VinaCapital

VinaCapital Vietnam Opportunity Fund

Annual Report and Financial Statements
for the year ended 30 June 2018

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for the year ended 30 June 2018

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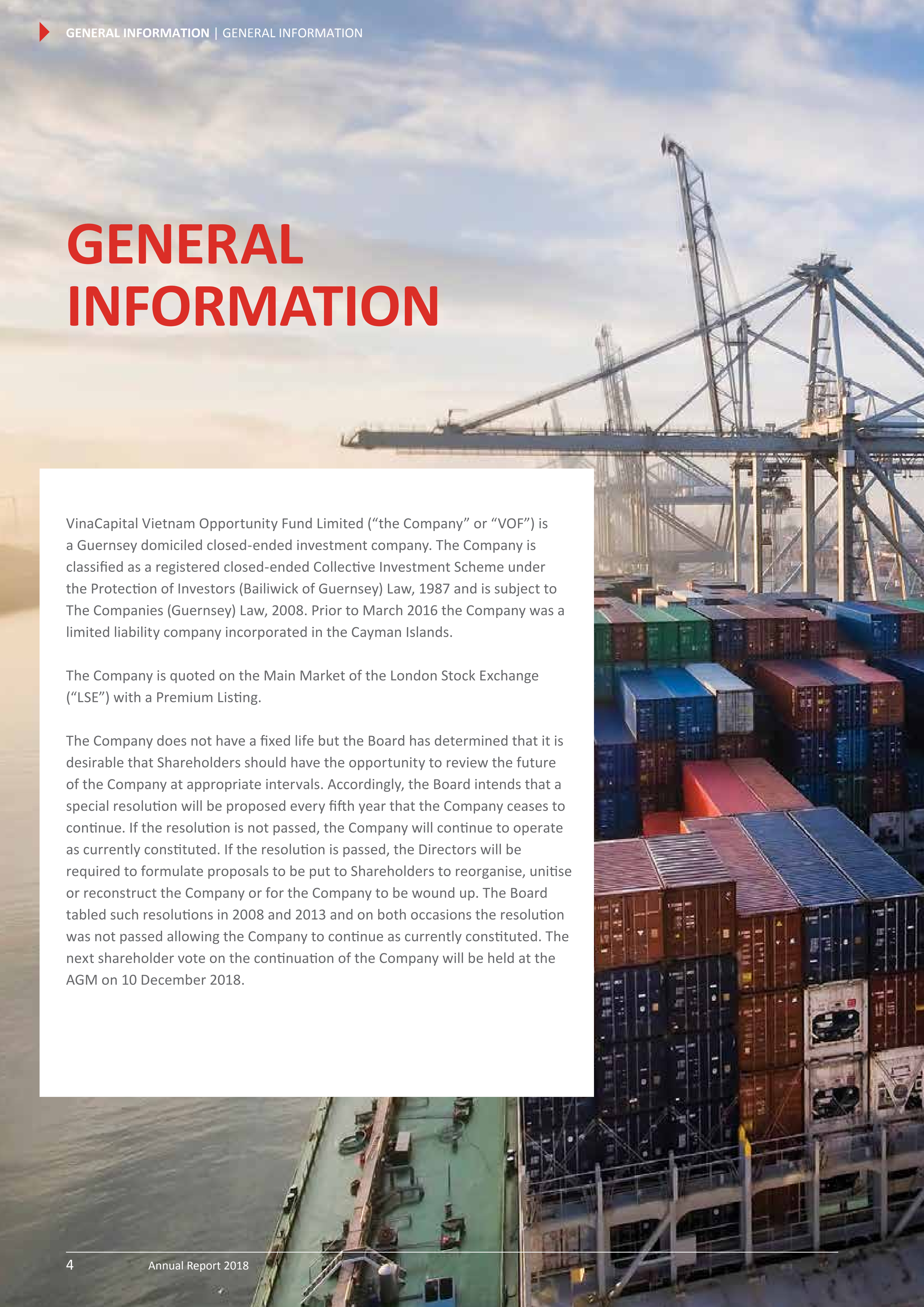


GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited (“the Company” or “VOF”) is a Guernsey domiciled closed-ended investment company. 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. Prior to March 2016 the Company was a limited liability company incorporated in the Cayman Islands.

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 will be held at the AGM on 10 December 2018.

INVESTMENT 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% 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.

