subject to shareholder vote to discontinue

Fund domicile
Cayman Islands. On 27 October 2015 shareholders approved proposals to migrate the company to Guernsey. The migration is expected to be completed by the end of 2015.

Legal form
Exempted Company limited by shares

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

Auditor
PricewaterhouseCoopers (Hong Kong) for the accounting year to 30 June 2015
PricewaterhouseCoopers (CI) for future accounting years

Nominated advisor
(Nomad) Grant Thornton Corporate Finance (UK)

Custodian
Standard Chartered Bank

Brokers
Numis Securities Limited
The London Stock Exchange
10 Paternoster Square
London EC4M 7LT
www.numiscorp.com

Lawyers
Wragge Lawrence Graham & Co LLP, Maples and Calder (Cayman Islands), Carey Olsen (Channel Islands)

Base and incentive fee
Base fee of 1.5 per cent of NAV. Incentive fees are based on two separate pools of investments: direct real estate and all other investments. The incentive fee paid equates to 15 per cent of the increase in the NAV of each pool during the year over a hurdle of 8 per cent. The total amount of incentive fees paid in any one year is capped at 1.5 per cent of the pool's NAV.

Investment Manager
VinaCapital Investment Management Limited

Investment policy
Medium to long-term capital gains with some recurring income and short-term profit taking. Primary investment focus areas are: Privately negotiated equity investments; Undervalued/distressed assets; Privatisation of state-owned enterprises; Real estate; and Private placements into listed and OTC-traded companies.

Investment focus by geography
Greater Indochina comprising: Vietnam (minimum of 70 per cent), Cambodia, Laos, and southern China.

Registered office
PO Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands is the registered office until the company migrates to Guernsey. Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL will be the registered office following the planned migration to Guernsey.

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VinaCapital