VinaCapital

VinaCapital Vietnam Opportunity Fund Limited

Annual Report 2017

Contents

Annual Report and Financial Statements for the year ended 30 June 2017

GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited ("the Company" or "VOF") is a Guernsey domiciled closed-ended investment company. The Company was previously a limited liability company incorporated in the Cayman Islands. At an Extraordinary General Meeting held on 27 October 2015, Shareholders approved proposals to change the Company's domicile to Guernsey. This change took place on 22 March 2016. The Company is classified as a registered closed-ended Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 and is subject to The Companies (Guernsey) Law, 2008.

The Company is quoted on the Main Market of the London Stock Exchange ("LSE") with a Premium Listing.

The Company does not have a fixed life but the Board has determined that it is 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. If the resolution is not passed, the Company will continue to operate as currently constituted. 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 resolutions in 2008 and 2013 and on both occasions the resolution was not passed allowing the Company to continue as currently constituted. The next shareholder vote on the continuation of the Company is planned to be held in December 2018.

Investing Policy

Investment Objective
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
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% of the net asset value ("NAV") 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 VinaCapital Investment Management Limited (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%, 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% 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 are not to exceed 10% 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 ("VND") or US Dollars ("USD"), either in Vietnam or outside Vietnam.

An Cuong Wood-Working Joint Stock Company ("AC")

Historical Financial Information *

Years ended 30 June	2013	2014	2015	2016	2017
Statement of Income (USD'000)					
Total income from ordinary activities	120,239	111,510	12,132	119,137	230,366
Total expenses from ordinary activities	(29,515)	(22,527)	(17,504)	(23,067)	(39,817)
Operating profit/(loss) before income tax	90,724	88,983	(5,372)	96,070	190,549
Income tax expense	(672)	-	-	-	-
Profit/(loss) for the year	90,052	88,983	(5,372)	96,070	190,549
Minority interests	(202)	-	-	-	-
Profit/(loss) attributable to ordinary equity holders	**90,254**	**88,983**	**(5,372)**	**96,070**	**190,549**

Statement of Financial Position (USD'000)					
Total assets	743,868	781,645	723,744	796,386	982,358
Total liabilities	9,171	10,265	5,080	9,850	32,683
Net assets	734,697	771,380	718,664	786,536	949,675

Share information					
Basic earnings/(loss) per share (cents per share)	31.00	36.00	(2.00)	45.00	93.00
Basic earnings per share (pence per share)				30.00	73.00
Share price at 30 June (USD)**	2.13	2.50	2.50	2.82	3.82
Share price at 30 June (GBP)**				2.11	2.94
Ordinary share capital (thousand shares)	261,376	238,255	219,958	208,646	200,621
Market capitalisation at 30 June (USD'000)**	556,731	595,638	549,894	588,382	766,372
Market capitalisation at 30 June (GBP'000)**				440,243	589,826
Net asset value per ordinary share (USD)	**2.81**	**3.24**	**3.27**	**3.77**	**4.73**
Net asset value per ordinary share (GBP)**				**2.82**	**3.64**

Ratio					
Return on average ordinary shareholders' funds	14.8%	15.9%	1.0%	12.8%	22.0%
Ongoing charges***	2.1%	1.7%	1.7%	1.8%	1.9%
Incentive fee	0.0%	1.2%	0.5%	1.2%	2.7%
Ongoing charges plus incentive fee	2.1%	2.9%	2.2%	3.0%	4.6%

** Until 1 July 2014, the financial statements were prepared on a consolidated basis. From 1 July 2014, the financial statements of the Company are prepared on a stand-alone basis in accordance with International Financial Reporting Standards ("IFRS") 10.*

*** Following the change of domicile to Guernsey the Company's shares are now quoted in Pounds Sterling ("GBP"). USD NAV per share is translated to Pound Sterling using the rate of exchange at 30 June 2016 and 30 June 2017 respectively.*

**** Ongoing charges have been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology.*

Financial Highlights

	As at 30 June 2017 USD	As at 30 June 2016 USD	As at 30 June 2015 USD
Total Net Assets (millions)	949.68	786.54	718.66
NAV per share	4.73	3.77	3.27
Increase in NAV per share over the year	25.5%	15.3%	0.9%
Basic and diluted earnings/(loss) per share	0.93	0.45	(0.02)
Share price	3.82	2.82	2.50
Increase in share price over the year	35.5%	12.8%	0.0%
Discount to NAV per share	19.2%	25.2%	23.5%

In the year to 30 June 2017, the Company's NAV per share increased in US Dollar terms by 25.5% to USD4.73, while the Company's share price rose by 35.5% to USD3.82, from the same period a year ago.

Cotec Constructions (CTD)

USD949.68

Total Net Assets (millions)

19.2%

Discount to NAV per share

"Ultimately, the investment success of the manager will be the best proof to the market of the value and promise of the VOF portfolio."

Chairman's Statement

Dear Shareholders,

I am pleased to be able to report strong investment returns for the second year in a row with the Company's NAV per share growing by 25.5% in US Dollar terms.

In seeking to achieve the Company's Investment Objective, our strategy has been and remains:

- To retain the largest part of the portfolio in listed assets
- To continue to add to unlisted securities* and private equity investments as and when attractive opportunities arise
- To reduce holdings in direct real estate and directly owned operating assets
- To reduce the discount to NAV at which VOF's shares trade

* Unlisted securities include companies that have not yet commenced publicly trading on any of Vietnam's major bourses. These may be state-owned enterprises which are going through the process of privatisation (known as "equitisation" in Vietnam) and companies that are traded on the Unlisted Public Company Market ("UPCoM") of the Hanoi Stock Exchange as well as stocks traded over-the-counter ("OTC").

Investment Performance

The Investment Manager's report sets out in detail the drivers of this year's strong investment performance but I would like to emphasise some specific points.

The largest part of the Company's portfolio is made up of listed securities and, as in the previous accounting year, performance in our Capital Markets (listed and unlisted) pool was particularly strong. It rose by more than 32% in US Dollar terms and outperformed the Vietnam Index ("VN-Index") by a substantial margin of almost 12 percentage points. Growth in the underlying earnings of our holdings was also strong and provides some support for current market levels. It was also particularly encouraging to experience a number of major – and profitable – exits from investments. Several of these exits were in part a continuation of our policy of reducing exposure to Direct Real Estate and Operating Assets, which taken together have now fallen to only 6% of the portfolio. Some of the Direct Real Estate and Operating Assets were sold at very attractive prices during the year.

As the Investment Manager describes in its report, a further consequence of successful exits was a relatively high balance in cash and bonds throughout the accounting year. Of course, had we been fully invested, results – particularly in Capital Markets – could have been even better but this is to speak with the benefit of hindsight and we are naturally aware of somewhat extended valuation levels after such a strong run in the market. We had hoped that a significant proportion of our cash would have been reinvested in unlisted securities and private equity positions, but the gestation period for making such new investments is always somewhat unpredictable and it was prudent to hold back sufficient cash to enable immediate deployment as and when such attractive deals were ready to close. As the Investment Manager points out, we are very disciplined in this area as we seek superior returns and an appropriate level of reward for placing capital in illiquid investments. The cash holdings continue to place the Company in a good position to add to these areas as opportunities arise. As at 30 June 2017, a number of significant transactions were in various stages of negotiation and, subsequent to the year end, the Investment Manager has invested approximately USD27 million in this asset class.

The investment performance of the Company's Capital Markets pool has been strong in comparison to most of its peer funds. Given the level of private equity and unlisted investment exposure in the Company's portfolio, there is scope for significant value accretion over and above stock market performance as these investments mature and are listed or otherwise sold privately.

The investment performance in the last financial year has again resulted in our Investment Manager earning an incentive fee on the Capital Markets pool. The incentive fee earned by the Investment Manager during the year was USD24.6 million. However, due to the application of the 1.5% of Capital Markets Pool NAV cap on incentive fee payments, only USD11.2 million is payable to the Investment Manager in relation to the financial year ended 30 June 2017. The balance of the incentive fee over the cap will be carried forward and may be paid out next year or in subsequent years. Any payment in future years will, of course, also be subject to the 1.5% cap. I would note that the Company has accrued the full quantum of the incentive fee in the accounts (less a small discount to reflect the time value of money and the probability of payment in future years) as the Board believes there is a reasonable likelihood that the NAV per share will continue to advance and that the sum in excess of the cap will be paid. NAV releases to the market include this accrual, as does the ongoing charge ratio shown on page 7 of these accounts.

Despite some very profitable exits, there was no incentive fee payable on the Direct Real Estate pool.

Discount Management

The discount at which the Company's shares trade to their NAV improved somewhat over the Company's accounting year, from 25.2% to 19.2% but, in the Board's view, remains unsatisfactory. As mentioned in the Half Year Report, from June 2016 up until 15 November 2016 we were not allowed by regulation to buy back shares as we were negotiating the sale of a major asset. Since then, the buyback programme has again been active and has achieved some success. During this seven and a half month period, we have bought back 8 million shares at an average discount of 22.8% for a total consideration of USD27.4 million.

In part as a means of addressing the discount and in part reflecting the growing maturity of the Vietnamese investment markets, in August 2017 we announced the commencement of a dividend programme. The first interim dividend of 4.8 US cents ("cents") per share, which was paid in September, was approximately 1% of the unaudited NAV as at 30 June 2017. We announced the intention to pay at least this level of dividend at half yearly intervals for the foreseeable future and the Board declared a further interim dividend of 4.8 cents per share on 25 October 2017. The Board believes that a company paying a regular dividend and with a sustainable annual yield of approximately 2% of NAV should be attractive to a wider range of potential investors.

The Investment Manager has also been very active in marketing and investor relations and has put considerable efforts into meeting both existing and potential shareholders. The Board remains available to investors and is in direct contact with major shareholders.

Over the past three years, we have made progress in a number of areas which were aimed at reducing the size of the discount to NAV. These included the reduction of our weighting in Direct Real Estate and Operating Assets where valuations were deemed by investors to be uncertain. Further, we re-domiciled the Company to Guernsey and listed the shares on the premium section of the London Stock Exchange and continued with an active buyback programme. In August 2017, management of our assets was delegated by the Investment Manager to VinaCapital Fund Management Limited, an entity managed and regulated in Vietnam by the State Securities Commission of Vietnam (the "SSC"). The SSC is a member of the International Organization of Securities Commissions, which also includes in its membership the regulators in the UK and the USA. We believe that having the assets managed by a regulated entity will remove a barrier which had previously prevented some institutions from investing in the Company's shares.

Nevertheless, the discount has remained stubbornly higher than we expected or desired. We hope that a combination of a dividend and a continuing buyback strategy will supplement the natural investment attraction of the Vietnamese capital markets and bring the Company's share price discount in to levels which the Board feels more accurately reflect the fundamental prospects.

Continuation Vote

I would like to remind you that every fifth year, shareholders are asked to vote on whether the Company should continue as currently constituted. There will be a vote in 2018 which is planned to take place at the same time as the AGM, expected to be in December. Under our Articles of Association, this vote will be structured as a special resolution for 'discontinuation', whereby the Company will continue as is unless more than 75% of those voting elect to 'discontinue'. I will write to you nearer the time setting out the Board's recommendation.

Outlook

The global investment landscape is challenging. Valuations are generally at the high end of historic ranges, the economic cycle is mature and monetary policy remains unorthodox and highly supportive of risky assets such as equities. When you combine these factors with the geopolitical risks evident in a number of areas, it is perhaps surprising that markets have been so positive and that investors seem complacent about the outlook. There is a widely held view that the global economy is still not sufficiently robust to deal with an economic slowdown, and that monetary stimulus would swiftly add liquidity should anything untoward appear on the horizon. The main reason for this belief rests in the fact that price inflation has remained much more subdued than predicted by economic models and does not justify any 'quantitative tightening', as the jargon would have it. Recent indications of gradual tightening of monetary policy in developed markets may slow the inflation of asset prices, including equities.

In this environment, where growth is in short supply and is highly priced, it is encouraging that countries like Vietnam are appearing on more investor radars. Here we see rapid growth which is occurring naturally as a result of continued integration into the global economic system, productivity improvement, investment and greater participation rates in the economy. Inflation is higher than in the developed world but remains well controlled and the country is on course to deliver more of its economy into the private sector. The awkward banking problems which resulted from the hangover in the real estate market have been well corralled and the markets have negotiated the thorny problem of Trump's abandonment of the Trans Pacific Partnership trade agreement without too much of a hiccup.

As everywhere else, valuations in Vietnam have responded to the good economic news, but they are still low by regional and international standards, especially given the level of earnings growth. It is true that Vietnam is no longer undiscovered, but it is not yet part of the mainstream investment universe and should continue to see growing international interest from both direct and portfolio investors.

The country remains one of the most attractive investment 'stories' available and we believe that the flexibility offered by VOF's mandate combined with a well-resourced investment team makes it a good choice to exploit that opportunity.

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
25 October 2017

Phu Nhuan Jewelry (PNJ)

“The big return is not in the buying and the selling, but in the waiting.”

Charlie Munger

This year, the Investment Manager’s review of the portfolio and outlook is followed by a detailed discussion about Vietnam’s economy from VinaCapital’s Chief Economist.

Vinamilk’s (VNM)

Investment Manager’s Report

Andy Ho
Managing Director and Chief Investment Officer

Your patience is paying off!

The 2017 financial year (“FY 2017”) saw VOF NAV per share increase 25.5% in USD terms, with the capital market component returning 32.2%, outperforming the VN-Index by nearly 12%. Over the last two financial years, VOF’s NAV has risen by 44.9%. As for the share price, we saw an increase of 35.5% in USD terms and 39.5% in GBP terms over the 12 months to 30 June 2017. Comparatively, the VN-Index, MSCI Emerging Markets, and the MSCI Frontier Markets returned 20.6%, 21.2% and 15.2% in US dollar terms, respectively, over the same period.

During the financial year, VOF benefited from a number of major exits – especially sales of Direct Real Estate and Operating Assets – generating USD156 million in cash and receivables. These exits represented an IRR of 9.3% and an average of 1.8 times invested capital.

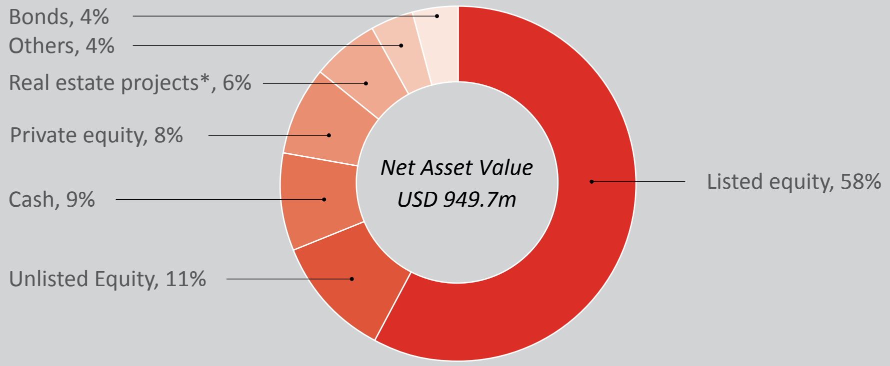


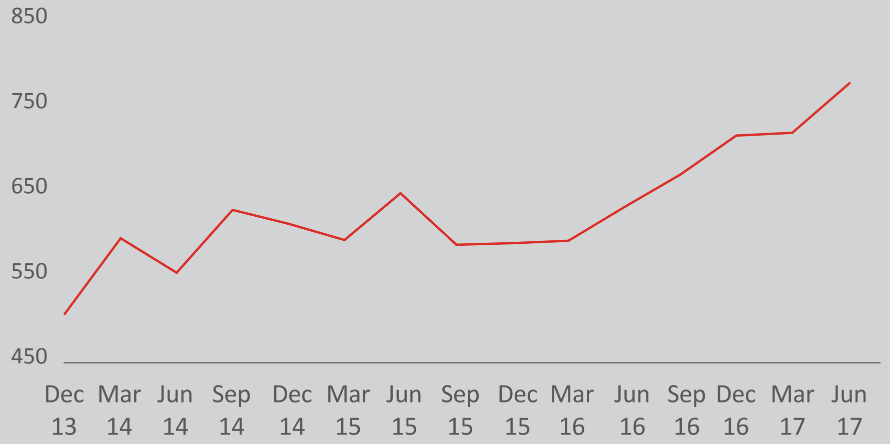
Chart: VOF portfolio by asset class, % of NAV, 30 June 2017
**Including one Operating Asset (Hung Vuong Plaza)*

In addition, VOF enjoyed a significant increase in unrealised capital gains in its listed equities portfolio and in several unlisted holdings, due primarily to strong earnings growth and P/E multiple expansion. VOF’s listed and unlisted equity holdings experienced a total earnings growth of 39.3%, while all companies within the VOF portfolio (including the listed, unlisted and private equity portfolios) delivered a total earnings growth of 38.7%.

Investment Review

The second half of 2016 (“2H16”) and the first half of 2017 (“1H17”) saw Vietnam’s capital markets, and more specifically, the VN-Index, rise strongly. The VN-Index increased by 3.0% during 2H16 and increased by a total of 20.6% over the 2017 financial year. In hindsight, we should have been more aggressive investing in the capital markets during the middle of 2016.

VN-Index (in VND)
The VN-Index broke out of its long-term average trading range



Source: Bloomberg

The benchmark VN-Index broke out of a three-year trading range at the outset of VOF's financial year. The initial breakout was propelled by a surge of foreign inflows into emerging and frontier markets in the middle of 2016, and earnings growth coming through as evidenced by the 30% average growth of large companies in the first quarter of 2017. Later in the financial year, the listing of new names on the stock market including government equitisations and the relaxation of foreign ownership limits ("FOL") across several large-cap companies also helped fuel foreign and local investors' enthusiasm for Vietnamese stocks.

On 1 July 2016, VOF's listed equity component represented 57.9% of VOF's total NAV. This asset class within VOF increased 11.3% during 2H 2016 and 32.2% during FY2016/17.

Net cash available at the fund level at the beginning of the fiscal year was slightly more than USD55 million or 7.0% of VOF's NAV. Our caution in deploying this capital was primarily the result of the greater opportunity we saw in the private equity pipeline and in companies going through the equitisation process. In retrospect, greater aggression could have further improved performance in the short term, but the opportunities we have been working on are now being added to the portfolio and hold the promise of attractive returns over time.

Furthermore, VOF continued to build cash during 2H16, including combined proceeds of USD15.6 million from the sales of unlisted food company Cau Tre and listed rubber company Phuoc Hoa Rubber. During FY2017, VOF also took some profits in the listed equity portfolio, parts of which were reinvested as described below, and received USD126 million from various exits in projects held in the Direct Real Estate and Operating Assets portfolio. These latter sales reduced the number of holdings in this area from 14 at the end of June 2016 to 10 at the end of June 2017 and the weighting fell from 17.5% to 6.0% of NAV. The net effect of all these transactions has led to VOF closing FY2017 with USD37 million in cash and USD50 million held in term deposits.

At the start of 2017, we turned our attention to new opportunities in private equity. The pipeline was robust, with more than USD200 million in potential transactions under review, in several sectors including banks, media, hospitals, and construction materials. As mentioned in the interim report, we are taking much longer to close private equity deals because valuations have risen significantly over the last twelve months (the VN-index increased by 13.4% during CY2016) and terms were tilting away from investors and more towards sellers. Nevertheless, we felt that it would still be possible to obtain attractive terms to protect the Company's interests and achieve attractive entry prices as long as we remained patient.

As a result, the incubation time between starting and closing a deal has increased significantly.

At the end of 2016, VOF deployed over USD40 million into privately negotiated investments into listed companies such as Cotec Constructions, Khang Dien House, and Novaland. During the first half of 2017, VOF invested an additional USD48.5 million into a number of opportunities, including low-cost airline VietJet Air, Thien Long Group, Viglacera and the Hoa Phat Group. In summary, we have taken advantage of a number of opportunities in the capital markets, but some of these investments have taken longer to come to fruition than we expected: it is not simply a case of buying these assets in the market. Transactions need to be negotiated and structured and approvals obtained, particularly in cases where investments are in the form of Private Investment in Public Equity deals or in the equitisation of State-Owned Enterprises.

During FY2017, VOF had 30 - 35 holdings in its Capital Market portfolio and I would like to take the opportunity to highlight a few of the larger holdings to provide a sense of how they are performing.