Years ended 30 June	2014	2015	2016	2017	2018
Statement of Income (USD'000)					
Total income from ordinary activities	111,510	12,132	119,137	230,366	195,365
Total expenses from ordinary activities	(22,527)	(17,504)	(23,067)	(39,817)	(42,625)
Operating profit/(loss) before income tax	88,983	(5,372)	96,070	190,549	152,740
Income tax expense	-	-	-	-	-
Profit/(loss) for the year	88,983	(5,372)	96,070	190,549	152,740
Minority interests	-	-	-	-	-
Profit/(loss) attributable to ordinary equity holders	88,983	(5,372)	96,070	190,549	152,740
Statement of Financial Position (USD'000)					
Total assets	781,645	723,744	796,386	982,358	1,082,329
Total liabilities	10,265	5,080	9,850	32,683	38,897
Net assets	771,380	718,664	786,536	949,675	1,043,432
Share information					
Basic earnings/(loss) per share (cents per share)	36.00	(2.00)	45.00	93.00	77.00
Basic earnings per share (pence per share)			30.00	73.00	57.00
Share price at 30 June (USD)**	2.50	2.50	2.82	3.82	4.30
Share price at 30 June (GBP)**			2.11	2.94	3.26
Ordinary share capital (thousand shares)	238,255	219,958	208,646	200,621	194,058
Market capitalisation at 30 June (USD'000)**	595,638	549,894	588,382	766,372	834,449
Market capitalisation at 30 June (GBP'000)**			440,243	589,826	632,629
Net asset value per ordinary share (USD)	3.24	3.27	3.77	4.73	5.38
Net asset value per ordinary share (GBP)**			2.82	3.64	4.07
Ratio					
Return on average ordinary shareholders' funds[1]	15.9%	1.0%	12.8%	22.0%	15.3%
Ongoing charges excluding incentive fee[2]	1.7%	1.7%	1.8%	1.9%	1.8%
Incentive fee[3]	1.2%	0.5%	1.2%	2.7%	2.1%
Ongoing charges plus incentive fee[4]	2.9%	2.2%	3.0%	4.6%	3.9%

HISTORICAL FINANCIAL INFORMATION*

* 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 GBP using the rate of exchange at 30 June 2016, 30 June 2017 and 30 June 2018 respectively.

1. Calculated as net income divided by the simple average of the opening and ending net asset balances. It does not take into consideration the accretive effect of the share buyback and dividend payments on a per share basis.
2. Calculated as general and administration expenses divided by average NAV for the year. Ongoing charges have been prepared in accordance with the Association of Investment Companies (“AIC”) recommended methodology.
3. Calculated as total incentive fee divided by average NAV for the year.
4. Calculated as the sum of general and administration expenses and total incentive fee divided by average NAV for the year.

FINANCIAL HIGHLIGHTS

1,043.43

Total Net Assets (USD millions)

16.9 %

Increase in NAV
Total Return per share

In the year to 30 June 2018, the Company's NAV per share increased in US Dollar terms by 13.7% to USD5.38, while the Company's share price rose by 12.6% to USD4.30, from the same date a year ago. Taking account of dividends paid in the year to 30 June 2018, the NAV Total Return* was 16.9%.

	As at 30 June 2016 USD	As at 30 June 2017 USD	As at 30 June 2018 USD
Total Net Assets (millions)	786.54	949.68	1,043.43
NAV per share	3.77	4.73	5.38
Increase in NAV per share over the year	15.3%	25.5%	13.7%
Basic and diluted earnings per share	0.45	0.93	0.77
Share price	2.82	3.82	4.30
Increase in share price over the year	12.8%	35.5%	12.6%
Discount to NAV per share**	25.2%	19.2%	20.1%

* Calculated as NAV per share as at 30 June 2018 plus dividends per share paid during the year divided by NAV per share as at 30 June 2017.

** Calculated as NAV per share less share price divided by NAV per share.

"Vietnam 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 and pipeline makes it a good choice to exploit that opportunity."

CHAIRMAN'S STATEMENT

Dear Shareholder

The year to 30 June 2018 can be split into two halves, with the benign investment environment which I described in the Interim Report continuing into January, followed by a more volatile period in the second half of our financial year. Following a return of 20.0% over the first six months of the financial year, the second half saw a decline of 2.6%. Overall, though, the year was again positive and the NAV Total Return was 16.9%.

In seeking to achieve the Company's Investment Objective, the Investment Manager's strategy has been:

- To retain the largest part of the portfolio in listed assets, as described in the description of strategy below;
- To continue to add to unlisted securities and private equity investments as and when attractive opportunities arise;
- To continue to reduce holdings in direct real estate and directly owned operating assets; and
- To reduce the discount to Net Asset Value ("NAV") at which the Company's shares trade.

Investment Strategy and Performance

While there has been no change in investment strategy per se, I would like to emphasise that our equity investments are largely managed with what is perhaps best termed a "private equity" approach. Most of our holdings have historically been acquired as a result of private equity transactions or as pre-IPO investments of various types. Taking the overall portfolio today, a large majority of the NAV is represented by holdings originally acquired in this way, rather than by buying conventionally in the listed equity market. Of course, many of these investments are now listed on the stock exchange, but our approach to managing and eventually selling these retains this "private equity" approach. Through this route, the Company originally acquired sufficiently large positions in a number of stocks that the Investment Manager has been able to work with those businesses to develop strategies aimed at delivering good returns over time. In general, these positions could not have been built through open market purchases. Over time, listed assets may have been sold in the market if valuations were believed to be high but often have been sold as large blocks of shares at a premium to investors seeking a strategic stake in companies. Your Board and Investment Manager believe that this approach should produce superior investment returns over the longer term. It may also provide some protection against general market declines, as investments are made following the often-prolonged analysis and due diligence checks typical of private equity and with a focus on absolute returns rather than on performance relative to a market index.

The Investment Manager has been successful in reducing the Company's exposure to direct real estate and operating assets, selling six projects during the year under review for total proceeds of USD40.5 million. As at 30 June the Company's holdings had been reduced to three direct real estate investments and one operating asset, with total value representing only 3.2% of net assets. During the year, the remaining holding in Vinaland, another closed end investment company managed by the Investment Manager, was sold.

The NAV Total Return achieved was respectable at 16.9%. The portfolio is not managed with reference to a benchmark index and although the return lagged the Vietnam Index ("VN Index"), it was ahead of the MSCI Emerging Markets Index. The Company's listed equity holdings outperformed both indices, while the Investment Manager was successful in deploying capital into some private investments with strong potential.

Dividends

In August 2017 we announced the commencement of a dividend programme. The Board intends that the Company will pay a dividend representing approximately 1% of NAV twice each year, normally declared in March and October.

Two interim dividends, each of 4.8 US cents per share, for 9.6 US cents in total, were paid during the first half of the year under review (in August and October 2017 respectively). The 9.6 US cents per share paid represented approximately 2% of the NAV per share as at the last year end, 30 June 2017.

On 27 March 2018, the Board declared an interim dividend of 5.5 US cents per share in respect of the half year ended 31 December 2017 and declared a second dividend of 5.5 US cents per share in respect of the year ended 30 June 2018 on 23 October 2018. These two dividends in total represent approximately 2% of the NAV per share as at the end of the year under review.

Discount Management

As at the end of June 2018 the share price discount to NAV was 20.1%, an increase from the 19.2% at the previous financial year end and a discount which your Board feels does not fairly reflect the strong absolute returns which the Company has made, or its prospects over the medium and long terms. Over the year, the shares have traded at discounts in the range 14.2% to 22.0%.

We have a continuing strategy to try to reduce the discount at which your Company's shares trade to NAV. Our efforts to reduce the discount concentrate both in attempting to increase demand for shares and, where necessary, to reduce supply by buying back shares. During the year under review, 6.6 million shares were bought back, representing 3.3% of the shares in issue at the start of the year. Since we commenced buying back shares in 2011, the Company has purchased some 130.5 million shares, being 40.2% of shares in issue before the first buy back.

In attempting to stimulate demand in recent years, we have:

- changed the Company's listing venue to the premium segment of the London Stock Exchange;
- changed the domicile to Guernsey;
- commenced the payment of dividends;
- changed our arrangement with our Investment Manager so that management of our assets is delegated to a regulated entity in Vietnam; and
- employed additional resources in marketing the Company's shares.

We believe that each of these initiatives has had a beneficial effect on demand for the Company's shares and that some investors who previously were not able to buy are now shareholders; but we continue to strive to make further progress in narrowing the level of discount.

I am also pleased to report that the Company's shares were included in the FTSE250 Index during the financial year.

Our Investment Manager continues to make great efforts to promote the Company's shares to existing and potential investors in key areas of the world, particularly in the UK, in Continental Europe and, to a limited number of professional investors only, in the USA.

In November 2017 we announced the appointment of Frostrow Capital LLP as UK Marketing and Distribution Partner. Frostrow are working closely with our brokers Numis Securities and UK PR agency Camarco to raise the Company's profile. We have experienced some success in an increase in the number of shares held by self-directed private investors and by the clients of wealth managers in the UK.

Despite these initiatives, the discount remains higher than the Board deems desirable, and the efforts to reduce it will continue.

The Board

After the financial year end, Julian Healy was appointed as a Non-Executive Director of the Company, with effect from 23 July 2018. Julian has been involved in investment in frontier markets for many years, both as a portfolio manager and as an investment banker. He has long experience of private equity investing in developing countries and brings a new dimension of experience to the VOF Board. He is a Chartered Accountant by training and began his career with Morgan Grenfell, moving later to Flemings and then to the European

Bank for Reconstruction and Development ("EBRD"). We are delighted that he has joined the Board. He has particular expertise in complex investments in frontier markets as well as relevant experience as a board member of operating businesses, banks and closed-end funds in these regions. He will be standing for election at the forthcoming AGM and I urge you to support his appointment.