The table below sets out VOF's top 10 holdings:

Investee company	Asset class	% of NAV	Sector	Description
1. Vinamilk ("VNM")	Listed	13.6	Food & beverage	Leading dairy company with dominant domestic market share.
2. Hoa Phat Group ("HPG")	Listed	9.4	Construction materials	Vietnam's largest steel manufacturer.
3. Phu Nhuan Jewelry ("PNJ")	Listed	5.2	Consumer discretionary	Vietnam's largest jewellery manufacturer and retailer.
4. Khang Dien House ("KDH")	Listed	5.1	Real estate & construction	Leading property developer with strong asset base strategically located in District 9, Ho Chi Minh City.
5. Quang Ngai Sugar ("QNS")	Unlisted	5.1	Food & beverage	Diversified FMCG company with dominant domestic market share in soymilk drink.
6. Airports Corporation of Vietnam ("ACV")	Unlisted	5.0	Infrastructure	Vietnam's largest airports operator, as well as aviation infrastructure developer.
7. Eximbank ("EIB")	Listed	3.6	Financial services	One of Vietnam's top ten commercial banks.
8. VietJet Air ("VJC")	Listed	3.3	Transportation	Leading low cost carrier in Vietnam.
9. Cotec Construction ("CTD")	Listed	3.0	Real estate & construction	One of Vietnam's leading construction companies.
10. An Cuong Wood-Working Joint Stock Company ("AC")	Private Equity	2.7	Construction materials	One of Vietnam's leading wood-working and decorative materials companies.
Top 10 % of NAV		**56.0**		

Source: VinaCapital, % of total NAV, 30 June 2017

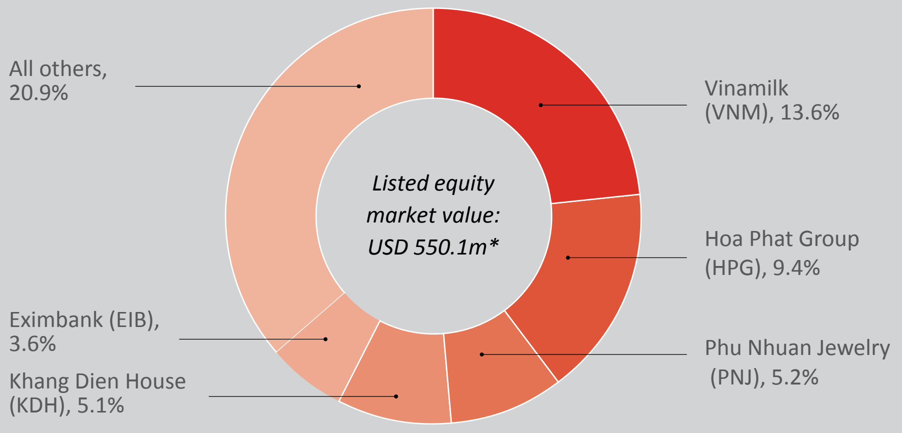


Chart: VOF's listed equities portfolio, chart represents top 5 holdings and others, % of NAV, 30 June 2017
**Excluding Overseas shares*

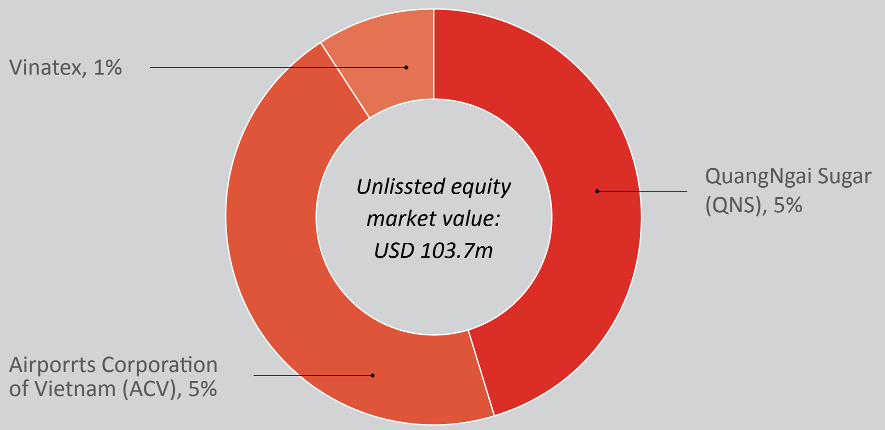


Chart: VOF's unlisted securities portfolio, chart represents top holdings, % of NAV, 30 June 2017

Vinamilk (VNM) – Listed equities

VNM is our largest portfolio holding, and we started out at the beginning of the financial year with VNM comprising 13.6% of our NAV. During our financial year VNM's share price increased by 39.2% despite modest 2016 profit growth of 9% and after the State Capital Investment Corporation ("SCIC") only managed to divest 60% of the shares (or 5.4%) out of the 9% earmarked to be sold during their first phase of divestment (at the time of writing this report SCIC is to sell another 3.3% of the company in the second phase of divestment). Fraser & Neave which is already VNM's largest shareholder, was the only bidder for the shares, and the placement at a small premium to market price at the time meant that other buyers preferred to buy in the market as there is no restriction on foreign ownership since the company removed its FOL the year before.

At the start of the financial year VNM accounted for 26.1% of the capital market portfolio (versus 12.3% of the VN-Index weight at the same point in time), a considerable overweight position, and from our perspective we considered the stock price fairly valued at 21x P/E in 2017 against a modest growth forecast. Accordingly, we decided to reduce our position by three million shares or 4% of our opening position during the year. As at the end of the financial year, VNM accounted for 13.6% of NAV and 19.7% of the capital market portfolio (versus 12.2% weight of the VN-Index).

Hoa Phat Group (HPG) – Listed equities

HPG, VOF's second-largest holding (after VNM) represents about 13.7% of the capital market portfolio and 9.4% of total NAV. We have an overweight position against the VN-Index, and increased our position before the end of FY2017 by participating in a rights issue, investing an additional USD10.4 million which represented a 35% discount to the prevailing market price. HPG trades at a P/E of approximately 7 times; the current Vietnam stock market average P/E is about 16.5 times.

HPG's management team has proved that it can execute strategy effectively, and the company's market share in the construction steel sector has increased from 22% at the end of 2016 to 24% by mid-2017; the company is by far the largest steel company in Vietnam.

The rights issue raised a total of USD300m and will be used to finance the construction of a new factory, which will increase the company's potential output from two million tons of steel per annum to six million tons per annum. The company's existing steel complex is operating at full capacity.

In 2016, HPG delivered profit after tax that was 89% higher than for 2015. Most analysts expect continued earnings growth of between 10% and 12% in 2017 and 2018, respectively, forecasts that have contributed to the 54% increase in HPG's share price during the 2017 financial year.

Phu Nhuan Jewelry (PNJ) – Listed equities

We continue to like PNJ as it continues to be the dominant player (and only listed company) in Vietnam's jewelry sector. We have been comfortable maintaining our position (7.6% of the capital markets portfolio and 5.2% of total NAV) despite a strong run-up in the share price (+35% in FY2017) partly because we believe that we could sell part or all of our holding at a significant premium to prevailing market prices since PNJ has reached its foreign ownership limit of 49%.

Furthermore, we believe that there is still strong profit growth in the underlying business. In 2016, PNJ reported revenues of USD380 million and core profit of USD22 million, 11% and 17% higher than 2015, respectively. During the first half of 2017, revenue and core profit grew by 39% and 35%, respectively.

New store expansion is the primary driver behind PNJ's growth. PNJ currently has 240 stores, more than double the number of stores compared to its two nearest competitors combined, and is gaining market share from traditional stores and consolidating its market leadership.

Quang Ngai Sugar (QNS) – Unlisted equities

VOF initially invested USD13.5 million for a 2.4% stake in QNS, Vietnam's largest producer of soymilk and sugar in March 2015 when the company was private. Since then, VOF has acquired additional shares to gain a 5.3% stake for a total investment of USD27.8 million. QNS is VOF's largest unlisted holding.

QNS officially debuted its listing on the UPCoM in December 2016. As at 30 June 2017, the market value of VOF's stake was equivalent to USD48.4 million, or an unrealised 1.8x multiple return on invested equity in USD terms.

QNS expects to enjoy a high growth rate given the production capacity it is adding in both its sugar and soymilk businesses. QNS's current soymilk capacity is 390 million litres and the company plans to introduce additional capacity of 90 million litres by 2018. 2016 revenue was USD312 million and net profit was USD62.6 million. Most analysts expect QNS to grow profit after tax by 5% to 10% in 2017, but more significantly in 2018 once the new capacity comes online.

QNS currently trades at a 2017 P/E ratio of 11x, which is attractive relative to other consumer goods companies which trade at trailing P/E ratios of 18x to 32x.

VietJet Air (VJC) – Pre-IPO offering

VOF invested USD20.5 million into VJC in a pre-IPO offering in December 2016. The low-cost carrier subsequently listed its shares on the Ho Chi Minh City Stock Exchange (HOSE) in February 2017. VJC was the first Vietnamese private low-cost carrier, launching its first commercial flight in December 2011 with a single aircraft. In its first year of operation, VJC achieved 8% market share and grew with vigour to amass 45% market share by May 2017, making it the largest local airline - a title formerly held by the national flag carrier Vietnam Airlines.

VJC currently has a network of 38 domestic and 26 international routes, and aims to have 41 domestic and 37 international routes by the end of 2017. The expansion is backed by the delivery of 17 new Airbus aircraft, part of a 100-aircraft order the company announced in 2016. Having a fleet of uniform aircraft and engines has enabled VJC to achieve significant cost savings and operational efficiencies, especially compared to Vietnam Airlines.

During the first five months of 2017, VJC's revenue increased 44% year-on-year, backed by higher passenger loads and a rise in average fare. Most analysts expect VJC to deliver revenue and profit after tax of USD1.6 billion and USD139 million, respectively, in 2017. VJC's stock price has increased 41% since its listing debut in February, and currently has an implied 2017 P/E of 12x.

Cotec Constructions (CTD) – private placement

In November 2016, VOF invested USD20.7 million into CTD, the largest private construction company in Vietnam, through a private placement. CTD is known for its transparency, good corporate governance, and reliability (including on-time delivery with the highest standards of quality).

CTD had a significant order pipeline of USD1.5 billion (or two-years' worth of revenue) at the time of VOF's investment. In 2016, the company delivered revenue and profit after tax of USD924 million and USD63 million, respectively. Most analysts expect profit to grow by 25% during 2017. VOF invested in CTD at a P/E of 6.8x implied 2017 earnings. Since we invested, CTD's share price has increased by more than 40% and currently trades at an implied 2017 P/E of almost 10x.

Investing in the real estate sector or related companies in Vietnam is always challenging, and it is difficult to time the cycle correctly, especially when there is some concern about how sustainable the growth in the sale of high-end apartments can go; CTD derives significant revenue from this sector. However, the company is now branching out to the more affordable lower and mid-range segments of the market, which are still experiencing strong demand.

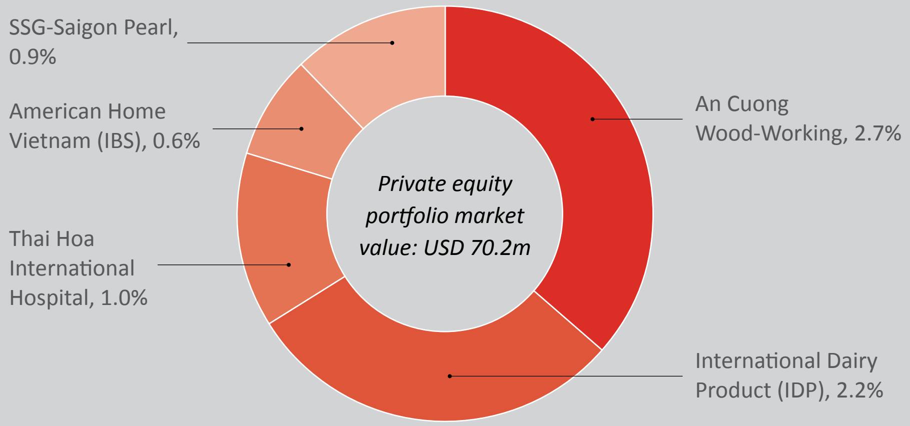


Chart: VOFs Private Equity portfolio, chart represents top holdings, % of NAV, 30 June 2017

International Dairy Products (IDP) – private equity portfolio

We are in the midst of restructuring IDP and, while we are seeing progress, it is admittedly slower than we would like. In November 2014, VOF, along with an investment partner, acquired 75% of a distressed dairy company called Bavi (named after the province in which the fresh milk is sourced). Over the next 18 months into the middle of 2016, we renamed the company IDP and embarked on Phase 1 of restructuring the business. Our focus was on addressing the company's capital structure, fixed assets, and portfolio of products. During the latter part of Phase 1, IDP tested interest for its products in China with solid success, although it was unable to scale up production to supply this export market until it received the necessary licences required, which it finally obtained in May 2017.

At present, we are into Phase 2 of the restructuring exercise, which entails the start of aggressive marketing and advertising strategies to promote the brands and portfolio of products, as well as to optimise the product mix for export to China. We expect to enter Phase 3 of the restructuring in the middle of 2018, at which point we expect IDP to start generating a profit and we will begin our search for a strategic acquirer of the business.

In 2016, IDP delivered revenue of USD65 million but was still posting a significant loss. The first quarter of 2017 saw a slight improvement in revenue although operational challenges remain. A number of changes were made during the second quarter which, together with the granting of an export license to China, led to a significant improvement in sales. Since April 2017, IDP has been delivering average sales of USD5.4 million per month, with each month showing significant improvement over the last. We hope to deliver revenue of USD75 million in 2017 with a significant reduction in losses. In 2018, we expect sales to increase to levels where the company can break even. Our exit strategy is to sell a controlling stake of this beverage business at a valuation based on a multiple of sales. As a benchmark, we have historically seen food and beverage businesses in Vietnam that deliver no or very little levels of profit sold for a multiple of 2x to 3x sales.

An Cuong Wood-Working Joint Stock Company (AC) - private equity portfolio

VOF and its co-investment partner Sumitomo Forestry currently own 21.4% of AC, with VOF's effective holding at 13.1%.

During the first five months of 2017, AC delivered USD42.8 million in revenue and USD6.7 million in net profit, which is a 60% and 39% increase year-on-year, respectively. AC is the largest interior wood working company in Vietnam, producing melamine panels and doors, and other interior furnishing components. The company's two key products, melamine panel and interior components, generated strong revenue growth of 29% and178%, respectively, during the first half of 2017.

In 2015, AC reported total revenue of USD66 million and profit of USD8.6 million. In 2016, revenue and profit increased 24% and 70%, respectively. AC expects to deliver revenue and profit in 2017 of USD110 million and USD17 million, respectively.

AC expects to open a second factory in 2018 to provide capacity for further expansion. With available cash and a steady positive operating cash flow, the company is confident that its strategy to increase production capacity will enable it to maintain its leading position in the industry.

In June 2017, Sumitomo Forestry and AC signed a strategic agreement in which Sumitomo acquired a portion of AC' new shares. In addition, Sumitomo also acquired 5% vendor shares from employees. The partnership is expected to bring benefits to both parties in terms of supply and customer network, and defines AC as a preferred target for a global strategic investor to join and participate in the local market.

Direct Real Estate and Operating Assets

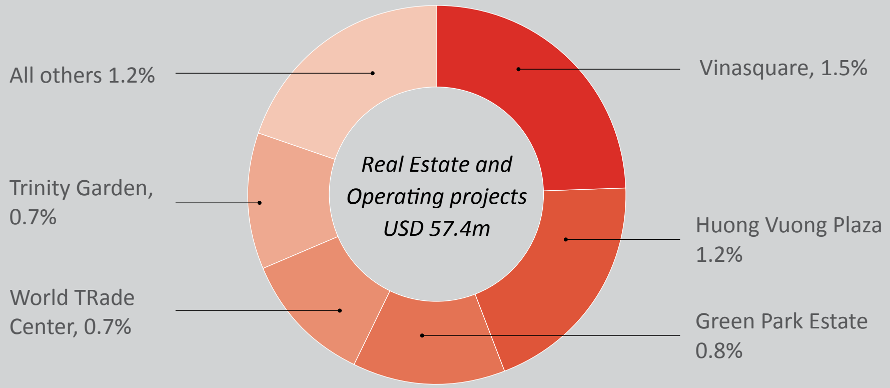


Chart: VOF's Real Estate portfolio, chart represents top 5 holdings, % of NAV, 30 June 2017

Turning to the Direct Real Estate portfolio, the ongoing cyclical recovery in the real estate sector provided an opportunity for us to continue the divestment of projects held in the portfolio. Over the financial year, we sold four projects, including Dai Phuoc Lotus, Danang Beach Resort, Saigon Golf, and one Operating Asset, delivering gross proceeds of USD126 million, at an average of 58% above NAV at the time of exit. At the start of the financial year, the direct real estate portfolio represented 8.2% of VOF's portfolio, while Operating Assets represented a further 9.2%; by the end of the financial year, Direct Real Estate projects represented 4.8% and Operating Assets were down to 1.2%.

Strategy for FY2018

The Company's results for the past two years reinforce our belief that our overall strategy is well positioned, although, given the flexibility of our mandate, we are able to adjust as necessary. Our Capital Market portfolio strategy remains concentrated on our top ten holdings, which account for 82% of that segment of the portfolio. Our conviction in both the level of concentration and the position sizing in both absolute and relative terms of each of these top names has contributed to solid performance, with a 32% increase in the listed equity portfolio for the financial year – outperforming the VN-Index by nearly 12%.

We remain long term in our horizon and bullish on our top holdings and thus will continue to overweight these positions despite short-term volatility and even at times short-term underperformance against the VN-Index. We think that judging performance on a three-to-five-year basis is more appropriate for Vietnam, and prefer to buy and hold quality stocks with very little portfolio turnover (our listed turnover was just 10% for the year), especially given the relatively low levels of liquidity in the market in general and of some of our own holdings in particular.

VOF's listed equity component has generated a gain of 65% versus the VN-Index's 26% over the past three financial years, and we will strive to continue to outperform both the VN-Index and our listed equity peers.

Private Equity

With regards to our private equity strategy, we remain focused on companies in sectors that benefit from the growth of the domestic economy such as healthcare, education, construction materials, banks, property development, and media. We will continue to source opportunities and invest between USD10-50 million into companies valued between USD100-500 million. We seek companies with strong growth potential, with a view to an IPO within three to five years after investment. In the meantime, we consider trade sales if exit valuations and terms are attractive. We have been very successful in trade sales to international buyers over the last five years, as capital costs for most multinationals interested in Vietnam are historically low.

We hope to secure between 10% and 30% of target businesses at discounted valuations to their listed peers, with appropriate minority protections. The investment terms we seek are aimed at securing optimal exits either in a trade sale or through an IPO. However, as mentioned earlier in this report, these terms are taking longer to negotiate with sponsors. More than 18 months ago, we would typically take three to six months to conclude the terms of our investment into these private deals; now it appears that it will take about five to ten months to complete the negotiation and full legal, financial and operational due diligence work.

At present, we have a significant pipeline, amounting to nearly USD200 million, of private equity deals and opportunities not available to other funds and expect to close more than half of this pipeline in the coming months. This would be an aggregate investment which significantly exceeds our current cash balance, and we would look towards taking profit in the listed equities portfolio to fund some of these private investment opportunities, especially where we see the return potential of new investments to be significantly greater than that offered by specific companies in the listed equities portfolio.

Equitisations of State Owned Enterprises ("SOEs")

On the equitisation front, the government remains committed to privatising SOEs, and has been pushing companies to complete the process. While there have been a number of equitisations, only a handful have been interesting to us, including Airports Corporation of Vietnam and Viglacera. VOF participated in the equitisation of both companies, and has unrealised gains of 152% and 23.6% respectively since investment.

VOF will continue to participate in the equitisation of Vietnam's SOEs as appropriate. We prefer to focus on the small- to medium- size opportunities, companies with market capitalisations of less than USD1 billion because they typically receive less attention and tend to present better opportunities for existing management to participate.

The participation of the existing management team is key and reflects the level of alignment of interest that we look for, along with many other factors including future growth and exit opportunities. We always believe that one of the key objectives of the equitisation program is to enfranchise existing management to become owners of the very businesses that they have been with over the years. In each case, we look closely at the quality of the management team. The higher the level of participation, the more interesting the opportunities become to us.

At the moment, we have visibility into a number of equitisation opportunities, as well as the opportunity to participate in the sale of additional government stakes in businesses that have already started the equitisation process. They include companies in many sectors, including telecommunications, food and beverage, infrastructure development, logistics, and retail electronic distribution. We do feel that the opportunities in investing in SOEs are plentiful and there are certainly quite a few "gems" among the rocks.

Direct Real Estate and Operating Assets

Lastly, with respect to the remaining direct real estate assets, we expect that the positive trends in the property market will continue over the next 12 months, and we are engaged in ongoing negotiations with potential buyers to continue divestments of projects in this asset class.

Outlook

Vietnam's growth over the past few years has occurred in a more rational and sustainable way than in the past, and the country is starting to realise its potential – something being noticed by growing numbers of investors around the world. Ironically, this success may make it slightly more difficult to find the "hidden gems", but we remain excited by the many opportunities in the market today. We are already working hard to build on this past year's success and continue to build value for you, our patient shareholders.

On behalf of our team, I thank you for your continued support.

Andy Ho
Managing Director
25 October 2017

ECONOMIC AND INVESTMENT ENVIRONMENT

by Michael Kokalari, Chief Economist

It is my pleasure to follow Andy's review of the investment portfolio with a discussion of the key economic themes that take our interest and influence our thinking on the challenging, but rewarding process of investment and to allow us to deliver returns

Vietnam's macro economy was very stable throughout 2016, a trend that has continued into 2017, as evidenced by modest inflation, a stable VND exchange rate, and steady interest rates. This stability, coupled with robust yet sustainable Gross Domestic Product ("GDP") growth, is fostering an ideal environment for the continued appreciation of Vietnamese stock, bond, and real estate prices.

High, Sustainable GDP Growth

Vietnam's GDP grew 6.2% in 2016, and we expect the country's economy to grow at a 6.5-6.7% annual pace in 2017, with growth in both 2016 and 2017 driven by domestic consumption and by the continued expansion of the country's manufacturing output, which is in turn being fuelled by foreign direct investment ("FDI") inflows.

GDP Growth (% yoy)

Source: General Statistics Office of Vietnam ("GSO").

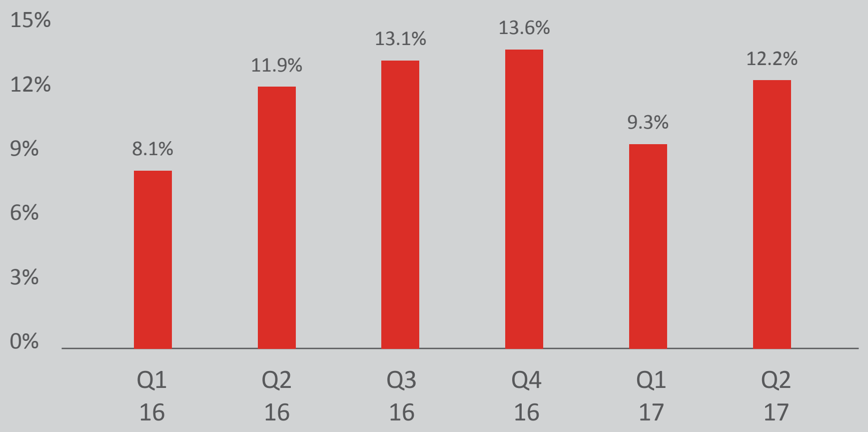
In 2016, Vietnam's GDP growth was held back by a severe drought, which impeded production in the country's agriculture sector, which comprises about 18.1% of Vietnam's GDP, and by a decline in oil production due to weak global oil prices (Vietnam's oil production cost is about USD40/barrel, according to the Vietnam Institute of Economics). Agricultural production has rebounded from a 0.8% decline in the first half of 2016 ("1H16") to 2.7% growth in the first half of 2017, but Vietnam's oil production volume fell 12.5% year-on-year ("yoy"), outweighing any recovery in agricultural production. The net result of these two transitory factors was that Vietnam's GDP grew by an annual rate of 5.7% in the first half of 2017, nearly unchanged from the country's 1H16 GDP growth rate. Had oil production not plunged, it is estimated that the economy would have grown by nearly 7% yoy in the first half of 2017.