Martin Adams, who has been a Director since February 2013, has indicated his intention to stand down from the Board so will not stand for re-election at the AGM. Martin has brought to the Board a deep understanding of the business environment in Vietnam which will be hard to replicate. He combines this with extensive knowledge of the closed end fund world and a forensic attention to investment detail. It is usual in statements like this to make anodyne remarks about an outgoing director; but in this case, the Board's thanks and appreciation are heartfelt. We really do wish Martin all the best for the future.

There will be further changes to the membership of the Board in due course, so that we maintain a balance of experience of the Company's affairs and introduce fresh views as Directors retire. Following the appointment of Mr Healy and before the retirement of Mr Adams, the number of Directors has increased to five which, I believe, is the number of Directors that a company of this size requires. A consequence of this, however, is that the Company is now close to the cap on aggregate remuneration of the Board included in the Articles of Incorporation. In order to make sure that this cap does not impede the ability of the Board to maintain a strength of five Directors, at this year's AGM under Resolution 13 shareholders will be asked to approve an increase in the cap on aggregate remuneration of the Board from USD500,000 to USD650,000. Shareholders should note that the Board is not proposing to increase the fees paid to individual directors at this time.

Investment Management Fees

A consequence of the investment performance described above is that the NAV of the Company's Capital Markets pool has remained well ahead of the 8% annual return target above which incentive fees are earned. For the current year, an incentive fee of USD25.3 million was earned on the Capital Markets pool.

A full explanation of the mechanism for paying out incentive fees is set out in Notes 3 and 15 of the annual accounts. In summary, a capped total amount of USD15.0 million will be paid out in October 2018, made up of the full amount of the incentive fee carried forward from the year to 30 June 2017 of USD13.4 million together with USD1.6 million of the incentive fee earned in the year to 30 June 2018.

The balance of the incentive fee earned in the year to 30 June 2018 has been carried forward as a deferred liability and may be paid out next year or in subsequent years. Any payment in future years will, of course, also be subject to the annual 1.5% of NAV cap. I would note that the Company has accrued the full quantum of the deferred incentive fee in the accounts less a discount to reflect the time value of money and the probability of payment in future years, as the Board believes that there is a reasonable likelihood that the NAV per share will continue to advance and that the full sum will be paid in due course. NAV releases to the market include this accrual, as does the ongoing charge ratio set out in these accounts.

No incentive fee was earned on the Direct Real Estate pool.

New Fee Arrangements

There remains downward pressure on fees in the closed end fund world. The Board entered negotiations with the Manager to achieve some reduction in the level of fees. The context in which these discussions have taken place reflects the fact that the resources required to manage the fund are extensive and that the majority of the Company's assets are managed with the "private equity" approach discussed earlier.

The Board has now agreed in principle with the Investment Manager a number of changes to the investment management and incentive fees, with effect from 1 July 2018. All the changes set out here remain subject to final confirmation in the Investment Management Agreement:

The base management fee, which was 1.5% of net assets per annum, has been changed to an annual rate calculated on the following scale:

- 1.50% of net assets, levied on the first USD500 million of net assets
- 1.25% of net assets, levied on net assets between USD500 million and USD1,000 million
- 1.00% of net assets, levied on net assets between USD1,000 million and USD1,500 million
- 0.75% of net assets, levied on net assets between USD1,500 million and USD2,000 million
- 0.50% of net assets, levied on net assets above USD2,000 million

The incentive fee structure has been simplified. For the period up to 30 June 2018, for the purpose of calculating any incentive fee the portfolio was split into two pools, the Capital Markets Pool and the Direct Real Estate Pool. The annual incentive fee payable to the Investment Manager was calculated for each Pool as 15% of any increase in NAV above a hurdle rate of 8% compounded annual return. The maximum amount that could be paid in respect of either Pool in any one year was capped at 1.5% of the weighted average month-end NAV of that pool during that year. 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, based upon the fees already paid out.

Commencing 1 July 2018, the incentive fee has been revised as follows:

- As most of the Direct Real Estate assets have now been sold, we will no longer split the portfolio into two pools for calculation of the incentive fees.
- The incentive fee rate will be reduced to 12.5% of any increase in NAV over the hurdle rate.
- The hurdle rate for incentive fees will remain unchanged at an 8% annual compounded rate, based on the relevant opening net asset values of the two previous pools.
- The cap on incentive fees to be paid out in any year will remain unchanged at 1.5% of the weighted average of month end net assets.
- If the NAV falls subsequent to a year end in which an incentive fee was earned and the fee is in excess of the cap, amounts in excess of the cap will be clawed back on a last in / first out basis at the rate at which the fees were earned, thereby releasing accruals which would have remained on the Company's balance sheet under the previous structure.
- 25% of any incentive fee paid will be used by the Investment Manager to buy shares in the Company through open market purchases. These shares will be subject to a minimum holding period.

The Board believes that these changes will deliver significant cost savings, while retaining a strong incentive for the Investment Manager to deliver returns to shareholders.

During the course of the Board's discussion over these issues, a number of alternative approaches were considered. In particular, thought was given to whether it would be possible to set a hurdle which linked the incentive to outperformance of a market related benchmark. The conclusion was that, at the moment, benchmarks in the Vietnamese context are flawed and that the concept of a market related yardstick held the risk of weakening the "private equity" approach used to manage the portfolio, thus changing the way in which the portfolio would be managed. The Board will of course review the results of the portfolio over the longer term compared to market benchmarks in recognition of the fact that shareholders should rightly expect a better than market performance from the portfolio to compensate for the level of fees and the approach taken.

AGM and Discontinuation Vote

This year's AGM will take place in Guernsey at 11 a.m. on 10 December 2018 at Aztec Group, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP. Notice of the AGM is set out in the Annual Report and Financial Statements, starting on page 129. Reading fatigue may mean that many shareholders don't make it as far as page 129, but this year I would encourage you to do so. Most of the resolutions are those which appear at the AGM every year, but I would like to draw shareholders' attention in particular to Resolution 14. This concerns the 'discontinuation' election.

As you may be aware, every fifth year, shareholders are asked to vote on whether the Company should continue as currently constituted. Under our Articles of Incorporation, this vote will be structured as a special resolution for "discontinuation", whereby the Company will continue in operation unless more than 75% of those voting elect to "discontinue". This unusual structure means that shareholders who wish the Company to continue should vote against the resolution. The Board has considered the opportunities available to the Company and the resources and investment track record of the Investment Manager and are unanimously of the view that the Company should continue in operation. We therefore recommend that shareholders vote against Resolution 14 at the AGM as those Directors who hold shares intend to do themselves.

Change of Administrator, Company Secretary and Registered Office

Since the Company redomiciled to Guernsey, it has been administered by Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") which has also acted as Company Secretary. Northern Trust has assisted the Company in becoming established in Guernsey and has been extremely helpful to the Board. However, there are aspects of the administration of the Company's subsidiaries and associates which have not been possible to consolidate with Northern Trust. Consequently, after a long deliberation during the year, the Board has determined to move the administration of the Company and that of substantially all its subsidiaries and associates to Aztec Financial Services (Guernsey) Limited ("Aztec Group") which will take place with effect from 1 November 2018. From that date, Aztec Group will also become Company Secretary and the Registered Office of the Company will move to Aztec Group's offices.

Outlook

Investment in Emerging Markets can be a volatile experience for shareholders. The past year has shown how geopolitical issues in the Developed World can cause problems for countries like Vietnam. The combination of a more belligerent trade policy on the part of the US and a trend towards monetary tightening, however modest, has triggered a dollar rally and led to a deterioration in sentiment towards the emerging world. This disillusion is more perception than reality as economies like Vietnam's continue to grow very satisfactorily. There is concern that growth in China will be hurt by President Trump's tariffs and that these will have a domino effect throughout Asian economies. The Chinese response has been to inject various forms of stimulus into the domestic economy, amongst which has been a willingness to allow the Renminbi to weaken. This has brought downward pressure on the Vietnamese Dong and is the most obvious real economic effect on the country.

Vietnam's economic fundamentals remain robust and growth is set to continue into the medium term, with modest inflationary pressure. Valuations are higher than in the past and as you will read in the Investment Manager's report, certain companies took advantage of the rampant markets in the first quarter of this year to raise capital at high prices. These issues have caused some market indigestion and have further increased the concentration of the stock market. While we would prefer to see a broader, deeper market develop as the equitisation process rolls on, these conditions provide managers like ours an opportunity to seek investments outside the mainstream. These are often privately negotiated transactions with conditions attached and may be in private equity structures or in assets closer to stock market listing. This is an area where the Investment Manager has done well in the past and where valuations are lower and growth higher than in the public markets.

In sum, we continue to see exciting opportunities for return in the Vietnamese market but believe that it will require research and analysis beyond the conventional to unearth the real gems.

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
23 October 2018

INVESTMENT MANAGER'S REPORT

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

Andy Ho
Managing Director

Michael Kokalari
Chief Economist

Portfolio Results

VOF ended the Financial Year 2018 ("FY2018") with a total NAV of USD1,043.4 million and a total market capitalisation of USD834.4 million, representing a discount of 20.1%. During FY2018, VOF's NAV per share increased by 13.7% in US Dollar terms and by 11.8% in GBP terms.