Domestic consumption is now the primary driver of Vietnam's economic growth, accounting for nearly two-thirds of Vietnam's economy and contributing an estimated four percentage points out of the country's 6.2% GDP growth in 2016; we expect a similar contribution this year. Consumption grew by an estimated 8% in real terms in 2016, accelerating to an 8.4% yoy pace in 1H17. Furthermore, a 25% surge in tourist arrivals to more than 10 million visitors in 2016 (and a further 30% yoy leap in 1H17) augmented consumption by locals. Tourism now directly comprises nearly 7% of Vietnam's GDP, and the aggregate contribution of tourism, including spending in local restaurants and other services, may be as high as 15%, according to some estimates.

Vietnam's manufacturing output grew by 12% in 2016, and at a 10.6% yoy pace in the first half of 2017. Manufacturing now accounts for about 16% of Vietnam's economy, and the importance of Samsung and other global electronics makers within the country's manufacturing sector has become particularly pronounced in recent years.

Finally, we note that construction, which comprises 5% of Vietnam's GDP, grew by 10% in 2016 and 9% in the first half of 2017, with growth driven by both infrastructure development and the thriving residential real estate market, which is discussed in more depth below. Also, the services industry, which accounts for over 40% of Vietnam's GDP, grew by about 7% yoy in both 2016 and in 1H17, although the contribution of the services sector is also captured in certain of the segments of the economy discussed above (domestic consumption, tourism, etc).

Manufacturing Growth (% yoy)



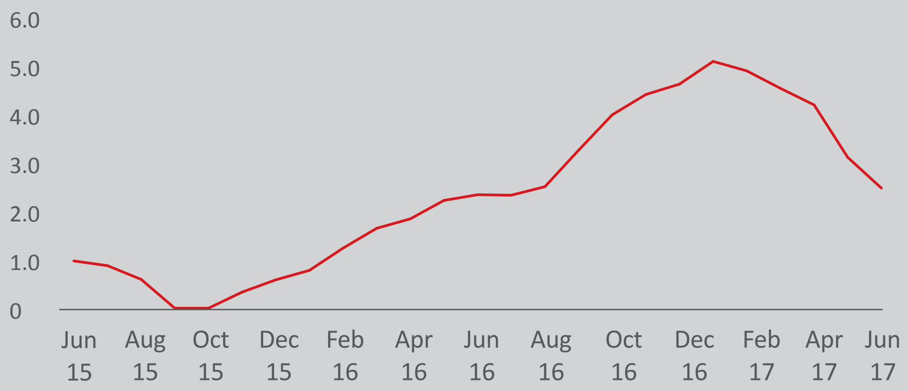
Source: GSO, VinaCapital Research

Stable Macro-economy and Exchange Rate

Prudently, Vietnam's policymakers have been prioritising macroeconomic stability over GDP growth for the last few years, and the results have been an encouraging decline in the country's inflation rate, and a marked improvement in the stability of the VND exchange rate.

The deceleration in Vietnam's headline inflation rate from the end of 2016 to mid-2017 was attributable to weak energy prices and falling food prices, with the latter largely attributable to a circa 50% decline in pork prices since late 2016. Stripping out food and energy prices, Vietnam's core inflation rate was below 1.5% at the end of 1H17, with the increase in the country's core CPI more-or-less attributable to administrative price hikes.

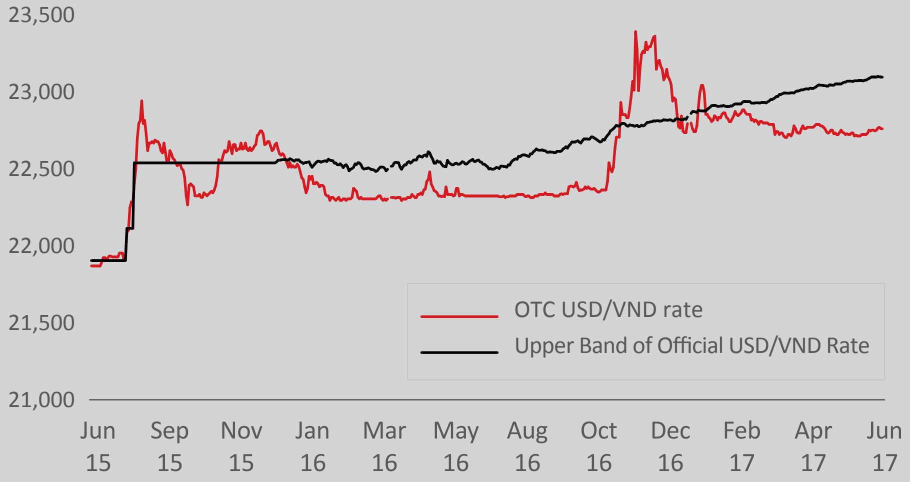
CPI (% yoy)



Source: GSO

Government mandated hikes in the prices of medical goods and services (which account for 6% of the CPI basket) helped lift the country's CPI inflation rate to a 4.7% yoy increase by the end of 2016. Medical-related prices continued to rise in the first half of 2017, and rocketed 46% yoy as at the end of1H17, but the increase in consumer prices receded to a 2.5% yoy increase by the end of 1H17.

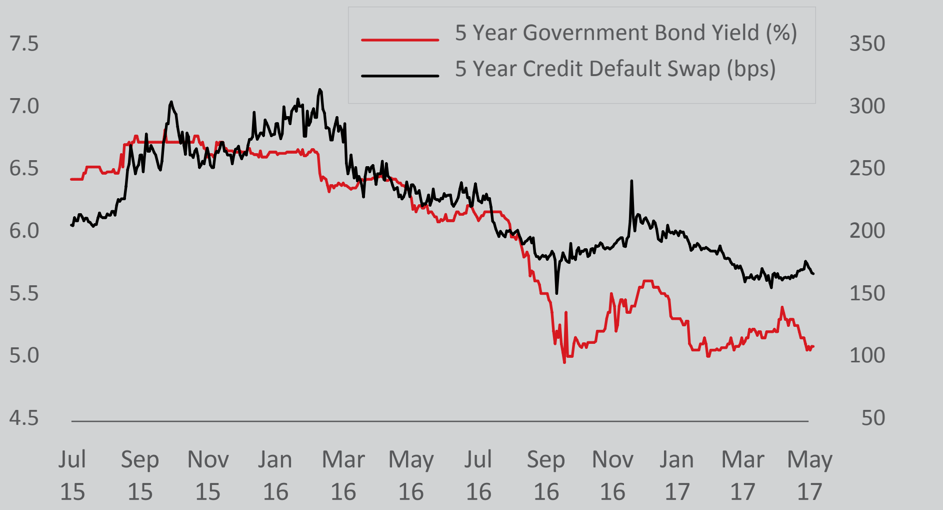
VND Official vs Unofficial Exchange Rates



Source: SBV, VinaCapital Research

The country's low, stable core inflation rate (excluding medical price hikes) prompted a steady decline in VND interest rates, and fostered a high degree of stability in the USD/VND exchange rate, with the exception of a brief burst of volatility at the end of 2016, triggered in part by India's demonetisation of its currency. The VND depreciated by 1.2% against the USD in 2016, but the unofficial value of the USD/VND exchange rate was more-or-less unchanged in the first half of 2017, despite a degradation in Vietnam's trade balance from a 1.8%-of-GDP trade surplus in 2016 to a 2.6%-of-GDP trade deficit in 1H17 (Vietnam's imports surged 24% in the first half of 2017).

5-Year Government Bond Yield and Credit Default Swap



Source: Bloomberg, Vietnam Government bond yield

In a slight contrast to the stability of Vietnam's unofficial exchange rate in 2017, the official daily USD/VND FX rate increased 1.4% in 1H17, because the State Bank of Vietnam (the "SBV") has been proactively depreciating the VND (albeit at a very modest rate) in anticipation that rising US interest rates will support the value of the USD. Despite the SBV's concerns about the possibility of higher US interest rates, falling domestic inflation expectations and declining risk premiums prompted a 70-basis point plunge in one-year Vietnam government bond ("VGB") yields to 3.6%, and a 120-basis point plunge in five-year VGB yields to 4.9% over the past twelve months ending 30 June 2017. Concurrently, Vietnam's five-year credit default swap rate, which institutional investors use to assess a country's risk premium, fell by 60 basis points.

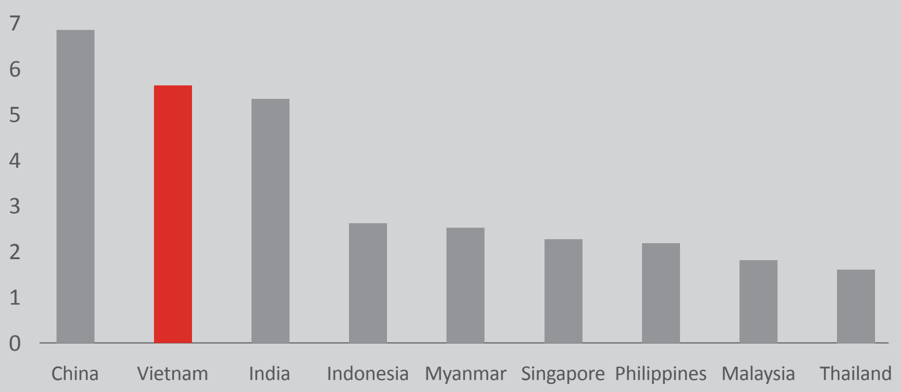
Structural Growth Drivers: FDI, Rapidly Emerging Middle Class and Infrastructure Development

Vietnam's impressive long-term growth prospects are supported by the FDI-funded expansion of the country's manufacturing base, which is driving export growth and supporting the emergence of a vibrant middle class. Furthermore, Vietnam is outspending its regional peers on infrastructure development (as a proportion of GDP), which also supports the country's long-term growth prospects.

Vietnam among Asia's biggest infrastructure spenders

Expenditure on the construction of new roads and mass transit systems facilitates the physical expansion of Vietnam's major cities, the populations of which are growing at approximately 3% per annum – the highest rate in the region. Simultaneously, expenditure on logistics infrastructure (including airports and sea ports), as well as the development of new electricity generation facilities, should help ensure the continued flow of FDI into Vietnam's manufacturing sector.

Infrastructure Spending (% GDP)



Source: Asian Development Bank

FDI in Vietnam increased by 9% in 2016, and equated to 7.7% of GDP, and FDI continued growing at a healthy 7% yoy rate in 1H17, despite the withdrawal of the US from the Trans Pacific Partnership at the beginning of the year. The resiliency of Vietnam's FDI inflows is a reflection of the continued migration of production facilities from China to Vietnam, which has helped drive a 30% increase in the number of manufacturing jobs in Vietnam (and a 12% decline in agriculture jobs) since 2013, according to Standard Chartered Bank research.

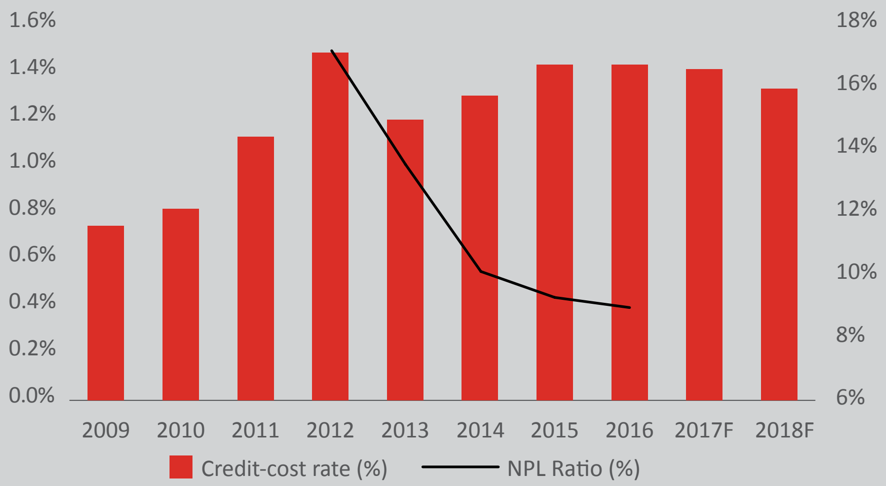
Rapid Credit Growth, Modest Banking Sector Reforms

Vietnam's commercial banks grew the total amount of their outstanding loans by 19% in 2016, and by a further 9% to 30 June 2017, which was the fastest pace of first half credit growth in over six years. About one-half of Vietnam's system-wide credit growth is reported to be attributable to the extension of new loans to consumers; outstanding consumer loans grew by about 30% in both 2016 and in 1H17.

Unfortunately, the rapid pace of Vietnam's credit growth has not been matched by a corresponding acceleration of long-overdue structural reforms in the banking sector, or a ramp up in the disposal of banks' legacy non-performing loans ("NPL"). Vietnam's NPL problem peaked at about 17% of outstanding loans in 2012, when the government set up the Vietnam Asset Management Company ("VAMC"), to facilitate the removal of NPLs from banks' balance sheets.

The VAMC purchased about USD12 billion of NPLs from commercial banks (as at 31 March 2017), and certain banks have aggressively written off bad debts, which has significantly lifted Vietnam's system-wide credit cost rate over the last few years. These measures have reduced Vietnam's official, on-balance sheet, NPL ratio to below 3% but, as less than 20% of the NPLs the VAMC purchased have been resolved, so the estimated aggregate NPL ratio, when non-performing loans held by the VAMC are considered, is still about 8-9% of outstanding loans.

Credit Cost and NPL Ratio



Source: VAMC, VinaCapital Research

The majority of the loans which the VAMC purchased are backed by real estate collateral, and as Vietnam's property market has roared back to life in recent years, foreign distressed asset buyers have expressed a strong interest in acquiring the collateral assets underpinning those non-performing loans. The bottleneck impeding the consummation of transactions between those prospective buyers and the holders of the defaulted loans is the lack of a clear legal framework enabling the VAMC and/or the banks themselves to foreclose on collateral originally pledged by borrowers.

The good news is that the government announced a new set of regulations at the end of June 2017 that are meant to greatly expand the powers of both banks and the VAMC to foreclose on distressed assets. The details of how these new rules will work in practice are still unclear, but this new regulation seemingly has the potential to address one of the two most important issues in the banking sector. The other major issue which banks face is an urgent need to raise new capital in order to fund their growth and to prepare for the eventual implementation of the Basel II capital adequacy standard.

At the end of 2016, the system-wide Capital Adequacy Ratio ("CAR") of the Vietnamese banking system was 12%. The rapid pace of credit growth in 2016 reduced the system-wide CAR by nearly two percentage points. The rapid pace of credit growth in 2017 is likely to again reduce the system-wide ratio by about two percentage points, but as certain state-owned commercial banks have already reached the maximum limit on the amount of Tier II capital (long-dated, subordinated debt) they are permitted to employ, so those banks will need to raise Tier I capital (straight equity), in order to meet the 9% statutory minimum CAR for individual banks.

The conundrum for Vietnam's banks and for the government is that the most eager providers of new capital to the banking system are foreign investors, but Vietnam's current 30% FOL makes it difficult for foreign investors to inject new equity into many individual local banks because they have already reached their FOL. At the end of 2016, Vietnam's Prime Minister indicated that the government would consider liberalising the FOL for banks, as it did for listed, non-bank companies, but there have been no further developments on this topic since that time.

Finally, the implementation of the stricter Basel II standard will reduce Vietnam's system-wide CAR by about four percentage points, and necessitate that banks raise over USD7 billion of new capital. The SBV previously guided that the phased implementation of Basel II would commence in 2018, but the start-date was subsequently pushed back – presumably because the FOL issue needs to be addressed first.

The Property Sector

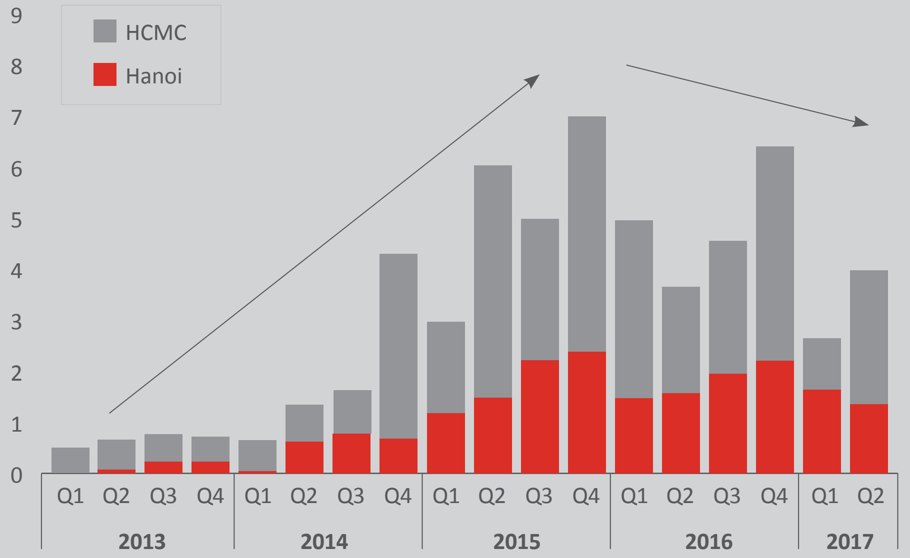
Vietnam's residential real estate market remained robust during the financial year, with modest price increases across the various segments and specific geographies of the market.

Apartment Type	2nd Quarter 2017 price USD psm	Y-o-Y change	Apartment price USD	Home price to income ratio
Affordable	895	8.6%	67,115	4.2
Mid-end	1,493	6.5%	111,950	7.0
Premium	2,356	6.2%	N/A	N/A
Luxury	4,149	3.3%	N/A	N/A

Source: Jones Lang LaSalle, per square metre ("psm")

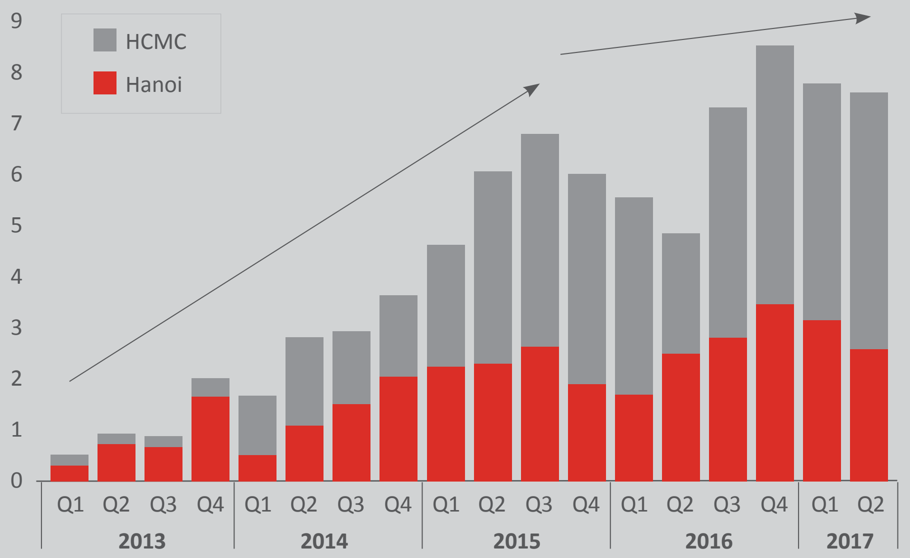
There are clear signs that the current uptrend in the property development cycle remains robust but, within the real estate sector, we observe an increasing bifurcation of the market between ever-increasing activity in the affordable and mid-tier segments of the market, where demand is being driven by mortgage-funded purchases of housing units by end-buyers, and a slight deceleration of activity in the high end segment, where purchases are typically motivated by investment and speculation (and often paid for with cash).

Transaction Volume of High-End Condominiums (‘000 units)



Source: CBRE, Savills

Transaction Volume of Mid-Range Condominiums (‘000 units)



Source: CBRE, Savills

While the market continues to absorb a surfeit of new supply, buyers are reportedly becoming more discriminating in their assessments of prospective property purchases. Specifically, the leading real estate brokers report that buyers are now showing heightened sensitivity regarding the price, location, and developer's reputation of the projects being evaluated, evidenced by the tepid pace of sales of certain high-end projects built by less esteemed developers, and situated in less prime locations.

The increased discernment by buyers of high-end condominiums is likely to be attributable to an oversupply of new high-end apartment units in both Ho Chi Minh City and Hanoi, following a flurry of development activity in recent years. The absorption rate of the high-end segment fell from 50% in 2016 to 45% in 1H17, and a plethora of anecdotal evidence suggests that prices in this segment of the market have already peaked.

That said, foreign buying of high-end apartments reportedly rocketed during the financial year, with an increasing number of projects reaching the 30% foreign ownership limit for individual developments. The proportion of CBRE's buyers who are foreigners surged from less than 40% in 1H16 to nearly 60% in 1H17.

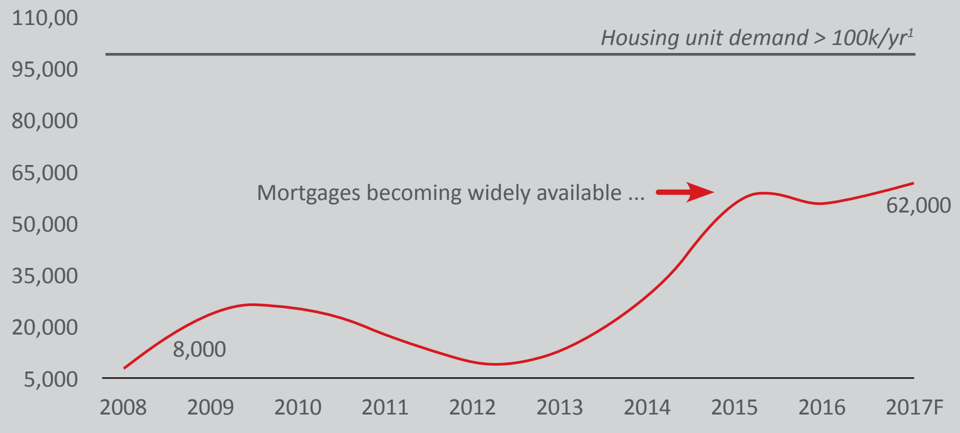
The other hotspots in the market include the affordable, mid-tier, and landed property niches, with purchases in the latter two – which now account for over half of Vietnam's residential real estate purchases – predominately funded with 15 to 20 year mortgages.