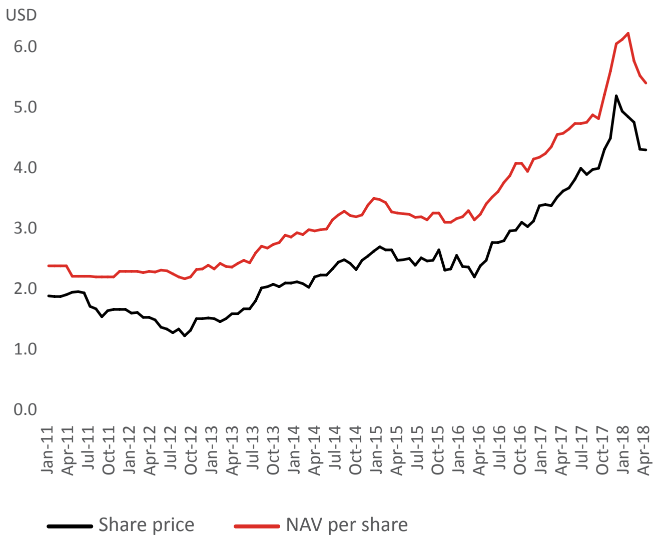
Over the previous two financial years to June 2016 and 2017, VOF's NAV rose by 15.3% and 25.5% in USD terms, respectively.

VOF paid a total of USD29.9 million in dividends (or 15.1 US cents per share), equivalent to a yield of 3.2% of NAV per share and 3.9% of share price as at 1 July 2017. During FY2018 VOF acquired 6.6 million VOF shares at a cost of USD29.1 million under its share buy-back programme.

Taking into account the dividends paid, the NAV Total Return for VOF in FY2018 was 16.9%.

VOF's share price increased by 12.6% in US Dollar terms and by 10.9% in GBP terms over the 12 months ending 30 June 2018.

Chart: VOF's NAV per share and share price (USD).
Source: Bloomberg



Although VOF does not exclusively focus on public equities, it is appropriate that investors consider the comparative returns of relevant indices. During FY2018, the Vietnam-Index (VN-Index) increased by 22.4%, the MSCI Emerging Markets index rose by 5.8%, and the MSCI Frontier Markets index declined by 1.7%, all in USD terms.

The Stock Market

The VN-Index enjoyed a strong increase during the second half of calendar year 2017 (July to December 2017) and continued this trend to reach a record 1,204 points on 9 April 2018. The VN-Index then declined to 961 points by 30 June 2018, erasing all of the gains recorded in the first quarter of 2018 and delivered a slight overall loss of -2.4% in Vietnam Dong (VND) terms over the first half of 2018. In summary, and despite the decline from 9 April, the VN-Index increased significantly over VOF's financial year, surpassing the regional average price to earnings ratios (P/E), as a measure of value, by April 2018 before declining.

The stock market's significant increase in value in 2017 and in the first three months of 2018 was driven by both domestic and foreign investors. Economic conditions were (and continue to be) "ideal" according to our Chief Economist and attracted growing numbers of international investors. Businesses delivered earnings per share (EPS) growth of typically between 15% and 20% in 2017, while the VND was stable against the US Dollar. In addition, inflation and interest rates remained low relative to historical averages. Such ideal factors encouraged investors to invest in Vietnamese businesses as well as real estate.

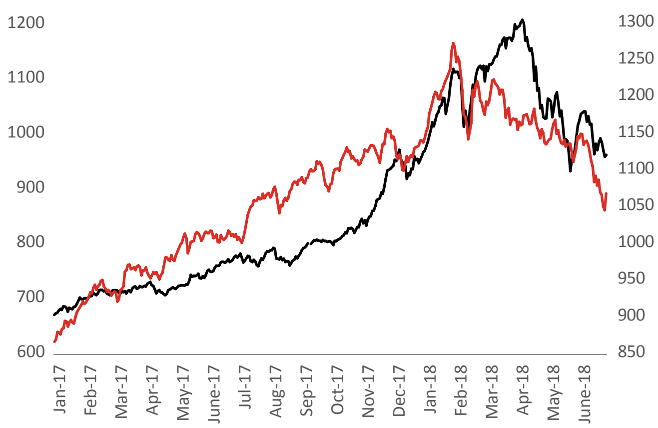
After April 2018, Vietnam's market became volatile as foreign investors began to take profits, having enjoyed significant gains over a very short period. This profit-taking also came during a period in which the US Dollar was strengthening. Foreign investors sold equities and VND, leading to downward pressure both on the stock market and on the currency.

In addition, the Chinese renminbi (CNY) declined materially as the trade war between China and the US began. Historically (in 2015) when the CNY materially declined, the VND has also depreciated. Recent CNY weakness was indeed another factor exerting downward pressure on VND denominated assets held by foreign portfolio investors.

In summary, the second quarter of 2018 saw significant profit-taking from both foreign and domestic investors, as well as margin calls that reinforced the VN-Index's decline. After such a sharp rise, such profit taking was arguably healthy for the market and undoubtedly created significant opportunities for investors. Nevertheless, investor sentiment was driven by external factors that contributed to the strengthening of the USD, such as economic volatility in Argentina, Venezuela and Turkey, as well as an escalating trade war between the US and the rest of the world. Domestically, although inflation saw a slight increase to around 4% annualised (as a result of rising oil and food prices), Vietnam's economy continues to be stable and is expected to grow by 7% in 2018, while listed companies are expected to deliver an average EPS growth of above 20%.

VN Index vs MSCI EM Index

Source: Bloomberg



Valuations & Implications for Strategy

The stock market's volatility from April to the end of June has made listed equity valuations very attractive, particularly if we compare them against short-term and medium-term growth potential. As at 30 June 2018, the average trailing P/E ratio for the Ho Chi Minh Stock Exchange (HOSE) was 15.3x (excluding outliers such as the Vingroup companies, which trade on the basis of price to book valuations). With EPS growth expected to be around 20% for 2018, the price to earnings to growth (PEG) ratio is expected to be below 1.0, suggesting that stocks are potentially undervalued. Various domestic and international analysts expect that EPS growth will average 16% to 18% per annum over the next 2 to 3 years.

Having said that, although GDP is expected to grow by 7% during 2018, there remains some uncertainty around the potential further devaluation of the VND against the US Dollar, and domestic interest rates may rise in the coming months.

Over the past 24 months, Vietnam's stock markets have increased their depth, size, and liquidity, due in part to the listing of large companies, many of which now have market capitalisations of over USD1 billion. The total market capitalisation of Vietnam's three stock exchanges almost reached the country's annual GDP. As more companies list, we expect the market size and depth to increase with greater liquidity, which may lead to P/E ratios once again to be in line with the regional average.

VOF's NAV Total Return of 16.9% was primarily driven by the gains in the quoted component of the portfolio (which included both listed and unlisted equities), which delivered a gross return[1] of 29.4% compared to a return of 22.4% from the VN Index. The quoted component of VOF's portfolio had a weight of approximately 66% and the result was that the quoted component's gross return contributed a return of 19.4% towards VOF's total return. This is 2.5% higher than the total return to shareholders of 16.9% and the difference is attributed to accrued incentive fees for FY2018 and the performance of other assets including private equity and direct real estate holdings.

The Investment Manager's strategy is to continuously seek opportunities not widely available to public investors. These private opportunities are still plentiful and enable VOF to invest a meaningful amount with the optimum transaction size being, in our view, between USD20 million and USD40 million. This approach also allows VOF to acquire positions of a size which may not be generally available on the open market once a company lists.

Another attribute of these private opportunities is that they offer VOF a greater range of exit options. VOF may exit these companies once they undertake an IPO and list on the local stock exchanges or exit by selling a meaningful stake to a strategic buyer, commanding a valuation premium in most circumstances.

1: The gross return is calculated as the return on listed investments, excluding cash in the portfolio and before any fees or operating expenses.

When market conditions are strong and when the average trading P/E ratio is above 15x, we find that most of these private companies will seek to list on the local stock exchanges as soon as possible. When market conditions are weak and where the average trading P/E ratio is below 15x, historically we have found that the most attractive exit path is through a trade sale to a strategic acquirer. These acquirers tend to value companies, particularly those in which they can acquire a sizeable stake, at valuations significantly higher than those for comparable listed companies. The combination of solid shareholder protection and the size of VOF's stake in these privately negotiated investments, allows VOF to negotiate a significant premium for its exit to strategic acquirers.

The stock markets' expansion has led to a marked increase in the number of investors participating in public markets. Listed Vietnamese companies are becoming increasingly investor-friendly, which will make it even easier for investors to participate. Accordingly, we feel that there is less of a need for VOF to focus on companies that are already listed, as we have always felt that widely available investment opportunities like these tend to offer less attractive returns over the longer term.