A few years ago, mortgage-funded purchases of newly constructed apartments were rare, but today mortgage lending by banks is driving Vietnam's real estate market, with about half of Vietnamese banks' newly created consumer credit in the form of housing loans. According to our analysis, the mortgage payment of a typical professional couple (with circa five-years work experience) for a typical affordable apartment (circa USD70,000) or mid-tier apartment (circa USD130,000) equates to between 20% and 35% of that couple's joint monthly salary respectively at current interest rates.

Finally, we note that although the number of new housing units constructed annually has surged in recent years (particularly in HCMC & Hanoi), many analysts believe that Vietnam's housing supply still falls well short of demand. We see no risk that excess supply could prompt a downturn in the market, but we are concerned about the capacity of banks to continue extending mortgages to home buyers.

Mortgage rates increased by about 50 basis points ("bps") during the financial year to approximately 10.7%, owing to capital and liquidity pressures in the banking system (the latter is partly attributable to new macro prudential regulations that constrain local banks' asset-liability mismatches). If mortgage rates (which are typically floating interest rates in Vietnam) were to reach 13%, a high proportion of home owners would have difficulties making their mortgage payments – although we believe the possibility of an imminent, steep increase of interest rates in Vietnam is remote.

Aggregate transactions and mortgages



Source: CBRE

The Stock Market

A 30% valuation discount between Emerging Market ("EM") and Developed Market stock markets, and a seismic shift in investor sentiment following the stabilisation of China's economy led to robust EM stock market inflows from mid-2016, benefitting Vietnam (even though the country is still categorised as a "Frontier Market" by MSCI).

The wave of investment funds flowing into EM stock markets was briefly derailed by the US election, when EMs experienced their sharpest outflows since 2008 although EM inflows have rebounded vigorously in 1H17. Vietnam was not immune from these developments, so the local stock exchange reported that foreign investors were net sellers of Vietnamese stocks in 2016 for the first time in nearly 10 years (albeit by a negligible amount). Foreign inflows roared back in 1H17, when foreign investors bought over USD400 million of Vietnamese stocks.

The attractive valuation of Vietnam's stock market was one reason foreign investors were enthusiastic to invest. At the beginning of VOF's financial year, the VN-Index was trading at a 12x forward P/E ratio, and valuations were still fairly attractive at the end of 1H17, when the VN-Index traded at 15x forward 2017 P/E, versus 16% expected EPS growth, and versus a circa 16x average forward P/E ratio for Vietnam's emerging ASEAN peers (Indonesia, Thailand, Malaysia and the Philippines).

The 2015 decision by the government to allow most listed Vietnamese companies to determine their own FOLs continues to support the stock market, as a growing number of companies opt to lift their FOLs above the prior 49% statutory limit (for non-banks). In addition, the government's encouragement of a range of unlisted state-owned and private sector companies to list on the stock market also has generated enthusiasm for Vietnamese stocks from local and international investors alike.

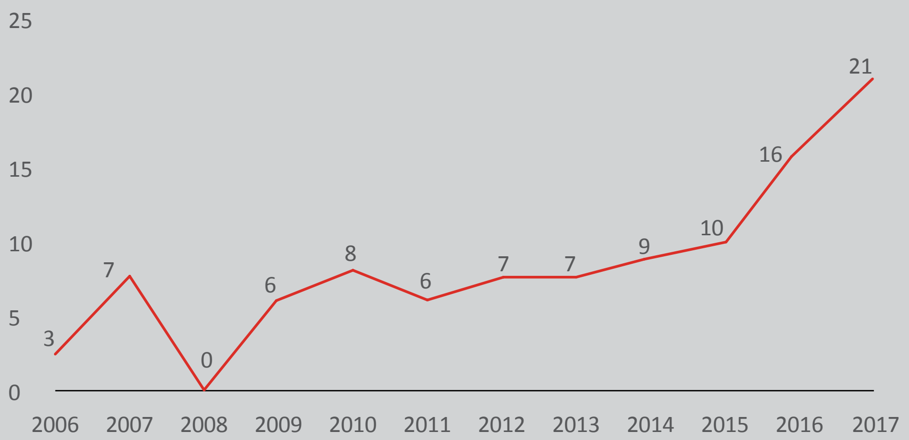
Looking forward, the listings (and planned listings) of new large cap companies substantially increased and will continue to increase the number of tickers on the market that institutional investors consider "investible", which is in turn prompting a significant increase in the number of international investment management firms participating in the Vietnamese stock market.

Newly listed large cap stocks during FY2017	Ticker	Market Cap (end-2017) (USD mn)
Saigon Alcohol Beer and Beverage Corp	SAB	6,603
Airport Corporation of Vietnam JSC	ACV	4,838
Vietnam National Petroleum Group (Petrolimex)	PLX	3,340
No Va Land Investment Group	NVL	1,845
Vietjet Aviation JSC	VJC	1,802
Vietnam Airlines JSC	HVN	1,410
Quang Ngai Sugar JSC	QNS	870
Hanoi Beer Alcohol and Beverage	BHN	891
Total		**21,599**

Source: Bloomberg

However, a corollary to this overall re-rating of the market has been the re-emergence of some particularly stretched valuations on individual companies, the likes of which have not been seen in Vietnam's stock market for years. For example, Vietnam's leading beer company, Sabeco (SAB in the above table), has traded at a valuation around 30x P/E since its listing on the stock exchange at the end of 2016, despite the company's lacklustre earnings growth prospects, partly because several international financial and strategic investors have expressed the desire to acquire a major stake in the company and the free float in this company's shares is small.

Number of quoted companies Over USD1bn Market Cap



Source: Bloomberg

In some respects, the current investment environment is reminiscent of past episodes in which overly inflated valuations ultimately yielded unattractive returns on certain investments that were wildly popular among many market participants. In certain cases, such as Sabeco, investors are pricing in strategic and M&A premiums to some companies' stock prices which we think on a standalone, fundamental basis would not be justified. For that reason, we believe that an extra degree of caution is currently warranted. We continue to strictly adhere to our value-driven investment selection process, and to eschew transitory fads in favour of patiently uncovering unappreciated gems in the private and public markets.

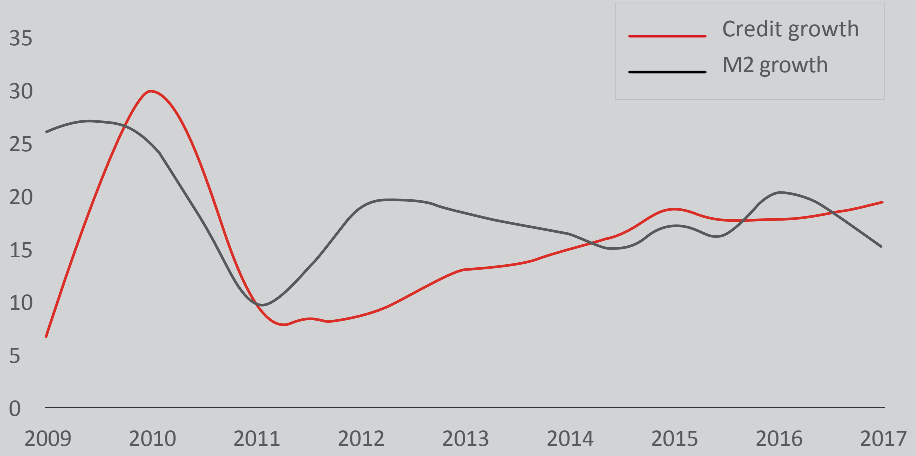
Risks

In both 2016 and 2017, Vietnam's government set the identical, somewhat ambitious 6.7% GDP growth target. The country's economy grew by a respectable 6.2% in 2016, but since GDP growth fell well short of the official target last year, the government appears to have intensified its effort to stimulate growth in the first half of 2017.

Policymakers are currently relying heavily on monetary stimulus, as the government's ability to use fiscal stimulus is impeded by the fact that Vietnam's public debt-to-GDP ratio has already essentially reached the government's self-imposed 65% limit. Furthermore, intensified spending on infrastructure development and other programs lifted the government's budget deficit to 5.5% of GDP on average during 2013-2016, leaving some local lawmakers lamenting Vietnam's lack of fiscal prudence.

The SBV supplied the interbank market with an abundance of liquidity in the latter part of 2016, and again in the second quarter of 2017 (the SBV cut policy interest rates by 25 bps to 6.25% a week after the end of VOF's financial year on 30 June 2017). The stated hope of the SBV is that banks' excess liquidity will manifest into the "real economy" in the form of higher credit growth and lower lending rates. However, excess liquidity also risks inflating asset bubbles and reigniting inflation.

Credit and Money Supply Growth (% yoy)



Source: Bloomberg

As Vietnam's policymakers worked hard to rein in inflation after the country's CPI increased by as much as 23% in 2011, so the central bank regularly reiterates that it remains vigilant to guard against a potential re-emergence of inflation. Fortuitously, there are no signs of significant inflationary pressures on the horizon in Vietnam, especially given the current stability of oil prices, which will help ease year-on-year consumer price comparisons as 2017 progresses.

Furthermore, the gap between Vietnam's money supply growth and the system-wide growth of banks' loan books reached four percentage points in late 2016, indicating that Vietnam's economy was generating excess liquidity that likely fuelled increases in asset prices at that time. However,by the end of 1H17, Vietnam's credit growth was about two percentage points higher than year-on-year M2 growth, indicating that the "real economy" was absorbing a disproportionate share of the new liquidity the economy generated, thus alleviating concerns about the emergence of asset bubbles for the time being.

That said, Vietnam's money supply growth is high in absolute terms, while at the same time there is an ongoing, notable increase in the number of new foreign investors to the market that have not experienced the pronounced peaks and troughs that characterise the investment cycles of Vietnam's public equity markets. For that reason, we believe an extra degree of prudence is required when assessing prospective investments in the current investment climate to avoid entering "bidding wars" over assets that ultimately degrade the performance of the portfolio.

Michael Kokalari
Chief Economist
25 October 2017

VietJet Air (VJC)

VINACAPITAL GROUP

Founded in 2003, VinaCapital is one of Vietnam's leading investment management and real estate investment firms with USD1.8 billion in assets under management across a range of asset classes, including public and private equity, real estate, venture capital, and fixed income. The company manages two closed-ended funds which trade on the London Stock Exchange, including VOF, which trades on the Main Market, and VinaLand Limited which trades on the AIM. Further, VinaCapital manages the Forum One - VCG Partners Vietnam Fund, a leading Vietnam-focused, open-ended UCITS-compliant fund, and the Vietnam Equity Special Access Fund, as well as numerous segregated accounts.

VinaCapital is a partner with Draper Fisher Jurvetson in DFJV, a venture capital fund, and with Warburg Pincus in Lodgis Hospitality Holdings, a hospitality development platform. VinaCapital has offices in Ho Chi Minh City, Hanoi, Danang, and Singapore. The company has approximately 125 employees, and is the largest single employer of CFA Charterholders in Vietnam.

VinaCapital Management Team

Don Lam
Chief Executive Officer

Don Lam is a founding partner of the Investment Manager and has more than 20 years' experience in Vietnam. He has overseen the Investment Manager's growth from the 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 approximately USD1.8 billion in assets under management. Before founding the Investment Manager, 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. He is a Chartered Accountant and is a member of the Institute of Chartered Accountants of Canada. He also holds a Securities License in Vietnam.

Brook Taylor
Chief Operating Officer

Brook Taylor is the Chief Operating Officer of the Investment Manager. Mr Taylor has more than 20 years of management experience, including more than eight years as a senior partner with major accounting firms. Previously, he 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. Mr Taylor's expertise spans a broad range of management and finance areas including accounting, business planning, audit, corporate finance, taxation, and risk management. He holds an Executive MBA from INSEAD, a Bachelor of Commerce and Administration from Victoria University of Wellington, and is a member of the Australia and New Zealand Institute of Chartered Accountants and Association of Chartered Certified Accountants.

Andy Ho
Managing Director and Chief Investment Officer

Andy Ho is Managing Director and Chief Investment Officer of the Investment Manager, where he oversees the capital markets, private equity, fixed income and private equity 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 investment strategy. He has also held management positions at Dell Ventures (the investment Company 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 totaling over USD750 million. He holds an MBA from the Massachusetts Institute of Technology and is a Certified Public Accountant in the United States.

Loan Dang
Deputy Managing Director

Loan Dang joined VinaCapital in 2005 and is responsible for the Company's private equity investments.
Ms Dang has led numerous private equity and private placement deals for the Company, and holds board positions at several of the Company's 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 the Company's listed and unlisted equity investments. Mr Vuong has over 20 years of investment experience including the last nine 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 Charterholder having gained the CFA designation in 2001.

Khanh Vu
Investment Director

With over seven years at VinaCapital, Khanh Vu is responsible for the Investment Manager's marketing, investor relations and communication activities for the Company. He is also an active member of the fund's Investment Committee, involved in deal sourcing, investment execution and monitoring. Mr Vu has over 15 years of investment experience, and has been based in Vietnam for the last four years. Mr Vu has held managerial positions in corporate finance, asset management, investment banking, and professional services. Prior to VinaCapital, he was at Macquarie Bank based in New York and Sydney, with his last posting on the buy-side infrastructure asset management team. Prior to that, he held various positions with Deloitte & Touche and Arthur Andersen, based in Sydney. Mr Vu holds both a Master and Bachelor degrees from the University of New South Wales, Sydney, and a Graduate Diploma of Applied Finance granted by the Financial Services Institute of Australia where he is a Fellow.

Michael Kokalari
Chief Economist

Michael Kokalari, CFA serves as VinaCapital's Chief Economist, and is responsible for providing thought leadership and technical acumen on a wide range of global and local macroeconomic issues with a view to maximizing the firm's investment performance. Mr Kokalari worked in Vietnam for eight years, and was previously the Head of Research at CIMB Securities Vietnam, and the CIO of Saigon Asset Management. Earlier in his career, Mr Kokalari was a derivatives trader in Tokyo & London where he ran multi-billion dollar trading books for Lehman Brothers, JP Morgan Chase, Credit Suisse First Boston, Paribas and West LB. Mr Kokalari co-authored the CFA guide to Credit Derivatives, and was a contributor to "Risk Management: Foundations for a Changing Financial World" (published in 2010), along with Nobel Prize winners Myron Scholes and William Sharpe of Stanford University.
Mr Kokalari holds an MS Engineering in Computational Mathematics from Stanford University, an MS Mathematics from Stanford, an MS Management from the Graduate School of Business at Stanford, and a BA Mathematics from Clark University, where he was a Gryphon and Pleiades Scholar.

Board of Directors

Steven Bates
Non-executive Chairman (Independent)
(Appointed 5 February 2013)

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 15 years Mr Bates has continued to manage investments across the emerging world working for GuardCap Asset Management and is also a non-executive director of a number of investment companies. He holds an MA in Law from the University of Cambridge and is a CFA.

Martin Adams
Non-executive Director (Independent)
(Appointed 5 February 2013)

Martin Adams has over 35 years investment and banking experience in emerging markets, including over 25 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. Mr Adams holds an MA in Economic Science from the University of Aberdeen.

Thuy Bich Dam
Non-executive Director (Independent)
(Appointed 7 March 2014)

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 was also the Chief Representative for the National Australia Bank, Vietnam from November 2013 to September 2016. She is currently the President-Designate of Fulbright University Vietnam. She holds a Bachelor's degree in English from Hanoi University, an MBA Finance from The Wharton School of Business and completed the Advanced Management Program at Harvard Business School.

Huw Evans
Non-executive Director (Independent)
(Appointed 27 May 2016)

Huw Evans is a Guernsey resident and qualified in London as a Chartered Accountant with KPMG (then Peat Marwick Mitchell) in 1983. He subsequently worked for three years in the Corporate Finance Department of Schroders before joining Phoenix Securities Limited in 1986. Over the next twelve years he advised a wide range of companies in financial services and other sectors in the UK and overseas on mergers and acquisitions and more general corporate strategy. Since moving to Guernsey in 2005 he has acted as a Director of a number of Guernsey-based companies and funds. He holds an MA in Biochemistry from Cambridge University.

Michael Gray
Non-executive Director (Independent)
(Retired 21 December 2016)

Michael 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 Master 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 at 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 and FSL Trust Management Pte Ltd. Mr Gray has also held many positions in Boards of Voluntary Welfare Organisations and government committees in Singapore.

Disclosure of directorships in other public companies listed on recognised stock exchanges

Directorships	Stock Exchange
Company Name	
Steven Bates	
Baring Emerging Europe plc	London
The Biotech Growth Trust PLC	London
British Empire Securities and General Trust plc	London
F&C Capital & Income Investment Trust plc	London
Matin Adams	
Aberdeen Latin America Income Fund Limited	London
Vietnam Phoenix Fund Limited	Ireland
Easten Europe Property Fund Limited	London
Kebera Cross-Border Fund Limited	London
Marwyn Value Investors Limited	London
Terra Catalyst Fund	London/Chanel Islands
Trading Emissions Plc	London
Trinity Capital Plc	London
Michael Gray (retired 21 December 2016)	
GSH Corporation Limited	Singapore
Avi-Tech Electronics Limited	Singapore
FSL Trust Management Pte.Ltd	Singapore
Thuy Bich Dam	
None	
Huw Evans	
BH Marco Limited	London/Dubai
Standard Life Investments Property Income Trust Limited	London

Report of the Directors

The Board of Directors (the "Board") presents its Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2017.

Until 22 March 2016, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company was PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares were traded on the AIM market of the LSE.

At an Extraordinary General Meeting on 27 October 2015, Shareholders approved proposals to change the Company's domicile to Guernsey. Registration as a Guernsey company was completed on 22 March 2016. The current registered office of the Company is PO Box 225, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL.

On 30 March 2016, the Company's shares were cancelled from trading on AIM and admitted to the Main Market of the London Stock Exchange with a Premium Listing.

The Company's investments continue to be managed by the Investment Manager.

Principal Activities

The Company is a closed-ended investment company with limited liability which was incorporated in Guernsey on 22 March 2016 under The Companies (Guernsey) Law, 2008.

Through its investments in subsidiaries, 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.

Life of the Company

The Company 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, the Board intends that a special resolution will be proposed every fifth year that the Company ceases to continue. If the resolution is not passed, the Company will continue to operate as currently constituted. 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 in 2008 and in 2013 and on both occasions it was not passed, allowing the Company to continue as currently constituted. The next special resolution on the life of the Company is planned to be held in conjunction with the AGM, expected to be in December 2018.

Investment Policy and Valuation Policy

The Company's investment objective and investment policy are set out on page 4. The valuation policy can be found in note 2 to the Financial Statements.

Report of the Directors (cont.)

Performance

The Chairman's Statement and the Investment Manager's Report provide details of the Company's activities and performance during the year.

The key performance indicators ("KPIs") used to measure the progress of the Company during the year include:

- The movement in the company's NAV;
- The movement in the Company's share price; and
- Discount of the share price in relation to the NAV.

Information relating to the KPIs can be found in the Financial Highlights section on pages 8.

Risk Management

The Board considers risk management to be a function of its Audit Committee and a review of whose operations is set out on pages 56 to 59. On the specific question of risk management, the Audit Committee reviews at each of its meetings the risks and uncertainties faced by the Company in the form of a risk matrix and heat map. For the purposes of making the Viability Statement, the Board has undertaken a robust review of the principal risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks are described in the table below together with a description of the mitigating actions taken by the Board.

Vietnamese Market Risk

Description

Opportunities for the Company to invest in Vietnam have come about through the liberalisation of the Vietnamese economy. Were the pace or direction of change to the economy to alter in the future, the interests of the Company could be damaged.

The economy could also be affected by any escalation in geopolitical tensions in the region and elsewhere.

Mitigating Action

The Board is regularly briefed on political and economic developments by the Investment Manager. The Investment Manager publishes a monthly report on the Company which includes information and comment on macroeconomic and, where relevant, political developments in Vietnam.

Changing investor sentiment

Description

As a Company investing mainly in Vietnam, changes in investor sentiment towards Vietnam and/or frontier markets may lead to the Company becoming unattractive to investors leading to reduced demand for shares and a widening discount.

Mitigating Action

The Investment Manager has an active Investor Relations programme, keeping shareholders and other potential investors regularly informed on Vietnam in general and on the Company's portfolio in particular. At each Board meeting the Board receives reports from the Investment Manager and from the Broker and is updated on the composition of and any movements in the shareholder register. The Board also communicates regularly with major shareholders directly, independent of the Investment Manager.

Over the previous year, the Company migrated its domicile from Cayman Islands to Guernsey in order to demonstrate that the Company adopts the highest standards of corporate governance and moved its trading from AIM to a premium listing on the Main Market of the LSE in order to make the shares attractive to as wide an audience of investors as possible.

In seeking to make the Company attractive to a wider range of investors the Board has resolved to pay regular dividends.

In seeking to close the discount, the Board has also approved and implemented an extensive share buy-back programme, the details of which are set out on page 44.

Investment Performance

Description

The performance of the Company's investment portfolio could be poor, either absolutely or in relation to the Company's peers.

Mitigating Action

The Board monitors the allocation of the Company's portfolio to the various classes of assets and receives regular reports on the performance of the portfolio and on those underlying assets. The Investment Manager attends all Board meetings and the Board visits Vietnam for more detailed meetings, including with investee companies, twice each year.

Fair Valuation

Description

The risks associated with the fair valuation of the portfolio could result in the NAV of the Company being misstated.

The quoted companies in the portfolio are valued at market price but many of the holdings are of a size which would make them difficult to liquidate in the ordinary course of market activity.

The unlisted securities are valued at their prices on UPCoM or using quotations from brokers, but many of the holdings are of a size which would make them difficult to liquidate in the ordinary course of market activity.

The fair valuation of private equity investments is carried out according to international valuation standards but the investments are in some cases not readily liquid and may not be immediately realisable at the stated carrying values.

The fair valuation of the real estate investments is carried out in a manner consistent with international real estate valuation guidelines and processes. However, the assets are also illiquid (and may be part of joint ventures) which could make a sale difficult at the stated carrying valuations.

The values of the Company's underlying investments are, in the main, denominated in Vietnamese Dong whereas the Company's accounts are prepared in US Dollars and investments entered into at the Company level are denominated in US Dollars. Exchange rate fluctuations and Vietnamese currency devaluation could have a material effect on the NAV.

Mitigating Action

The Board reviews the valuation of the listed and unlisted investment portfolio with the Investment Manager each quarter and questions any unexpected or sharp movements in market prices.

In relation to real estate and private equity investments, the Board has appointed independent external valuers in order to assist in determining fair values in accordance with international financial reporting standards.

In addition, the external auditors review the portfolio valuations as part of the half year review and audit the valuations at the year end.

The Company does not hedge its Vietnamese Dong exposures.

Investment Management Agreement

Description

The Investment Management Agreement requires the Investment Manager to provide competent, attentive and efficient services to the Company. If the Investment Manager was not able to do this or if the Investment Management Agreement were terminated, there could be no assurance that a suitable replacement could be found in Vietnam and, under those circumstances, the Company would suffer.

Mitigating Action

The Board maintains close contact with the Investment Manager and key personnel of the Investment Manager attend each Board meeting. The Board visits the Investment Manager and meets with key individuals in Vietnam twice each year.

Operational

Description

The Company is dependent on third parties for the provision of all systems and services (in particular, those of the Investment Manager) and any control failures and gaps in these systems and services could result in a lo ss or damage to the Company.

Report of the Directors (cont.)

Mitigating Action
The Board receives regular reports from the Investment Manager on its internal policies, controls and risk management. It also receives an annual assurance from the Investment Manager on the adequacy and effectiveness of the internal controls of the Company. The Investment Manager has appointed Ernst & Young LLP ("EY LLP") as its internal auditor and the Board has direct unfettered access to EY LLP for any purpose. In addition, EY LLP report regularly to the Board on their findings. The Board has sought to ensure segregation of functions through the appointment of Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") as independent administrator, and Standard Chartered Bank as custodian for those assets which can be held by a third party custodian. Further details of the internal controls which are in place are set out on pages 49 to 50.

Legal and Regulatory
Description
Failure to comply with relevant regulation and legislation in Vietnam, Guernsey or the UK may have an impact on the Company.

Although there are anti-bribery and corruption policies in place at the Company, the Investment Manager and all other service providers, the Company could be damaged and suffer losses if any of these policies were breached.

Mitigating Action
The laws and regulations in Vietnam are at an early stage of development and are not well established. The Investment Manager maintains a risk and compliance department which monitors compliance with local laws and regulations as necessary. Locally based external lawyers (typically members of major international law firms) are engaged to advise on portfolio transactions where necessary. As to its non-Vietnamese regulatory and legal responsibilities, the Company is administered in Guernsey by Northern Trust which reports to the Board at each Board meeting on Guernsey compliance matters and more general issues applicable to Guernsey companies listed on the LSE. In addition, from time to time the Board uses external experts to advise on specific matters.

The Investment Manager and other service providers confirm to the Board at least annually that they maintain anti-bribery and corruption policies and disclose if there have been any breaches of these policies.

Dividend Policy

In the financial year to 30 June 2017, the Company did not pay any dividends. However, on 17 August 2017, the Company announced a change in its dividend policy and declared its first dividend.

The Board now intends that the Company will pay a dividend representing approximately 1% of NAV twice each year, normally declared in March and October. Exceptionally, on 17 August 2017 the Board declared a first interim dividend of 4.8 cents per share which was paid to Shareholders on 27 September 2017. On 25 October 2017, the Board declared a further dividend of 4.8 cents per share.

Discount Management

The Board will 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. 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. Further comments on the buyback programme are set out in the Chairman's Statement.

Refer to note 10 for details of share buybacks during the year under review.

Corporate Governance Statement

To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code (the "UK Code"). The Company is also required to comply with the Guernsey Code of Corporate Governance (the "Guernsey Code").

The Company is a member of the Association of Investment Companies (the "AIC") and by complying with the AIC Code of Corporate Governance ("AIC Code") is deemed to comply with both the UK Code and the Guernsey Code.

The Board has considered the principles and recommendations of the 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 the principles set out in the UK 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 clear information to Shareholders. To ensure ongoing compliance with these principles the Board receives and reviews a report from the secretary, at each quarterly meeting, identifying whether the Company is in compliance and recommending any changes that are necessary.

Except as disclosed within this report, the Board is of the view that throughout the year ended 30 June 2017 the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code. Key issues affecting the Company's corporate governance responsibilities, how they are addressed by the Board and application of the AIC Code are presented below.

The UK Code includes provisions relating to the role of the chief executive, executive Directors' remuneration, the need for an internal audit function and whistle-blowing policy which are not considered by the Board to be relevant to the Company, being an externally managed investment company with a Board formed entirely of non-executive Directors. The Company has therefore not reported further in respect of these provisions.

Board Composition

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.

The Board has considered whether a Senior Independent Director ("SID") should be appointed. However, as the Board is small and comprises entirely non-executive directors, the Board has determined that the appointment of a SID is not currently necessary.

The Board reviews the independence of the Directors at least annually.

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 page 38 to 39.

Re-election of Directors

The principle set out in the UK Code is that Directors should submit themselves for re-election at regular intervals and at least every three years, and in any event as soon as it is practical after their initial appointment to the Board. It is a further requirement that non-executive Directors are appointed for a specific period.

However, the Board has determined that all Directors will submit themselves for annual re-election by Shareholders. The individual performance of each Director standing for re-election has been evaluated by the other members of the Board and a recommendation will be made that Shareholders vote in favour of their re-election at the AGM.

The Board has adopted a formal policy requiring that Directors should stand down at the AGM following the ninth anniversary of their initial appointment.

Michael Gray, who was appointed to the Board in June 2009, retired at the AGM held on 21 December 2016 after not putting himself forward for re-election.

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices.

Report of the Directors (cont.)

Board Proceedings

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. The Company Secretary is also responsible for ensuring good information flows between all parties.

The Board meets regularly throughout the year and representatives of the Investment Manager are 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.

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 NAV performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer company information and industry issues.

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.

Board Committees

There are four Board committees in operation: Audit Committee, Management Engagement Committee, Remuneration Committee and Nomination Committee. The chairmanship and membership of each Committee throughout the year, and the number of meetings held during the year, are shown in the table on page 48. 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.vof-fund.com

Audit Committee

The Audit Committee, which meets at least three times a year, comprises all the Directors and is chaired by Mr Evans following Mr Gray's retirement at the 2016 AGM.

The Audit Committee is responsible for monitoring the process of production and ensuring the integrity of the Company's accounts and advises the Board that the accounts are fair, balanced and understandable.

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

The Audit Committee is also responsible for recommending to the Board the valuation of investments. In seeking to determine the fair value of the Company's real estate and private equity investments, 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. Refer to note 3 to the Financial Statements for further information on the valuation of investments held by the Company.

A report of the Audit Committee detailing responsibilities and activities is presented on pages 56 to 59.

The Audit Committee's Chairman presents the Committee's findings to the Board at the next Board meeting following a meeting of the Audit Committee.

Management Engagement Committee

The Management Engagement Committee comprises all of the 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 Company Secretary, Corporate Brokers, Custodian, Administrator and Registrar and any matters concerning their respective agreements with the Company.

The IMA 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.

The Board has delegated discretion to the Investment Manager to exercise voting powers on its behalf, other than for contentious or sensitive matters.

On 27 October 2016, the IMA was amended in order to clarify the calculation of incentive fees. The clarification did not result in adjustments to the incentive fees expensed.

Remuneration Committee

The Remuneration Committee comprises all of the Directors and is chaired by Ms Dam. The Committee's responsibilities include: recommending to the Board the policy for the remuneration of the Company's Chairman, the Audit Committee Chairman and the remaining non-executive Directors, and reviewing the ongoing appropriateness and relevance of the remuneration policy; determining the individual remuneration 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.

The Directors' Remuneration Report is presented on page 60.

Nomination Committee

The Nomination Committee comprises all of the 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 remaining non-executive 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.

Report of the Directors (cont.)

Board and Committee Meetings

During the year ended 30 June 2017, the number of scheduled Board and Committee meetings attended by each Director was as follows:

	Board meetings	Audit Committee meeting	Management Engagement Committee meeting	Nomiation Committee meeting	Remuneration Committee meeting
Number of meetings	4	6	2	1	1
Attendance					
Steven Bates [1]	4	6	2	1	1
Martin Adams [2]	4	6	2	1	1
Thuy Bich Dam [3]	4	5	2	1	1
Huw Evans [4]	4	6	2	1	1
Michael Gray [5]	*2	*2	*1	*1	*1

**Indicates the meetings attended during their membership of the relevant Board or Committee during the year.*

[1] Steven Bates is Chairman of the Board and the Nomination Committee.
[2] Martin Adams is Chairman of the Management Engagement Committee.
[3] Thuy Bich Dam is Chairman of the Remuneration Committee.
[4] Huw Evans is the Chairman of the Audit Committee.
[5] Michael Gray was the Chairman of the Audit Committee up until his retirement on 21 December 2016.

In addition to the scheduled meetings noted above, several ad hoc meetings of the Board were held during the year which were attended by those Directors available at the time.

Appointment of new Directors

For new appointments to the Board, nominations are sought from the Directors and from other relevant parties and candidates are then interviewed by the Nomination Committee. The Board has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme is provided for newly-appointed Directors.

Board Performance

The Board 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 year ended 30 June 2017, 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.

The Board must ensure that the Financial Statements taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company's investment objective and policy and explain how the Board and its delegated Committees work and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report the Board has sought to provide further information to enable Shareholders to understand the Company's business and financial performance.

Policy to combat fraud, bribery, corruption and tax evasion

The Board has adopted a formal policy to combat fraud, bribery and corruption. Furthermore, the Board has zero tolerance to the criminal facilitation of tax evasion. These policies apply to the Company and to each of its Directors. Further, the policies are shared with each of the Company's service providers, each of which confirms its compliance annually to the Board.

Internal Controls and Risk

(i) Risk

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee and by the Board at their meetings. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

(ii) 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.

Regular risk assessments and reviews of internal controls are undertaken by the Audit Committee in the context of the Company's investment policy. 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.

Report of the Directors (cont.)

(iii) Internal Control Assessment Process
Responsibility for the establishment and maintenance of an appropriate system of internal control rests ultimately with the Board. However, the Board is dependent on the Investment Manager (and other service providers) to achieve this and a process has been established which seeks to:

- review the risks faced by the Company and the controls in place to address those risks
- identify and report changes in the risk environment
- identify and report changes in the operational controls
- identify and report on the effectiveness of controls and errors arising
- ensure no override of controls by its service providers, the Investment Manager or Administrator.

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

- investment management is provided by the Investment Manager. The Board is responsible for the overall investment policy and monitors the investment performance, actions and regulatory compliance of the Investment Manager at regular meetings;
- accounting for the Company and its subsidiaries was provided by the Investment Manager up to 1 October 2015 and, from that date, the Administrator took over accounting for the Company itself, leaving accounting for the subsidiaries the responsibility of the Investment Manager;
- the provision of fund administration by Northern Trust;
- custody of listed and unlisted assets is undertaken by Standard Chartered Bank;
- the Management Engagement Committee monitors the contractual arrangements with each of the service providers and their performance under these contracts;
- 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 significant failings or weaknesses were identified during the year.

(iv) Internal Audit Function
The Investment Manager has appointed EY LLP as its internal auditor and the Board has direct unfettered access to EY LLP for any purpose. In addition, EY LLP reports regularly to the Board on their findings. The Management Engagement Committee has reviewed the need for an internal audit function for the Company itself. The Management Engagement Committee has concluded that the systems and procedures employed by the Investment Manager and the Administrator, including their own internal audit functions, currently provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Directors' Dealings

The Company has adopted a Code of Directors' dealings in securities.

Relations with 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 appropriate, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting.

Regular reports from the Company's brokers on investor sentiment and industry issues are submitted to the Board.

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.

The Company aims to provide Shareholders 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 by the Investment Manager of a monthly fact sheet and a weekly estimate of NAV per share.

The Company's website, www.vof-fund.com, is updated regularly with monthly factsheets and provides useful information about the Company including the Company's financial reports and announcements.

The Annual General Meeting of the Company provides a forum for Shareholders to meet and discuss issues with the Directors of the Company.

International Tax Reporting

For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Service ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number (GUHZUZ.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard developed for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted in Guernsey and which came into effect on 1 January 2016.

The CRS replaced the UK Inter-Governmental Agreement ("IGA") from 1 January 2016. However, it was still necessary to submit the 2014 and 2015 reports for the UK IGA by 30 June 2016. The first report for CRS was made to the Director of Income Tax in Guernsey on 27 June 2017.

The Board ensures that the Company is compliant with Guernsey regulations and guidance in this regard.

Share Capital and Treasury Shares

The number of shares in issue at the year end is disclosed in note 10 to the Financial Statements.

Directors' Interests in the Company

As at 30 June 2017 and 30 June 2016, the interests of the Directors in shares of the Company are as follows:

	Share helded as at 30 June 2017	Share helded as at 30 June 2016
Steven Bates	25,000	-
Martin Adams	-	-
Thuy Bich Dam	-	-
Huw Evans	17,500	-
Michael Gray	N/A	100,000

There have been no changes to any holdings between 30 June 2017 and the date of this report.

Report of the Directors (cont.)

Substantial Shareholdings

As at 30 June 2017 and 30 September 2017, the Directors are aware of the following Shareholders with holdings of more than 3% of the ordinary shares of the Company:

	30 June 2017		30 September 2017	
Shareholder	**Number of ordinary shares**	**Percentage of issued share capital**	**Number of ordinary shares**	**Percentage of issued share capital**
Euroclear Nominees Limited	37,609,761	18.75%	25,074,291	12.63%
State Street Nominees Limited	22,051,213	10.99%	21,500,208	10.83%
Citibank Nominees (Ireland) Limited	20,687,264	10.31%	19,268,459	9.70%
The Bank of New York (Nominees) Limited	18,846,722	9.39%	17,382,539	8.75%
Vidacos Nominees Limited	15,433,453	7.69%	14,162,549	7.13%
Lynchwood Nominees Limited	13,109,975	6.54%	13,658,400	6.88%
HSBC Global Custody Nominess (UK) Limited	10,225,021	5.10%	13,077,456	6.59%
Nortrust Nominees Limited	9,121,227	4.55%	11,510,437	5.80%
Credit Suisse Client Nominees (UK) Limited*			11,346,588	5.71%
Chase Nominees Limited	8,757,340	4.37%	8,374,506	4.22%

**Credit Suisse Client Nominee (UK) Limited held 194,855 ordinary shares as at 30 June 2017 being 0.097% of the issued share capital.*

Annual General Meeting ("AGM")

The Company's next AGM will be held at the offices of Northern Trust at Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL at 12 noon on 14 December 2017. The Notice of Meeting is set out at the back of the Annual Report.

Ongoing Charges

Ongoing charges are the recurring expenses incurred by the Company excluding one-off expenses. Ongoing charges for the years ended 30 June 2017 and 30 June 2016 have been prepared in accordance with the AIC's recommended methodology. The ongoing charges excluding incentive fees for the year ended 30 June 2017 were 1.9% (30 June 2016: 1.8%). Ongoing charges including incentive fees for the year ended 30 June 2017 were 4.6% (30 June 2016: 3.0%).

Going Concern and Viability Statement

The Company is exposed to a number of risks and uncertainties as listed on pages 42 to 44 and, as noted, the Directors monitor and assess these risks on a regular basis. The Directors confirm that their assessment of the principal risks facing the Company is robust and, for the purposes of complying with the Code, that they have assessed the viability of the Company over the three years to 30 June 2020. The Directors consider this period sufficient given the inherent uncertainty of the investment world and the specific issues which the Company faces in investing in Vietnam.

An additional factor which the Directors have considered is the continuation vote which is planned to be put to shareholders in December 2018. In seeking to ensure that shareholders retain confidence in the Company, the Investment Manager meets regularly with shareholders and has an active investor relations programme. In addition, the Directors have undertaken a number of actions aimed at reducing the discount at which the Company's shares have been trading in relation to NAV, including migrating the domicile of the Company to Guernsey, moving the quotation on AIM to a premium listing on the Main Market of the LSE and resolving that the Company carry out a significant share buy-back programme. During the current year, the Directors have declared the Company's first dividends. The Directors cannot predict what the outcome of the continuation vote will be but have no present indication that the vote will not be positive and, in making the viability statement, have assumed that the Company will continue to operate in its present form beyond the continuation vote.

The Directors, having considered the above risks and other factors, have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

After making enquiries and given the nature of the Company and its investments, the Directors are also satisfied that there are no material uncertainties and that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements.

Subsequent Events after the Reporting Date

On 17 August 2017, the Company announced a change in its dividend policy and that the Company will pay a dividend of at least 4.8 cents per share twice each year, normally declared in March and October. Exceptionally, on the same date, the Board declared the first dividend of 4.8 cents per share which was paid to Shareholders on 27 September 2017.

On 24 August 2017, the Company announced that its Investment Manager, VinaCapital Investment Management Limited, has entered into an agreement with VinaCapital Fund Management JSC ("VCFM"), an affiliate of VCIM and a fully licensed and regulated fund management company domiciled in Vietnam, to delegate certain investment management and advisory activities.

On 25 October 2017, the Board declared a further dividend of 4.8 cents per share.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
25 October 2017

Statement Of Directors' Responsibilities

The Directors are responsible for preparing Financial Statements in accordance with IFRS and The Companies (Guernsey) Law, 2008 for each financial period which give a true and fair view of the state of affairs of the Company and its profit or loss for that period. International Accounting Standard 1 – Presentation of Financial Statements requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's ("IASB") "Framework for the preparation and presentation of financial statements". In virtually all circumstances a fair presentation will be achieved by compliance with all applicable IFRS.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the Financial Statements have been prepared in accordance with The Companies (Guernsey) Law, 2008 and IFRS. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the Financial Statements the Directors are required to:

- ensure that the Financial Statements comply with the Memorandum & Articles of Incorporation and IFRS;
- select suitable accounting policies and apply them consistently;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business; and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

Responsibility Statement of the Directors in Respect of the Financial Statements

Each of the Directors confirms to the best of each person's knowledge and belief that:

a) The Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at and for the year ended 30 June 2017.

b) The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces as required by DTR 4.1.8R and DTR 4.1.11R.

Directors' Statement

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. In the opinion of the Board, the Annual Report and Financial Statements taken as a whole, are fair, balanced and understandable and provides the information necessary to assess theCompany's performance, business model and strategy.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
25 October 2017

Hoa Phat Group (HPG)

Report Of The Audit Committee

On the following pages, we present the Report of the Audit Committee (the "Committee") for the year ended 30 June 2017, setting out the Committee's structure and composition, principal duties and key activities during the year. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the Independent Auditor and the internal control and risk management systems of the service providers.

Structure and Composition

The Committee is chaired by Huw Evans. All other Directors of the Company are members of the Committee.

Appointment to the Committee is for a period of up to three years which may be extended for two further three year periods provided that the majority of the Committee remain independent of the Investment Manager.

The Committee conducts formal meetings at least three times a year. The table on page 48 sets out the number of Committee meetings held during the year ended 30 June 2017 and the number of such meetings attended by each committee member. The Independent Auditor is invited to attend those meetings at which the annual and interim reports are considered. The Independent Auditor, Internal Auditor and the Committee meet together every year without the presence of either the Administrator or the Investment Manager and at other times if the Committee deems this to be necessary.

Principal Duties

The role of the Committee includes:

- monitoring the integrity of the published Financial Statements of the Company and advising the Board on whether, taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Company's Annual Report and Financial Statements, having regard to matters communicated by the Independent Auditor, significant financial returns to regulators and other financial information;
- monitoring and reviewing the quality and effectiveness of the Independent Auditor and their independence and making recommendations to the Board on their appointment, reappointment, replacement and remuneration;
- carrying out a robust assessment of the principal risks facing the Company and including in the Annual Report and Financial Statements a description of those risks and explaining how they are being managed or mitigated; and
- recommending valuations of the Company's investments to the Board.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's Terms of Reference, which can be obtained from the Company's Administrator.

Independent Auditor

PricewaterhouseCoopers CI LLP ("PwC CI") was appointed as the Independent Auditor with effect from 24 May 2016 following the change of domicile of the Company from the Cayman Islands to Guernsey. Prior to this PricewaterhouseCoopers Hong Kong was the Independent Auditor.

The independence and objectivity of the Independent Auditor is reviewed by the Committee, which also reviews the terms under which the Independent Auditor is appointed to perform any non-audit services. The Committee has established policies and procedures governing the engagement of the auditor to provide non-audit services.

These are that the Independent Auditor may not provide a service which:

- places them in a position to audit their own work;
- creates a mutuality of interest;
- results in the Independent Auditor functioning as a Manager or Employee of the Company; and
- puts the Independent Auditor in the role of Advocate of the Company.

The audit and any non-audit fees proposed by the Independent Auditor each year are reviewed by the Committee taking into account the Company's structure, operations and other requirements during the period and the Committee makes recommendations to the Board.

The Committee has examined the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the Independent Auditor, with particular regard to non-audit fees, and considers PwC CI, as Independent Auditor, to be independent of the Company.

Key Activities
The following sections discuss the principal assessments made by the Committee during the year:

Significant Financial Statement Issues
Valuation of Investments:
The fair value of the Company's investments at 30 June 2017 was USD974.6 million accounting for 99.2% of the Company's assets (30 June 2016: USD789.7 million and 99.2%, respectively).

In relation to the listed and unlisted investments, the Committee satisfies itself that the Investment Manager has used the appropriate market values as at the Statement of Financial Position date.

In relation to the real estate and private equity investments, the Committee has concentrated on ensuring that the Investment Manager and the Independent Valuer have applied appropriate valuation methodologies.

Members of the Committee meet the Independent Valuer and the Investment Manager at least annually to discuss the valuation process. The Committee gains comfort in the valuations produced by reviewing the methodologies used.
The methodologies and valuations were discussed and subsequently approved by the Committee in meetings with the Independent Valuer and Investment Manager in March and October 2017.

Calculation of incentive fee
On 27 October 2016, the IMA was amended in order to clarify the calculation of incentive fees. The clarification did not result in adjustments to the incentive fees expensed. The maximum incentive fee that can be paid in any given year in respect to either the Capital Markets Pool or the Direct Real Estate Pool is 1.5% of the weighted average NAV of that Pool at the Statement of Financial Position date. Any incentive fees earned in excess of this 1.5% cap may be paid out in subsequent years only to the extent that the NAV of the relevant Pool (as adjusted to take account of cash flows such as dividends, share buy backs and cash transferred between pools) exceeds what the NAV would have been this year had the fee equalled the 1.5% cap. For the year ended 30 June 2017, an incentive fee of USD24.6 million was earned by the Investment Manager on the performance of the Capital Markets Pool. The Committee took steps to ensure the calculation was independently verified as well as holding discussions with the auditor to assess the level of audit work performed on the completeness and accuracy of the calculation and whether in their view the methodology applied was in accordance with the IMA. The amount which will be paid out immediately was reduced to USD11.2 million by the operation of the 1.5% cap.
The Audit Committee considered the probability of whether or not the balance of USD13.4 million will be paid out in subsequent accounting years.
It concluded that this is sufficiently likely to carry forward the full amount as a liability of the Company as at 30 June 2017.

Effectiveness of the Audit
The Committee held formal meetings with PwC CI before the start of the audit to discuss formal planning, to discuss any potential issues and to agree the scope that would be covered and, after the audit work was concluded, to discuss the significant issues which arose.

The Committee considered the effectiveness and independence of PwC CI by using a number of measures, including but not limited to:

- Reviewing the audit plan presented to them before the start of the audit;
- Reviewing and challenging the audit findings report including variations from the original plan;
- Reviewing any changes in audit personnel; and
- Requesting feedback from both the Investment Manager and the Administrator.

Following this evaluation, the Committee was satisfied that there had been appropriate focus and challenge on the significant and other key areas of audit risk and assessed the quality of the audit process to be good.

Audit fees and Safeguards on Non-Audit Services
The table below summarises the remuneration paid by the Company to PwC CI and to other PwC member firms for audit and non-audit services during the years ended 30 June 2017 and 30 June 2016.

	Year ended 30 June 2017 USD'000	**Year ended 30 June 2016 USD'000**
Audit and assurance services		
- Annual audit	295	194
- Interim review	92	131
Non-audit services		
PricewaterhouseCoopers London		
- Tax opinion on re-domicile	-	26
- Clinical improvement programme for an investment target in Vietnam	-	35
- Advisory and reporting accountant services on admission to LSE Main Market	-	667
Total	**387**	**1,053**

The Committee considers PwC CI to be independent of the Company. Further, the Committee has obtained PwC CI's confirmation that the services provided by other PwC member firms to the wider VinaCapital organisation do not prejudice its independence.

Internal Control
At each of its meetings during the year, the Committee reviewed the Investment Manager's internal control report and, during the year, met with EY LLP, the internal auditor appointed by the Investment Manager, to discuss the control environment and the outcome of their review of the Investment Manager's internal control. The Committee also reviewed the externally prepared Service Organisation Control ("SOC1") report on the control environment in place at the Administrator.

Conclusion and Recommendation
On the basis of its work carried out over the year, and assurances given by the Investment Manager and the Administrator, the Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust.
At the request of the Board, the Committee considered and were satisfied that the 30 June 2017 Annual Report and Financial Statements were fair, balanced and understandable and that they provided the necessary information for Shareholders to assess the Company's performance, business model and strategy.

PwC CI reported to the Committee that no material misstatements were found in the course of its work. Furthermore, both the Investment Manager and the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to the presentation of the Financial Statements. The Committee confirms that it is satisfied that PwC CI has fulfilled its responsibilities with diligence and professional scepticism.

Following the review process on the effectiveness of the independent audit and the review of audit and non-audit services, the Committee has recommended that PwC CI be reappointed for the coming financial year.

For any questions on the activities of the Committee not addressed in the foregoing, a member of the Audit Committee remains available to attend the AGM to respond to such questions.

Huw Evans
Audit Committee Chairman
25 October 2017

Directors' Remuneration Report

Introduction
An ordinary resolution for the approval of the Directors' remuneration report will be put to the Shareholders at the AGM to be held on 14 December 2017.

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 Incorporation, 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.

The policy is to review the fee rates periodically, although such a review will not necessarily result in any changes.

For the year ended 30 June 2017, Directors remuneration remained the same as the previous year, being USD90,000 for the Chairman and USD75,000 for the independent Directors, with USD5,000 for membership of the Audit Committee and USD15,000 for chairmanship of the same.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

Directors' Emoluments for the Year
The Directors who served during the year received the following emoluments in the form of fees:

	Annual fee USD	Year ended 30 June 2017 USD	Year ended 30 June 2016 USD
Steven Bates	95,000	95,000	95,000
Martin Adams	80,000	80,000	80,000
Thuy Bich Dam	80,000	80,000	80,000
Huw Evans*	90,000	85,452	7,671
Michael Gray**	90,000	43,151	90,000
		383,603	**352,671**

**Appointed Audit Committee Chairman following Michael Gray's retirement.*
***Retired 21 December 2016.*

On behalf of the Board

Thuy Bich Dam
Chair
Remuneration Committee
25 October 2017

Khang Dien House (KDH)

Independent Auditor's Report To The Members Of Vinacapital Vietnam Opportunity Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of VinaCapital Vietnam Opportunity Fund Limited (the "Company") as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Company's financial statements comprise:

- the Statement of Financial Position as at 30 June 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs").
Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Context

The Company is a Guernsey domiciled closed-ended investment company trading on the London Stock Exchange's Main Market and is managed by a related party, VinaCapital Investment Management Limited (the "Investment Manager").

The Company is not required to prepare consolidated financial statements, however it is structured as a group and therefore key aspects of our audit approach have been framed in our role as the lead engagement team using component auditors from other PwC network firms.

The Company, investing through its direct and indirect subsidiaries and associates, is a diversified investment fund focussing on capital markets, private equity and real estate investment opportunities in Vietnam.
All such subsidiary and associate investments are ultimately held at fair value and reflected by the Company on its Statement of Financial Position as "Financial assets at fair value through profit or loss". Each year we focus our audit work primarily on the valuation of these investments in subsidiaries and associates accounted for at fair value and the calculation of incentive fees payable to the Investment Manager.

Overview

Materiality

- Overall materiality was $9.50 million which represents 1% of Net Assets.

Audit scope

- The principal activity of the Company comprises investing in a diversified portfolio of investments in Vietnam (referred as "underlying investments") through a structure of intermediate holding companies.

- In establishing the overall approach to the Company's audit, we determined the type of work that needed to be performed by us, as the lead engagement team, or component auditors from other PwC network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Company's financial statements as a whole.
- We tailored the audit scope taking into account the type of underlying investments held, the accounting processes and controls operated by the Company and the overall market to which the Company is exposed through its underlying investments.
- We conducted our audit of the financial statements from the financial information and records provided by Northern Trust International Fund Administration Services (Guernsey) Limited ("the Administrator") to whom the Board of Directors has delegated the provision of administrative functions. Our audit also relied on key financial records provided by the Investment Manager.

Key audit matters

- Valuation of financial assets at fair value through profit or loss
- Calculation of incentive fee

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate

Overall materiality	$9.50 million
How we determined it	1% of Net Assets
Rationale for the materiality benchmark	We believe that Net Assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $475,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of financial assets at fair value through profit or loss

As disclosed in notes 3, 4, 8 and 19 to the financial statements, the Company's financial assets at fair value through profit or loss amount to $974.58 million as at 30 June 2017 and comprise the Company's holdings in direct and indirect subsidiaries and associates, investing in a pool of capital markets, private equity and real estate investment opportunities in Vietnam.

We focused on this balance as it represents the principal element of the net asset value as disclosed on the Statement of Financial Position as at 30 June 2017 as well as being a key contributor to the Company's performance during the year.

The fair value disclosed of $974.58 million has been determined based on the fair value of (1) the underlying capital markets, private equity and real estate investments held and (2) the other residual net assets within subsidiaries and associates as at 30 June 2017. Further details are as follows:

(a) Valuation of underlying listed and unlisted capital markets investments

As at 30 June 2017 the listed and unlisted portion of the capital markets portfolio was fair valued at $698.54 million, representing 72% of the Company's total financial assets at fair value through profit or loss. The fair value of these investments is based upon the quoted market prices per the relevant Stock Exchange at the close of trading on 30 June 2017.

There is a risk that the fair valuation of the capital markets portfolio may be materially misstated as a result of the incorrect application of period end market prices or exchange rates to USD or incorrect judgements as to the underlying liquidity of the capital markets portfolio and the consequent reliance on the closing quoted market prices.

(b) Valuation of underlying real estate and private equity investments

As at 30 June 2017 the real estate and private equity investments were fair valued at $127.62 million, representing 13% of the Company's total financial assets at fair value through profit or loss.

How our audit addressed the Key audit matter

1. We updated and reconfirmed our understanding and evaluation of management's processes and internal controls in so far as they apply to investment valuations, the valuation models used and the areas where significant judgements and estimates are made;

2. We attended relevant valuation meetings to understand and observe the Company's process of challenging and approving the valuations prepared by the Investment Manager and those prepared by the independent valuation experts engaged by management;

3. Confirmed the Company's ownership of the direct and indirect subsidiaries and associates by obtaining confirmations from the independent appointed registered agents;

4. We performed a review of the IFRS10 workings for the Company provided by management with reference to the trial balances and accounting records of the subsidiaries and associates;

5. On a sample basis, agreed the additional contributions made by the Company to its directly held subsidiaries and associates as well as the return of capital received by the Company from these entities to relevant supporting agreements and similar legal documentation;

6. For the valuation of underlying listed and unlisted capital markets investments, we have performed the following:

- Independently re-priced all of the listed and unlisted capital markets investments which are traded in active markets to the quoted market prices per the relevant Stock Exchange at the close of trading on 30 June 2017;
- Re-priced all of the government bonds with reference to independent third-party sources;
- Recalculated the fair values to USD, where required, by independently verifying to external sources the use by management of appropriate exchange rates;

Key audit matter (cont.)

The Company's underlying investments in real estate projects totalling $57.37 million have been fair valued as follows:

- $53.65 million – valued by valuation experts or based on counter-signed sales purchase agreements due to complete post-year-end; and
- $3.72 million – valued through other methodologies including internal desktop valuations.

The fair value of the Company's underlying investments in real estate projects is based on property valuations by specialist independent appraisers. These valuations are based on judgements and assumptions as to the local market which are subject to uncertainty and might result in valuations which differ materially from those that would have been achieved in an actual disposal of the real estate investment as at 30 June 2017.

Valuation experts were engaged by management to review the findings of the external real estate valuation specialists and certain transactions pending completion. The valuation experts combined their findings with the residual net assets of the relevant holding companies, reviewed and opined on real estate investment projects fair valued at $53.65 million.

The Company's underlying private equity investments amounting to $70.24 million were fair valued by valuation experts engaged by management using industry standard private equity valuation techniques adjusted for holding companies' residual net assets.

There is a risk that the fair valuation of the real estate and private equity investments may be materially misstated as these fair values rely on the proper determination of an appropriate valuation methodology, the use of judgemental inputs as well as the skill and knowledge of the specialists engaged by management to develop and opine on these model based valuations.

There is also the inherent risk that the Investment Manager or the Board may unduly influence the specialist independent appraisers in their determination of the fair valuations for these investments.

How our audit addressed the Key audit matter (cont.)

- Obtained confirmation from the Custodian of all capital markets investments held at the period end and agreed these to the Company's records; and
- Reviewed the trading volumes to assess whether these supported the use of the quoted market price as a basis for the year end fair values.

7. For the valuation of underlying real estate and private equity investments, we have performed the following:

- Obtained and reviewed the final property valuation reports prepared and issued by specialist independent appraisers;
- Obtained and reviewed the final reports issued by management's valuation experts to the Board so as to understand the assumptions, judgements and valuation methodologies adopted to determine fair value;
- Engaged internal PwC valuation experts to provide audit support reviewing and concluding on the fair valuations of the private equity investments. The PwC valuation experts (a) reviewed the appropriateness of valuation methodologies and approaches and (b) reviewed and commented on the computation of the discounted cash flow valuation models which were adopted by management's valuation experts, including significant assumptions such as cash flow projections, discount rates and terminal growth rates;
- Obtained satisfactory explanations when challenging the assumptions made by management in the applicable valuation models;
- Tested the mathematical accuracy of the valuation models and verified the significant inputs into the models by agreement to third party sources where applicable;
- Discussions and meetings were held with management's valuation experts to assess their final valuation reports;
- Confirmed and assessed the independence, objectivity and competence of the real estate valuation specialists and management's valuation experts;
- Attended Audit Committee meetings and also read Audit Committee papers and minutes of meetings where the fair valuations provided by management and management's valuation experts were discussed and agreed; and
- Performed investment existence procedures directly with investee companies to confirm the existence and ownership of underlying investee companies holding the real estate investments as well as the private equity investments held.

Key audit matter (cont.)

(c) Valuation of other residual net assets

Other residual net assets held as a component of financial assets at fair value through profit or loss comprise cash and cash equivalents $29.58 million, short-term bank deposits $50.00 million, and other assets net of other liabilities $68.85 million.

There is a risk that the fair valuation of the other residual net assets held within the direct and indirect subsidiaries and associates may be materially misstated arising from the omission of relevant assets or liabilities or the inclusion of non-existent other assets or liabilities.

How our audit addressed the Key audit matter (cont.)

8. For the valuation of other residual net assets, we have performed the following:

- Obtained and agreed independent bank confirmations for all intermediate subsidiaries and associates;
- Agreed a sample of material balances of other assets and liabilities to supporting documentation such as signed agreements; and
- Performed searches for unrecorded liabilities through testing of subsequent payments, ensuring that none of these payments related to unrecorded liabilities existing as at 30 June 2017.

We have concluded that the valuation of Financial assets at fair value through profit or loss is within a reasonable range. Additionally the valuation is supported by the available evidence with significant assumptions and valuation methodologies used assessed as being appropriate and reasonable.

The results of our procedures identified no material errors in the fair valuation of Financial assets at fair value through profit or loss.

Calculation of incentive fee

The incentive fee comprises amounts accrued and payable to the Investment Manager, as calculated in accordance with the Investment Management Agreement, to compensate for services provided in a way which aligns the remuneration with the Company's investment performance.

As at 30 June 2017, the Company has accrued for $23.32 million of total incentive fees payable to the Investment Manager split as to $11.19 million payable as a current liability with the balance of $12.13 million payable after one year. The balance of $12.13 million payable after one year represents the portion of the incentive fee payable in excess of a cap where the Investment Manager and the Board have determined, that based on future investment performance, it is probable that this will remain payable to the Investment Manager in late 2018.

The calculation of the incentive fee per the Investment Management Agreement produced an absolute incentive fee payable of $24.64 million based on the historic

Our audit work performed to assess the accuracy and judgements made by management in determining the accrual of the incentive fee for the year ended 30 June 2017 included:

- We obtained the analysis and calculation performed by management to support the calculation of the absolute amount of the incentive fee and examined the Investment Management Agreement to ensure that the methodology adopted for the calculation of the absolute amount for the year ended 30 June 2017 was in accordance with that agreement;
- We tested the absolute amount of the incentive fee attributable to the Investment Manager based on the terms in the Investment Management Agreement;
- We reviewed whether the capital markets pool NAV and direct real estate pool NAV utilised in the absolute calculation, including their allocations were consistent with the audited balances per the financial statements;
- We assessed the reasonableness of the Company's recognition of the incentive

Key audit matter (cont.)

performance of the Company for the year to 30 June 2017. This is different to the total performance fee of $23.32 million accrued for in the financial statements at the year end due to the existence of a cap on the immediate payment of the incentive fee per the Investment Management Agreement. This cap defers the payment to later accounting periods of a portion of the absolute incentive fee where those potential future payments are contingent on the future performance of the Company.

Therefore as disclosed in note 3, management must exercise judgement when determining the amount of the incentive fee which is recognised for payment after one year from 30 June 2017 and this balance is discounted.

The incentive fee calculation, including the recognition and measurement of the portion of the incentive fee payable after one year, is based on relatively complex calculations with a number of data inputs and assumptions, which increases the risk of error or manipulation. The mechanics surrounding the cap are more fully explained in note 3 on page 80.

We focused on the accuracy and judgements made by management in the determination and accrual of the incentive fee due to the complexity of its calculation, the judgements required for provisions for payments due after one year and the related party nature of the balance.

How our audit addressed the Key audit matter (cont.)

fee in excess of the cap as at 30 June 2017 payable after one year, including the measurement thereof, through review of management's methodology, inputs and assumptions as to the future.

- Our review included (a) obtaining satisfactory explanations when challenging the assumptions made, particularly in relation to the assessment of future payments and (b) testing the mathematical accuracy of the model and verifying the inputs into the model by agreeing them to third party sources where applicable and;
- We discussed our work with the Board as an area where critical estimates and judgements were exercised.

We did not identify any material differences as a result of this testing. The assumptions used by management in recognising and measuring the incentive fee accrued were considered to be appropriate and reasonable based on the evidence we obtained.

Other information

The directors are responsible for the other information. The other information comprises the items listed on the Contents page, but does not include the financial statements and our auditor's report thereon.

Other than as specified in our report, our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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, the requirements of Guernsey law 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences o erest benefits of such communication.

Report on other legal and regulatory requirements

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

We have nothing to report in respect of the following matters which we have reviewed:

- the directors' statement set out on page 53 in relation to going concern. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern;
- the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

John Roche
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
25 October 2017

The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Financial Position

	Notes	30 June 2017	30 June 2016
		USD'000	*USD'000*
ASSETS			
Cash and cash equivalents	6	7,512	1,570
Receivables	9	265	5,077
Financial assets at fair value through profit or loss	8	974,581	789,739
Total assets		**982,358**	**796,386**
CURRENT LIABILITIES			
Accrued expenses and other payables	3,11	20,546	9,850
NON-CURRENT LIABILITIES			
Deferred incentive fees	3	12,137	-
Total liabilities		**32,683**	**9,850**
EQUITY			
Share capital	10	456,419	483,829
Retained earnings		493,256	302,707
Total Shareholders' equity		**949,675**	**786,536**
Total liabilities and equity		**982,358**	**796,386**
Net asset value, USD per share	**16**	**4.73**	**3.77**
Net asset value, GBP per share		**3.64**	**2.82**

The Financial Statements were approved and signed by the Board of Directors on 25 October 2017.

Steven Bates
Chairman

Huw Evans
Director

The accompanying notes are an integral part of these Financial Statements.

Statement of Changes in Equity

	Notes	Share capital	Retained earnings	Total equity
		USD'000	*USD'000*	*USD'000*
Balance at 1 July 2015		512,027	206,637	718,664
Profit for the year		-	96,070	96,070
Total comprehensive income		**-**	**96,070**	**96,070**
Transactions with Shareholders				
Shares repurchased	10	(28,198)	-	(28,198)
Balance at 30 June 2016		**483,829**	**302,707**	**786,536**
Balance at 1 July 2016		483,829	302,707	786,536
Profit for the year		-	190,549	190,549
Total comprehensive income		**-**	**190,549**	**190,549**
Transactions with Shareholders				
Shares repurchased	10	(27,410)	-	(27,410)
Balance at 30 June 2017		**456,419**	**493,256**	**949,675**

The accompanying notes are an integral part of these Financial Statements.

Statement of Comprehensive Income

	Notes	Year ended	
		30 June 2017	30 June 2016
		USD'000	*USD'000*
Dividend income	12	31,168	51,159
Net gains on financial assets at fair value through profit or loss	13	198,919	67,598
General and administration expenses	14	(16,548)	(14,826)
Accrued incentive fee	3,17	(23,269)	(8,241)
Other income		279	380
Operating profit		**190,549**	**96,070**
Profit before tax		190,549	96,070
Corporate income tax	15	-	-
Profit for the year		**190,549**	**96,070**
Total comprehensive income for the year		**190,549**	**96,070**
Earnings per share			
- basic and diluted (USD per share)	16	0.93	0.45
- basic and diluted (GBP per share)		0.73	0.30

All items were derived from continuing activities.

The accompanying notes are an integral part of these Financial Statements.

Statement of Cash Flows

	Notes	Year ended	
		30 June 2017	30 June 2016
		USD'000	*USD'000*
Operating activities			
Income before tax		190,549	96,070
Adjustments for:			
Dividend income		(31,168)	(51,159)
Net gains on financial assets at fair value through profit or loss	13	(198,919)	(67,598)
		(39,538)	**(22,687)**
Change in receivables		4,812	2
Change in accrued expenses and other payables		22,833	4,770
Dividend receipts		31,168	20,827
Net cash inflow from operating activities		**19,275**	**2,912**
Investing activities			
Purchases of financial assets at fair value through profit or loss	19	(223,412)	(2,248)
Return of capital from financial assets at fair value through profit or loss	19	217,963	-
Sale of financial assets at fair value through profit or loss	19	19,526	-
Net cash generated from/(used in) investing activities		**14,077**	**(2,248)**
Financing activities			
Purchases of shares into treasury	10	(27,410)	-
Net cash used in financing activities		**(27,410)**	**-**
Net change in cash and cash equivalents for the year		5,942	664
Cash and cash eguivalents at the beginning of the year	6	1,570	906
Cash and cash eguivalents at the end of the year	6	**7,512**	**1,570**

The accompanying notes are an integral part of these Financial Statements.

Statement of Cash Flows (cont.)

The Statement of Cash Flows does not include payments made by the Company's subsidiary on behalf of the Company:

Non-cash disclosure

	Notes	Year ended	
		30 June 2017	30 June 2016
		USD'000	*USD'000*
Company share repurchases	12	-	28,198
Purchases of financial assets at fair value through profit or loss	12	-	2,134
		-	**30,332**

The accompanying notes are an integral part of these Financial Statements.

No Va Land Investment Group (NVL)

Notes to the financial statements

1. General information

VinaCapital Vietnam Opportunity Fund Limited ("the Company") is a Guernsey domiciled closed-ended investment company. The Company was previously a limited liability company incorporated in the Cayman Islands. After an Extraordinary General Meeting on 27 October 2015, Shareholders approved proposals to change the Company's domicile to Guernsey. This change took place on 22 March 2016. The Company is classified as a registered closed-ended Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 and is subject to the Companies (Guernsey) Law, 2008.

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.

The Company has a Premium Listing on the London Stock Exchange's ("LSE's") Main Market, under the ticker symbol VOF, after being previously listed on the LSE's AIM market. The change occurred on 30 March 2016 following the change of domicile described above.

The Company does not have a fixed life but the Board has determined that it is 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. If the resolution is not passed, the Company will continue to operate as currently constituted. 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 resolutions in 2008 and 2013 and on both occasions the resolution was not passed, allowing the Company to continue as currently constituted. The next shareholder vote on the continuation of the Company is planned to be held in December 2018.

The Financial Statements for the year ended 30 June 2017 were approved for issue by the Board on 25 October 2017.

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.

Statement of Compliance

The Financial Statements have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the IASB together with applicable legal and regulatory requirements of Guernsey Law.

2.1 Basis of preparation

The Financial Statements 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.

2.2 Changes in accounting policy and disclosures

a) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

b) New standards, amendments and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards, amendments and interpretations is set out below.

- IFRS 9 Financial Instruments (Effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018)

The Board anticipates that the adoption of these standards effective in a future period will not have a material impact on the financial statements of the Company.

IFRS 9 'Financial Instruments' amends IAS 39. IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts. The standard requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. There are three principal classification categories for financial assets which are (i) measured at amortised cost, (ii) fair value through other comprehensive income and (iii) fair value through profit or loss. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

The standard also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification.

The Standard is effective 1 January 2018 and will be adopted for the year ending 30 June 2019. The Company's financial instruments consist of equity instruments and will continue to be valued at fair value through profit or loss.

It is anticipated that this application of IFRS 9 will not change the measurement and presentation of the current financial instruments.

There are certain other current standards, amendments and interpretations that are not relevant to the Company's operations.

2.3 Subsidiaries and associates

The Company meets the definition of an Investment Entity within IFRS 10 and therefore does not consolidate its subsidiaries but measures them instead at fair value through profit or loss.

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.

Refer to note 3 on further disclosure on accounting for subsidiaries and associates.

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 the fair value was determined.

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 "Receivables" in the Statement of Financial Position.

2.5.2 Initial measurement, recognition, de-recognition and measurement

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

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

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 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 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.

2.6 Impairment of assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated.

Evidence of impairment may include indications that the debtor 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 the Statement of Comprehensive Income. If a loan 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.

2.7 Cash and cash equivalents
In the Statement of Cash Flows, cash and cash equivalents includes 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 Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

2.8 Share capital
Ordinary shares are classified as equity. Share capital includes the nominal value of ordinary shares that have been issued and any premiums received on the initial issuance of shares. 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.

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.

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.

2.9 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.

2.10 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.

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

2.11 Operating expenses
Operating expenses are accounted for on an accrual basis.

2.12 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.

2.13 Segment reporting
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 projects and operating assets, private equity and cash (including cash and cash equivalents, bonds, and short-term deposits).

Each of the operating segments is 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.

3. Critical accounting estimates and judgements

3.1 Eligibility to qualify as an investment entity
The Company has determined that it is an investment entity under the definition of 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.

The Company 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.

3.2 Fair value of subsidiaries and associates and their underlying investments
The Company holds its investments through a number of subsidiaries and associates which were established for this purpose. At the end of each half of the financial year, the fair values of investments in subsidiaries and associates are reviewed and the fair values of all material investments held by these subsidiaries and associates are assessed. As at 30 June 2017, 100% (30 June 2016: 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 below.

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 valuation of the underlying holdings. Where no active market exists, valuation techniques are used.

The fair values of the principal real estate and private equity investments are estimated by a qualified independent professional services firm (the "independent valuer"). The valuations by the independent valuer 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 operating assets, the independent valuer determines their fair value based on valuations provided by specialised independent professional appraisers ("specialised appraisers"). These valuations are used by the independent valuer as the primary basis for estimating each subsidiary's or associate's fair value.

The estimated fair values provided by the independent valuer are used by the Audit Committee as the primary basis for estimating the fair value of real estate and private equity investments 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.

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.

As at 30 June 2017 and 30 June 2016, the Company classified its investments in subsidiaries and associates as Level 3 within the fair value hierarchy, because they are not publicly traded, even when the underlying assets may be readily realisable.

a) Valuation of assets that are traded in an active market
The fair values of listed securities and government bonds are based on quoted market prices at the close of trading on the reporting date. The fair values of unlisted securities which are traded on UPCoM are based on published prices at the close of business on the reporting date. For other unlisted securities which are traded in an active market, fair value is the average quoted price 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. 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 underlying investments in private equities are fair valued using 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 selects appropriate discount rates that reflect the uncertainty of the quantum and timing of the cash flows.

b.2) Valuation of real estate and operating assets

A number of the Company's real estate investments are held in joint ventures with VinaLand Limited ("VinaLand"), another company managed by the Investment Manager. In these cases, VinaLand holds a controlling stake in the joint ventures and therefore exercises control over the investments. As both companies are managed by the same Investment Manager, each company's investment objectives for each property have generally been the same.

The fair values of underlying real estate properties are based on valuations by specialised appraisers. These valuations are based on certain assumptions which are subject to uncertainty and might result in valuations which differ materially from the actual results of a sale. The estimated fair values provided by the specialist 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 note 2.3.

In conjunction with making its judgement for the fair value of the Company's underlying real estate and operating assets, the independent valuer also considers information from a variety of other 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 in the province where the property is located.

3.3 Incentive Fee

For the purpose of calculating any incentive fee, the portfolio is split into two pools, the Capital Markets Pool and the Direct Real Estate Pool. The Direct Real Estate Pool includes directly owned real estate and operating assets. The Capital Markets Pool incorporates all other investments, including listed and unlisted securities and private equity. The annual incentive fee payable to the Investment Manager is calculated for each Pool broadly as 15% of the increase in NAV over a hurdle rate of 8% per annum. However the maximum amount that can be paid in any one year in respect of either Pool is capped at 1.5% of the weighted average month-end NAV of that pool ("Excess Cap"). Any incentive fee earned in excess of this 1.5% cap will be paid out in subsequent years but only to the extent that the NAV of that pool exceeds the level at which it would have been had the fee equalled the Excess Cap.

Incentive fees are settled on a FIFO basis and any expense due in the current year is classified as current liabilities and any deferred incentive fees payable in subsequent years are classified as non-current liabilities.

For the year ended 30 June 2017, an incentive fee of USD24.6 million was earned by the Investment Manager on the performance of the Capital Markets Pool. The amount which will be paid out immediately was reduced to USD11.2 million by the operation of the 1.5% cap.
The Audit Committee considered the probability of whether or not the balance of USD13.4 million will be paid out in subsequent accounting years. It concluded that this is sufficiently likely to carry forward the full amount as a liability of the Company as at 30 June 2017. Payment of the balance will not be before October 2018. In determining the fair value of this liability, the Board has discounted the USD13.4 million to USD12.1 million to reflect the time value of money and the probability of payment.
No incentive fee was due in respect of the Real Estate Pool.

4. Segment analysis

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.
Segment information can be analysed as follows:

Statement of Comprehensive Income	Capital markets*	Real estate and Operating Assets	Private equity	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Year ended 30 June 2017				
Dividend income	31,168	-	-	31,168
Net gains/(losses) on financial assets at fair value through profit or loss	162,100	43,739	(6,920)	198,919
General and administration expenses (note 14)	(14,151)	(1,047)	(1,350)	(16,548)
Accrued incentive fee (note 17)	(23,269)	-	-	(23,269)
Other income	279	-	-	279
Profit/(loss) before tax	**156,127**	**42,692**	**(8,270)**	**190,549**
Year ended 30 June 2016				
Dividend income	51,159	-	-	51,159
Net gains/(losses) on financial assets at fair value through profit or loss	55,655	17,688	(5,745)	67,598
General and administration expenses (note 14)	(19,010)	(2,649)	(1,408)	(23,067)
Other income	380	-	-	380
Profit/(loss) before tax	**88,184**	**15,039**	**(7,153)**	**96,070**

* Capital markets include listed as well as unlisted securities and bonds.

Statement of Financial Position

	Capital markets*	Real estate and Operating Assets	Private equity	Other net assets**	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
As at 30 June 2017					
Cash and cash equivalents	-	-	-	7,512	7,512
Receivables	-	-	-	265	265
Financial assets at fair value through profit or loss	698,538	57,373	70,242	148,428	974,581
Total assets	**698,538**	**57,373**	**70,242**	**156,205**	**982,358**
Current liabilities					
Accrued expenses and other payables	-	-	-	20,546	20,546
Non-current liabilities					
Deferred incentive fees	-	-	-	12,137	12,137
Total liabilities	**-**	**-**	**-**	**32,683**	**32,683**
Net asset value	**698,538**	**57,373**	**70,242**	**123,522**	**949,675**

Statement of Financial Position

	Capital markets*	Real estate and Operating Assets	Private equity	Other net assets**	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
As at 30 June 2016					
Cash and cash equivalents	-	-	-	1,570	1,570
Receivables	-	-	-	5,077	5,077
Financial assets at fair value through profit or loss	482,746	137,268	72,952	96,773	789,739
Total assets	**482,746**	**137,268**	**72,952**	**103,420**	**796,386**
Current liabilities					
Accrued expenses and other payables	-	-	-	9,850	9,850
Total liabilities	**-**	**-**	**-**	**9,850**	**9,850**
Net asset value	**482,746**	**137,268**	**72,952**	**93,570**	**786,536**

* Capital markets include listed as well as unlisted securities and bonds.

** Other net assets of USD148.4 million (30 June 2016: USD96.8 million) include cash and cash equivalents and other net assets of the direct subsidiaries at fair value.

International Dairy Products (IDP)

5. Interests in subsidiaries and associates

There is no legal restriction to the transfer of funds from the BVI or Singapore subsidiaries to the Company. Cash held in directly-owned as well as indirectly-owned Vietnamese subsidiaries and associates 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.

5.1 Directly-owned subsidiaries

The Company had the following directly-owned subsidiaries as at 30 June 2017 and 30 June 2016:

		As at		
Subsidiary	Country of incorporation	**30 June 2017 % of Company interest**	**30 June 2016 % of Company interest**	Nature of the business
Vietnam Investment Property Holdings Limited	British Virgin Islands ("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 Investment 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 investments
Portal Global Limited	BVI	100.00	100.00	Holding company for investments
Windstar Resources Limited	BVI	100.00	100.00	Holding company for investments
Allright Assets Limited	BVI	100.00	100.00	Holding company for real estate
Vietnam Enterprise Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities and real estate
Vina QSR Limited	BVI	.	100.00	Holding company for investments
VOF PE Holding 3 Limited	BVI	100.00	100.00	Holding company for investments
Vinaland Heritage Limited	BVI	100.00	100.00	Holding company for investments
Sharda Holdings Limited	BVI	100.00	100.00	Holding company for listed securities
Hospira Holdings Limited	BVI	100.00	100.00	Holding company for private equity
Navia Holdings Limited	BVI	100.00	100.00	Holding company for private equity
Orkay Holdings Limited	BVI	-	100.00	Holding company for investments

Subsidiary	Country of incorporation	As at 30 June 2017 % of Company interest	As at 30 June 2016 % of Company interest	Nature of the business
Halico Investment Holding Limited	BVI	100.00	100.00	Holding company for investments
Clear Interest Group Limited	BVI	-	100.00	Holding company for investments
Foremost Worldwide Limited	BVI	100.00	100.00	Holding company for unlisted securities
Rewas Holdings Limited	BVI	100.00	100.00	Holding company for investments
Allwealth Worldwide Limited	BVI	100.00	100.00	Holding company for private equity
Nomino Holdings Limited	BVI	-	100.00	Holding company for investments
Longwoods Worldwide Limited	BVI	100.00	-	Holding company for investments
Vina Sugar Holdings Limited	BVI	100.00	100.00	Holding company for investments
Belfort Worldwide Limited	BVI	100.00	100.00	Holding company for investments
Preston Pacific Limited	BVI	100.00	100.00	Holding company for listed securities
Vietnam Opportunity Fund II Pte. Ltd.	BVI	100.00	100.00	Holding company for investments
Liva Holdings Ltd	BVI	100.00	100.00	Holding company for investments
Vietnam Master Holding 1 Limited	BVI	-	-	Holding company for investments
Allright Assets Limited	Singapore	-	100.00	Holding company for real estate
Turnbull Holding Pte. Ltd.	Singapore	100.00	100.00	Holding company for investments
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 investments
VTC Espero Pte Limited	Singapore	100.00	100.00	Holding company for real estate
Hawke Investments Pte Limited	Singapore	100.00	100.00	Holding company for investments

5.2 Indirect interests in subsidiaries

The Company had the following indirect interests in subsidiaries at 30 June 2017 and 30 June 2016:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate Parent	As at 30 June 2017 % of Company's indirect interest	As at 30 June 2016 % of Company's indirect interest
Victory Holding Investment Limited	BVI	Holding company for listed securities	Rewas Holdings Limited	100.00	100.00
DTL Education Holding Ltd	BVI	Holding company for investments	Clear Interest Group Limited	-	100.00
Transvvell Enterprises Limited	BVI	Holding company for unlisted securities	Orkay Holdings Limited	-	100.00
Longwoods Worldwide Limited	BVI	Holding company for investments	Nomino Holdings Limited	-	100.00
Vietnam Hospitality Ltd	BVI	Holding company for investments	VOF Investment Limited	100.00	100.00
PA Investment Opportunity II Limited	BVI	Holding company for investments	Vietnam Enterprise Limited	100.00	100.00
Pegasus Leisure Ltd.	BVI	Holding company for investments	Vietnam Investments Limited	-	100.00
Howard Holding Pte. Limited	Singapore	Holding company for private equity	Allwealth Worldwide Limited	80.56	80.56
Abbott Holding Pte. Limited	Singapore	Holding company for private equity	Hospira Holdings Limited	100.00	100.00
Whitlam Holding Pte. Limited	Singapore	Holding company for private equity	Navia Holdings Limited	61.26	61.26
Indochina Building Supplies Pte. Ltd	Singapore	Holding company for private equity	VOF Investment Limited	100.00	100.00
Yen Viet Joint Stock Company	Vietnam	Food & Beverage products	SE Asia Master Holding 7 Limited	-	65.00
Menzies Holding Pte. Ltd	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
BIVI Investments Corporation	Vietnam	Real estate investment	VOF Investment Limited	100.00	100.00

5.3 Direct interests in associates

The Company had the following directly-owned associates as at 30 June 2017 and 30 June 2016:

Associate	Country of incorporation	As at 30 June 2017 % of Company interest	As at 30 June 2016 % of Company interest	Nature of the business
Allwealth Asia Ltd	BVI	**35.00**	35.00	Holding company for real estate
Sunbird Group Ltd	BVI	**25.00**	25.00	Holding company for real estate
Perimeter Investment Limited	BVI	**-**	25.00	Holding company for real estate
Daybreak Overseas Limited	BVI	**-**	25.00	Holding company for real estate
Central Lion International	BVI	**-**	25.00	Holding company for real estate
Bantam Investments Limited	BVI	**-**	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	Holding company for real estate
Avante Global Limited	BVI	**25.00**	25.00	Holding company for real estate
VinaLand Eastern Limited	Singapore	**25.00**	25.00	Holding company for real estate
Pacific Alliance Land Limited	BVI	**25.00**	25.00	Holding company for real estate
VinaCapital Danang Resorts Limited	BVI	**-**	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

5.4 Indirect interests in associates

The Company had the following indirect interests in associates at 30 June 2017 and 30 June 2016:

Indirect associate	Country of incorporation	Nature of the business	Company's subsidiary holding direct interest in the associate	As at 30 June 2017 % of Company's indirect interest	As at 30 June 2016 % of Company's indirect interest
Phong Phu Investment and Development	Vietnam	Real estate investment	Vietnam Ventures Limited	**30.00**	30.00
Saigon Golf JSC	Vietnam	Real estate investment	Vietnam Ventures Limited	**-**	20.00
Avila Co. Ltd.	Vietnam	Real estate investment	Vietnam Investment Property Holdings Limited	**16.18**	16.18
Vina Dai Phuoc Corporation	Vietnam	Real estate investment	Allright Assets Limited	**-**	18.00
Vinh Thai Urban Development Corporation	Vietnam	Real estate investment	VTC Espero Limited	**17.75**	17.75
Thang Loi Textile	Vietnam	Real estate investment	VOF Investment Limited	**34.00**	34.00
Hung Vuong Corporation	Vietnam	Real estate investment	VOF Investment Limited	**33.00**	33.00

The Company's indirect interests of less than 20% in associates at year-end are co-investments with VinaLand. The Company considers these interests as indirect associates because, as part of the co-investment strategy, the Company can exert significant influence on these entities.

These associates may have commitments under investment agreements to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam.

5.5 Financial risks

The Company owns a number of subsidiaries and associates 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 19. 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 2017	30 June 2016
	USD'000	*USD'000*
Cash at banks	**7,512**	1,570

As at the Statement of Financial Position date, cash and cash equivalents were denominated in USD.

The Company's overall cash position including cash held in directly held subsidiaries as at 30 June 2017 was USD37.1 million (30 June 2016: USD57.0 million). Please refer to note 8 for details of the cash held by the Company's subsidiaries.

7. Financial instruments by category

	Loans and receivables	Financial assets at fair value through profit or loss	Total
	USD'000	*USD'000*	*USD'000*
As at 30 June 2017			
Cash and cash equivalents	7,512	-	7,512
Receivables	265	-	265
Financial assets at fair value through profit or loss	-	974,581	974,581
Total	**7,777**	**974,581**	**982,358**
Financial assets denominated in:			
- USD	7,777	974,581	982,358
As at 30 June 2016			
Cash and cash equivalents	1,570	-	1,570
Receivables	5,077	-	5,077
Financial assets at fair value through profit or loss	-	789,739	789,739
Total	**6,647**	**789,739**	**796,386**
Financial assets denominated in:			
- USD	6,647	789,739	796,386

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 2016: 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 direct subsidiaries and associates at fair value are included with those of the Company in the following table.

	30 June 2017	30 June 2016
	USD'000	USD'000
Cash and cash equivalents	29,577	55,430
Ordinary shares - listed	554,459	400,005
Ordinary shares - unlisted*	103,744	82,741
Government bonds	40,335	-
Private equity	70,242	72,952
Real estate projects and operating assets	57,373	137,268
Short-term bank deposit	50,000	-
Other assets, net of liabilities	68,851	41,343
	974,581	789,739

(*) *Unlisted Securities include OTC (over-the-counter) traded securities, and unlisted securities publicly traded on UPCoM (Unlisted Public Companies Market) of the Hanoi Stock Exchange*

The major underlying investments held by the direct subsidiaries and associates of the Company were in the following industry sectors.

	30 June 2017	30 June 2016
	USD'000	USD'000
Consumer goods	265,016	235,142
Construction	135,115	97,961
Financial services	39,934	38,054
Agriculture	23,512	24,681
Energy, minerals and petroleum	32,482	41,531
Pharmaceuticals	9,756	9,023
Real estate projects and operating assets	174,051	219,862
Infrastructure	60,127	26,711
Industrials	45,825	-
Government bonds	40,335	-

As at 30 June 2017, an underlying holding, Vietnam Dairy Products Joint Stock Company, within financial assets at fair value through profit or loss amounted to 13.6% of the net asset value of the Company (30 June 2016: 14.7%). There were no other holdings that had a value exceeding 10% of the net asset value of the Company as at 30 June 2017 or 30 June 2016.

During the year capital has been returned to the Company as underlying investments in the subsidiaries/associates have been realised.

When determining the fair values of financial assets at fair value through profit or loss the Company takes into account the potential for warranty or other claims arising on the sale of any investments based on the underlying likelihood of an event arising and the amount that may become payable.

The changes in Level 3 financial assets at fair value through profit or loss can been found in note 19 on page 105.

9. Receivables

	30 June 2017	30 June 2016
	USD'000	USD'000
Receivables from the Investment Manager on management fees rebate	259	380
Cash held in escrow account	-	4,697
Loan	6	-
	265	5,077

Cash held in escrow account represented a deposit in United Overseas Bank Ltd that was retained from the sale of the Company's underlying investment, Prime Group Joint Stock Company, held through a previously owned Singaporean subsidiary, in 2012. The retention balance served as partial security for the Company's liability arising from the Company's Tax Assessment obligations. The escrow account was released to the Company on 31 December 2016.

10. Share capital

The Company may issue an unlimited number of shares, including shares of no par value or shares with a par value. Shares may be issued as (a) shares in such currencies as the Directors may determine; and/or (b) such other classes of shares in such currencies as the Directors may determine in accordance with the Articles and the Companies Law and the price per Share at which shares of each class shall first be offered to subscribers shall be fixed by the Board. The minimum price which may be paid for a share is USD0.01. The Directors will act in the best interest of the Company and the Shareholders when authorising the issue of any shares.

Issued capital

	30 June 2017		30 June 2016	
	Number of shares	USD'000	Number of shares	USD'000
Issued and fully paid at 1 July	211,346,258	491,301	324,610,259	725,310
Cancellation of treasury shares	-	-	(113,264,001)	(234,009)
Issued and fully paid at 30 June	211,346,258	491,301	211,346,258	491,301
Shares held in treasury	(10,725,000)	(34,882)	(2,700,000)	(7,472)
Outstanding shares at 30 June	**200,621,258**	**456,419**	208,646,258	483,829

Treasury shares

	30 June 2017		30 June 2016	
	Number of shares	USD'000	Number of shares	USD'000
Opening balance at 1 July	2,700,000	7,472	104,652,647	213,283
Shares repurchased during the year (note 12)	8,025,000	27,410	11,311,354	28,198
Shares cancelled during the year	-	-	(113,264,001)	(234,009)
Closing balance at 30 June	**10,725,000**	**34,882**	2,700,000	7,472

In October 2011, the Board sought and obtained shareholder approval to implement a share buyback programme. By 30 June 2017, a total of 123,989,001 shares had been bought back, a return of capital to Shareholders of approximately USD268.9 million.

During the year, no treasury shares (30 June 2016: 113,264,001 shares) were cancelled. The cancellation of treasury shares in the prior year did not result in a change in the Company's NAV per share.

11. Current liabilities

	30 June 2017	30 June 2016
	USD'000	*USD'000*
Management fees payable to the Investment Manager (note 17)	1,461	993
Incentive fees payable to the Investment Manager (note 3,17)	11,187	8,241
Payables to other related parties (note 17)	7,160	304
Other payables	738	312
	20,546	9,850

All accrued expenses and other payables are short-term in nature. Therefore, their carrying values are considered a reasonable approximation of their fair values. Further details on the payables to other related parties are disclosed in note 17.

12.Dividend Income

	30 June 2017 USD'000	30 June 2016 USD'000
Dividend income from a subsidiary used to pay for the Company's share repurchases	-	28,198
Dividend income from a subsidiary used to pay for the Company's operating expenses	-	20,827
Dividend income from a subsidiary used to pay for the purchases of financial assets at fair value through profit or loss	-	2,134
Dividend income	31,168	-
	31,168	51,159

Until 29 April 2016, all share buy backs were carried out under the name of Visaka Holdings Limited, a wholly-owned subsidiary of the Company. Since 29 April 2016, all share buy backs have been carried out under the name of the Company. The payments for the share buy backs until 27 May 2016 were made by VOF Investment Limited ("VOFIL"), a wholly-owned subsidiary of the Company. All purchases had been fully settled by the Statement of Financial Position dates.

13. Net gains on financial assets at fair value through profit or loss

	30 June 2017 USD'000	30 June 2016 USD'000
Financial assets at fair value through profit or loss:		
- Gains from the realisation of financial assets, net	2,341	-
- Unrealised gains, net	196,578	67,598
Total	**198,919**	67,598

14. General and Administration Expenses

	30 June 2017 USD'000	30 June 2016 USD'000
Management fees (note 17(a))	13,388	10,708
Directors' fees	384	353
Custodian, secretarial and other professional fees	1,770	2,452
Others	1,006	1,313
	16,548	14,826

15. Income Tax Expense

The Company was incorporated in the Cayman Islands until 22 March 2016 when it changed its domicile to Guernsey.

The Company has been granted Guernsey tax exempt status in accordance with The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended).

The majority of the subsidiaries are domiciled in the BVI and so have a tax exempt status whilst the remaining 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 taken into account in determining their fair values in the Statement of Financial Position.

16. Earnings Per Share And Net Asset Value Per Share

(a) Basic

Basic earnings per share is calculated by dividing the 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 10).

	30 June 2017	30 June 2016
Profit for the year (USD'000)	190,549	96,070
Weighted average number of ordinary shares in issue	205,174,967	214,238,617
Basic earnings per share (USD per share)	**0.93**	0.45

(b) Diluted

Diluted 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 earnings per share is equal to basic earnings per share.

(c) NAV per share

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 10). NAV is determined as total assets less total liabilities.

	30 June 2017	30 June 2016
Net asset value (USD'000)	949,675	786,536
Number of outstanding ordinary shares in issue	200,621,258	208,646,258
Net asset value per share (USD per share)	**4.73**	3.77

17. Related parties

Investment Manager's Fees

(a) Management fees

The Investment Manager receives a fee at an annual rate of 1.5% of the NAV, payable monthly in arrear.

Total management fees for the year amounted to USD13.4 million (30 June 2016: USD10.7 million), with USD1.5 million (30 June 2016: USD1.0 million) in outstanding accrued fees due to the Investment Manager at the reporting date.

(b)Incentive fees

As described in note 3.3, for the year ended 30 June 2017, an incentive fee of USD 24.6 million (30 June 2016: USD8.2 million) was earned by the Investment Manager on the performance of the Capital Markets Pool. The amount which will be paid out immediately was restricted to USD11.2 million by the operation of the cap. This amount was outstanding as at 30 June 2017 (30 June 2016: USD8.2 million).

The remaining balance of USD13.4 million which represents the excess over the cap and may be payable in subsequent years was accrued for as at year-end as a non-current liability. This amount has been discounted and has been recorded as USD12.1 million as at year-end.

Directors' Remuneration

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

	Annual fee USD	Year ended 30 June 2017 USD	Year ended 30 June 2016 USD
Steven Bates	95,000	95,000	95,000
Martin Adams	80,000	80,000	80,000
Thuy Bich Dam	80,000	80,000	80,000
Huw Evans*	90,000	85,452	7,671
Michael Gray**	90,000	43,151	90,000
		383,603	352,671

*Appointed Audit Committee Chairman following Michael Gray's retirement.
**Resigned 21 December 2016.

No Directors' fees were outstanding at the year-end (30 June 2016: Nil).

(c) Other balances with related parties

	30 June 2017 USD'000	30 June 2016 USD'000
Receivables from the Investment Manager on management fees rebate	259	380
Payables to the Investment Manager on expenses paid on behalf of the Company	152	210
Deposit from disposal of property*	7,160	-
Payable to VinaLand	-	94
Certain underlying investments jointly managed by the Investment Manager		
- Vietnam Infrastructure Limited	277	2,290
- VinaLand Limited	4,115	21,005
	4,392	23,295

*Refundable cash deposit received from disposal of property through a subsidiary of VinaLand Limited in which the Company has 25% interest.
The transaction completed in August 2017.

(d) Cost of treasury shares paid for by subsidiaries on behalf of the Company

As disclosed in note 12, USD28.2 million was paid by a subsidiary of the Company for the purchase of shares into treasury up to 27 May 2016 (2017: Nil).

18. Commitments

The Company's indirect real estate associates have a broad range of commitments under investment licences which they have received for real estate projects jointly invested with VinaLand 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. The total commitment amount as at 30 June 2017 was USD36.3 million of which the Company's share is USD10.8 million (30 June 2016: Total commitment amount USD42.3 million of which the Company's Share was USD12.2 million).

19. Financial Risk Management

(a) Financial risk factors
The Company has set up a number of subsidiaries and 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 as financial assets at fair value through profit or loss.

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 which 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 during the financial year to 30 June 2017.

The Company is subject to a variety of financial risks: market risk, credit risk and liquidity risk.

(i) Market risk
Market risk comprises price risk, foreign exchange risk and interest rate risk. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, interest rates and / or foreign exchange rates.

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 investments are subject to market fluctuations and the risk inherent in the purchase, holding or selling of investments and there can be no assurance that appreciation or maintenance in the value of those investments will occur.

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

The majority of the underlying equity investments are publicly traded on either of Vietnam's stock exchanges HOSE or the Hanoi Stock Exchange ("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's subsidiaries is monitored by the Investment Manager on a regular basis and reviewed by the Board of Directors on a quarterly basis.

Market price sensitivity analysis
If the prices of the listed securities had increased/ decreased by 10%, the Company's financial assets held at fair value through profit or loss would have been higher/lower by USD56.5 million (30 June 2016: USD40.0 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 reviews these valuations every half year.

If the fair values of real estate properties had gone up/ down by 10%, the Company's financial assets at fair value through profit and loss would have risen/dropped by USD5.7 million (30 June 2016: USD13.7 million).

Depending on the development stage of a project and its associated risks, the independent valuer uses discount rates in the range from 15% to 17% and terminal growth rates of 3% to 5% (30 June 2016: 17% to 21% and 3% to 5%, respectively).

As at 30 June 2017, the discount rate was 15% (30 June 2016: 15% to 19%). As at the year end, if the discount rate had been higher/lower, the fair value of the Company's underlying real estate and hospitality investments would have been decreased/increased.

Foreign exchange risk
The Company makes investments in USD and receives income and proceeds from sales in USD. As such, at the Company level, there is minimal foreign exchange risk. Nevertheless, investments are made in entities which are often exposed to the VND, and these entities are therefore sensitive to the exchange rate of the VND against USD. On a 'look-through' basis, therefore, the Company is exposed to movements in the exchange rate of the VND against the USD.

Interest rate risk
The Company's exposure to interest rate risk is limited as its cash balance at year-end is minimal. In addition, the Company does not have interest-bearing loans, receivables or payables. Nevertheless government bonds are held by Group entities which are interest bearing instruments, therefore on a 'look- through' basis the Company is exposed to interest rate risk.

(ii) Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Company.

The Company's maximum credit exposure without taking into account any collateral held, is limited to the carrying amount of cash and receivables at year end.

a) Financial assets that are neither past due nor impaired

With the exception of the receivables disclosed in note 19 (ii)(b), the cash and receivables of the Company and its subsidiaries and associates as at 30 June 2017 and 2016 are neither past due nor impaired. Cash and majority of receivables that are neither past due nor impaired are held with banks with high quality external credit ratings. Credit risk for cash and receivables is considered to be limited.

b) Financial assets that are past due and impaired
At 30 June 2017 and 2016, USD11.6 million of receivables relating to the sale of a direct investment were fully impaired. In determining the impairment the Directors have made judgements as to whether there is observable data available indicating that there has been a significant change to the debtor's ability to pay. The Investment Manager is also investigating the collateral against which the loans may be secured and whether mechanisms exist to recover value from the collateral.

(iii) 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 2017		**30 June 2016**	
	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 11)	19,808	-	9,538	-
Deferred incentive fee	-	12,137	-	-
Other payables (note 11)	738	-	312	-
	20,546	**12,137**	9,850	**-**

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 analyses the expected liquidity of the assets held by the Company:

	30 June 2017		30 June 2016	
	Within 12 months USD'000	**Over 12 months USD'000**	Within 12 months USD'000	Over 12 months USD'000
Cash and cash equivalents	7,512	-	1,570	-
Receivables	265	-	5,077	-
Financial assets at fair value through profit or loss	846,454	128,127	636,855	152,884
	854,231	**128,127**	**643,502**	**152,884**

Some indirect associates have made commitments that are not guaranteed by the Company. It is anticipated that such commitments will be met from cash and investment proceeds withheld by the subsidiaries or through cash injections by the Company.

(b) 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 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 return for its Shareholders and to ensure that there is sufficient funding available for the Company to continue as a going concern.

Capital as at the year-end is summarised as follows:

	30 June 2017 USD'000	30 June 2016 USD'000
Net assets attributable to equity shareholders	949,675	786,536

(c) 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 2017 and 30 June 2016.

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

Financial assets measured at fair value in the Statement of Financial Position are grouped into the following fair value hierarchy:

	Level 3 USD'000	**Total USD'000**
As at 30 June 2017 Financial assets at fair value through profit or loss	974,581	**974,581**
As at 30 June 2016 Financial assets at fair value through profit or loss	789,739	**789,739**

The Company classifies its investments in subsidiaries and associates as Level 3 because they are not publicly traded, even when the underlying assets may be readily realisable.

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 2017				
Cash and cash equivalents	29,577	-	-	**29,577**
Ordinary shares - listed	554,459	-	-	**554,459**
- unlisted	103,555	189	-	**103,744**
Government bonds	40,335	-	-	**40,335**
Private equity	-	-	70,242	**70,242**
Real estate projects and operating assets	-	-	57,373	**57,373**
Short-term bank deposit	50,000	-	-	**50,000**
Other assets, net of liabilities	-	-	68,851	**68,851**
	777,926	189	196,466	**974,581**
As at 30 June 2016				
Cash and cash equivalents	55,430	-	-	**55,430**
Ordinary shares - listed	400,005	-	-	**400,005**
- unlisted	-	65,704	17,037	**82,741**
Private equity	-	-	72,952	**72,952**
Real estate projects and operating assets	-	-	137,268	**137,268**
Other assets, net of liabilities	-	-	41,343	**41,343**
	455,435	65,704	268,600	**789,739**

During the year ended 30 June 2017 the Company's Investment in Novaland transferred from Level 3 to Level 1 after it was added to the FTSE Vietnam Index in June 2017. Airport Corporation of Vietnam, Vinatex and Quang Ngai Sugar transferred from Level 2 to Level 1 after listing on UPCoM during the year.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded equities on HSX, HNX or UPCoM at the Statement of Financial Position date. The Company does not adjust the quoted price for these instruments.

Bonds are valued based on the price and yield of the latest transaction of that bond found on a recognised formal stock exchange, Bloomberg or Reuters. If the price of a VND denominated bond found on a recognised formal stock exchange, Bloomberg or Reuters is greater than +/-1% of the previous day's closing price, the valuation should be based on the average price and average yield obtained from three reputable bond brokerage companies. The reason for this is that the recorded transaction may be a bond repo transaction, which may not reflect the fair market value of such bonds.

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 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 operating assets, 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 as described in note 3.2.

There were no transfers between the Levels during the year ended 30 June 2017 and 30 June 2016.

Set out below is the sensitivity analysis on the significant unobservable inputs used in the valuation of Level 3 investments as at 30 June 2017.

As at 30 June 2017

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

Segment	Valuation Technique	Valuation (*USD'000*)	Discount Rate	Cap rate	Technical growth rate	Selling price per unit (*USD'000*)	Sensitivities in selling price per unit (*USD'000*)	Sensitivities in discount rates and cap rates/ dividend yield (*USD'000*)	Sensitivities inroom rates and occupancy rate (*USD'000*)
Real estate projects	Direct comparison	19,720	N/A	N/A	N/A	240-860	**Change in sales price per square metre** -10% 0% 10% 16,590 19,720 22,850	N/A	N/A
Real estate projects	Discounted cash flows	11,818	15%	14.50%	N/A	N/A	N/A	**Change in discount rate** -1% 0% 1% **Change in cape rate** -1% 12,491 11,963 11,476 0% 12,333 11,818 11,343 1% 12,189 11,686 11,221	N/A
Private equity	Discounted cash flows	61,803	15%-17%	N/A	3%-5%	N/A	N/A	**Change in discount rate** -1% 0% 1% **Change in cape rate** -1% 64,671 58,428 53,080 0% 68,828 61,803 55,855 1% 79,297 67,481 57,609	N/A

Set out below is the sensitivity analysis on the significant unobservable inputs used in the valuation of Level 3 investments as at 30 June 2016.

Level 3 - Range of unobservable Inputs (probability-weighted average)

Segment	Valuation Technique	Valuation (USD'000)	Discount Rate	Cap rate	Technical growth rate	Occupancy rate	Room rate (USD)	Selling price per unit (USD)	Sensitivity analysis on management's estimates				
Real estate	Direct Comparisons	35,578	N/A	N/A	N/A	N/A	N/A	30 – 8,243			**Change in selling price per square meter**		
											-10%	0%	10%
											32,397	35,578	38,671
Real estate	Discounted cash flows	41,333	15%-19%	3% -14.5%	N/A	N/A	N/A	N/A			**Change in discount rate**		
											-1%	0%	1%
									Change in cap rate	-1%	45,620	42,910	40,408
										0%	43,888	41,333	38,948
										1%	42,500	40,048	37,778
Hospitality	Discounted cash flows	60,357	16.00%	11.00%	N/A	67%	237	N/A			**Change in discount rate**		
											-1%	0%	1%
									Change in cap rate	-1%	63,906	60,896	58,110
										0%	63,318	60,357	57,615
										1%	62,764	59,849	57,149
											Change in room rate		
											-1%	0%	1%
									Change in occupancy rate	-5%	59,827	59,886	59,944
										0%	60,294	60,357	60,420
										5%	60,760	60,828	60,896
Private equity	Discounted cash flows	46,151	17%-21%	N/A	3% - 5%	N/A	N/A	N/A			**Change in discount rate**		
											-1%	0%	1%
									Terminal growth rate	-1%	48,026	44,469	41,330
										0%	50,001	46,151	42,741
										1%	52,266	48,022	44,349

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 in subsidiaries 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 2017	**30 June 2016**
	USD'000	*USD'000*
Opening balance	789,739	717,759
Purchases	223,412	4,382
Return of capital	(217,963)	-
Sales	(19,526)	-
Net gains for the year, net (note 13)	198,919	67,598
	974,581	789,739
Total unrealised gains for the year included in:		
Profit	196,578	67,598
Total unrealised profit for the year	196,578	67,598

20. Subsequent events

This Annual Report and Financial Statements were approved for issuance by the Board on 25 October 2017. Subsequent events have been evaluated until this date.

On 17 August 2017, the Company announced a change in its dividend policy and that the Company will pay a dividend of at least 4.8 cents per share twice each year, normally declared in March and October. Exceptionally, on the same date, the Company declared a first dividend of 4.8 cents per share which was paid to Shareholders on 27 September 2017.

On 24 August, the Company announced that its Investment Manager, VinaCapital Investment Management Limited, had entered into an agreement with VinaCapital Fund Management JSC ("VCFM"), an affiliate of VCIM and a fully licensed and regulated fund management company domiciled in Vietnam, to delegate certain investment management and advisory activities.

On 25 October 2017, the Board declared a further dividend of 4.8 cents per share.

Management And Administration

Directors
Steven Bates
Martin Adams
Thuy Bich Dam
Huw Evans
Michael Gray (retired 21 December 2016)

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Tan Son Nhat Airport/Airport Corporation of Vietnam (ACV)

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If you are in any doubt about the contents of this document or the action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or otherwise transferred all of your Ordinary Shares in VinaCapital Vietnam Opportunity Fund Limited, please send this document and Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice Of 2017 Annual General Meeting

VinaCapital Vietnam Opportunity Fund Limited (the "Company")

Notice Of Annual General Meeting
Notice is hereby given that the 2017 Annual General Meeting of the Company will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands on 14 December 2017 at 12.00 noon. (The "Meeting").

Resolution on Form of Proxy	Agenda
	A. To elect the Chairman of the Meeting.
Ordinary Resolution 1	B. To receive and adopt the Annual Report and Financial Statements of the Company for the year ended 30 June 2017.
Ordinary Resolution 2	C. To receive and adopt the Directors' Remuneration Report.
Ordinary Resolution 3	D. To re-elect PricewaterhouseCoopers CI LLP, as Auditor of the Company until the conclusion of the next Annual General Meeting.
Ordinary Resolution 4	E. To authorise the Board of Directors to determine the Auditor's remuneration.
Ordinary Resolution 5	F. To re-elect Steven Bates following his retirement in accordance with Article 20.3 of the Articles of Incorporation of the Company as a Director of the Company.
Ordinary Resolution 6	G. To re-elect Martin Adams following his retirement in accordance with Article 20.3 of the Articles of Incorporation of the Company as a Director of the Company.
Ordinary Resolution 7	H. To re-elect Thuy Dam following her retirement in accordance with Article 20.3 of the Articles of Incorporation of the Company as a Director of the Company.
Ordinary Resolution 8	I. To re-elect Huw Evans following his retirement in accordance with Article 20.3 of the Articles of Incorporation of the Company as a Director of the Company.
Ordinary Resolution 9	J. To receive and approve the Company's Dividend Policy as contained within the Annual Report and Financial Statements of the Company for the year ended 30 June 2017.
Special Business Ordinary Resolution 10	K. The Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 315 of the Companies Law to make market acquisitions (within the meaning of section 316 of the Companies Law) of its issued Ordinary Shares, provided that: i. The maximum number of Ordinary Shares hereby authorised to be purchased shall be that number of Ordinary Shares up to 14.99 per cent. of the Company's issued Ordinary Shares (excluding Treasury Shares) in issue as at 14 December 2017; ii. The minimum price which may be paid for an Ordinary Share is USD0.01; iii. The maximum price which may be paid for an Ordinary Share will not exceed the higher of (a) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made; and (b) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 3(2) of the EU Buy-back and Stabilisation Regulation (No. 1052 of 2016); iv. Any Ordinary Shares purchased may be cancelled or held in treasury; v. The authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting, or, if earlier, on 14 March 2019 (unless previously renewed, revoked or varied by the Company by ordinary resolution) save that the Company may make a contract to acquire Ordinary Shares under this authority before its expiry which will or may be executed wholly or partly after its expiration and the Company may make an acquisition of Ordinary Shares pursuant to such a contract.
Ordinary Resolution 11	L. THAT the Directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company to issue Ordinary Shares up to a maximum number representing 10% of the issued ordinary share capital of the Company, such authority to expire at the conclusion of the Company's next Annual General Meeting or, if earlier, on 14 March 2019 (save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such Ordinary Shares to be issued after such expiry and the directors of the Company may issue such Ordinary Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired).
Extraordinary Resolution 12	M. THAT the pre-emption rights granted to Shareholders pursuant to Article 5.2 of the Articles of Incorporation of the Company shall not apply in respect of the issue of up to 10% of the issued ordinary share capital of the Company, such authority to expire at the conclusion of the Company's next Annual General Meeting or, if earlier, on 14 March 2019 (save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such Ordinary Shares to be issued (or sold from treasury) after such expiry and the directors of the Company may issue (or sell from treasury) such Ordinary Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired), unless such resolution is previously revoked by the Company's shareholders by further Extraordinary Resolution.

Any Other Business.

By Order of the Board

For and on behalf of
Northern Trust International Fund Administration Services (Guernsey) Limited
As Secretary

25 October 2017

Notes
A member of a company is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the company. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. A proxy need not also be a member of the company. Details of how to appoint the Chairman of the Meeting or another person as proxy using the Proxy Form are set out in the notes to the Proxy Form. The requisite form is attached hereto and must be lodged with the Company's Registrars at: The Pavilions, Bridgwater Road, Bristol, BS99 6ZY at least 48 hours before the time of the Meeting.

Annual General Meeting

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your Ordinary Shares in the Company, you should pass this document and Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

Ordinary Resolution 10 (Agenda Item K) - (Authority to buy back ordinary shares)

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own Ordinary Shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares.

Under the Listing Rules of the Financial Conduct Authority, the maximum price payable by the Company for each Ordinary Share is the higher of (i) 105% of the average of the middle market quotations of the Ordinary Shares for the five dealing days prior to the date of the market purchase and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 3(2) of the EU Buy-back and Stabilisation Regulation (No. 1052 of 2016). The Directors are seeking authority to purchase up to 14.99% of the Ordinary Shares in issue as at the latest practicable date prior to the publication of this notice. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting or, if earlier,on 14 March 2019.

Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board and only in accordance with the Companies Law, the Listing Rules and the Disclosure and Transparency Rules.

Ordinary Resolution 11 (Agenda Item L) – (Authority to issue shares)

This resolution seeks authority for the Directors to issue Ordinary Shares up to a maximum number representing 10% of the Company's issued ordinary share capital excluding treasury shares at the date of this notice. The Directors will only use this authority when it is in the best interests of the Company to issue shares and will not issue shares at a price below the prevailing NAV. This authority will expire at the conclusion of next year's Annual General Meeting or, if earlier, on 14 March 2019.

Extraordinary Resolution 12 (Agenda Item M) - (Authority to disapply pre-emption rights)

Pursuant to the Articles of Incorporation, Directors require specific authority from shareholders before issuing new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings. This resolution empowers the Directors to issue new shares or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, in respect of up to 10% of the Company's issued ordinary share capital excluding treasury shares at the date of this notice. Unless renewed at a general meeting prior to such time, this authority will expire at the conclusion of next year's Annual General Meeting of the Company or, if earlier, on 14 March 2019.

Recommendation

The Board considers the resolutions to be proposed at the forthcoming Annual General Meeting to be in the best interest of the Company and the members as a whole and recommends that members vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting.

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