If we take a moment to look at the VOF portfolio through an alternative lens, one that classifies how we initially entered the investments that are held in the portfolio rather than how they are presented by current asset class, this helps to illustrate our strategy of investing in opportunities not generally available to the public market. As at 30 June 2018, VOF's total NAV of USD 1,043.4 million consisted of assets that were invested through essentially four paths[2]:

- Private equity: 42.5% of VOF' total NAV is the carrying value of companies that VOF entered through the private equity route. Investments in this group include Hoa Phat Group ("HPG") and Phu Nhuan Jewelry ("PNJ") which have subsequently gone to list on the stock exchange.
- Private placement: 17.6% of VOF's total NAV is the carrying value of companies that VOF entered through a private placement with certain investor rights. Investments in this group include Coteccons Construction ("CTD").
- Equitisation: 25.6% of VOF's total NAV is the carrying value of companies that VOF entered through the equitisation process. Investments in this group include Vinamilk ("VNM") and Airports Corporate of Vietnam ("ACV").
- Shares purchased on the listed stock market: only 10.6% of VOF's total NAV is the carrying value of shares acquired directly on the Ho Chi Minh or Hanoi Stock Exchanges.

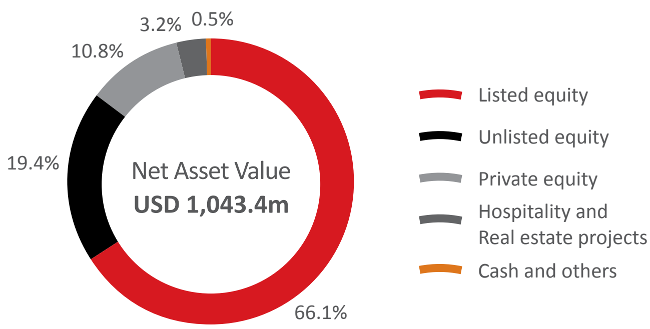
2: The below numbers do not include real estate, cash, receivables and payables.

Typically, VOF will retain investments where we feel that the investment gains in the coming years can surpass a minimum hurdle of 15% to 20% per annum. Depending on the risk profile, if the investment does not have the potential to expand its P/E to an average level and/or deliver meaningful EPS growth to surpass the minimum hurdle, then we will look to exit the holding. At the time of writing, companies in VOF's unlisted portfolio are expected to deliver an average EPS growth of 40% over the coming year, while the weighted average P/E ratio of listed companies in the VOF portfolio is 15.3x at the end of the financial year.

As more institutional investors invest into Vietnam and Vietnamese businesses expand, Environmental, Social and Corporate Governance (ESG) related matters have taken on greater importance. In recent years, we have witnessed situations in which shareholder value declined significantly when businesses polluted the environment, ignored global standards, relocated families from their land without adequate compensation, or did not adhere to international best practice with respect to corporate governance. Using guidelines from development finance institutions such as the FMO (the Dutch development bank) and the IFC (the International Finance Corporation), we have developed a framework to identify ESG risks at potential investee companies, and help businesses improve their practices, where appropriate, by incorporating ESG terms as part of our overall terms of investment in private opportunities.

Portfolio review

Chart: VOF's portfolio by asset class, % NAV as at 30 June 2018.



Capital Markets portfolio

During the financial year, VOF benefited from several major exits of Direct Real Estate and Operating Assets (DRE) holdings, which generated USD40.5 million in cash. During the same period, VOF deployed USD179.5 million in more than five new opportunities, including the equitisation of state-owned enterprises (SOE) namely Binh Son Refinery (BSR) and PV Power (POW), along with other listed stocks and USD35.3 million in private equity assets.

Total cash available at the Group level at the beginning of the financial year was slightly more than USD87.1 million (including short-term deposits) or 9.2% of VOF's NAV, while at the end of the financial year this had reduced to USD34.2 million or 3.3% of NAV.

It is important to note that VOF did not participate in a number of well publicised initial public offerings including VP Bank (VPB), Vincom Retail (VRE), Vinhomes (VHM) and Techcombank (TCB) during the financial year. During the later part of 2017 and into the early months of 2018, we felt that listed valuations were rich in terms of the average trailing P/E ratio of over 20x, and we believed that a lot of companies were advised by their investment bankers to take full advantage of the market rally to sell their shares and raise additional capital. Foreign investors, particularly those from north Asia and the US, were more than eager to participate in these IPOs, reinforcing the market's valuation. In hindsight, many of these positions experienced a significant price decline of anywhere from 15% to 40% post-IPO and listing.

Participants in these IPOs were by and large open-ended vehicles and hedge funds where the investment strategies tend to be more speculative, short term and momentum driven. Liquidity post-IPO is key to their exit strategies and in an environment where lock-up periods are rarely applied, this created significant volatility in what is still a relatively thinly-traded frontier market.

Private Equity portfolio

Turning to the private equity (PE) portfolio, during FY2018 we evaluated more than 30 opportunities which had a total potential investment value of over USD500 million. Of those opportunities, we chose to invest in three deals totalling USD56.3 million.

In general, the companies which we evaluated are keen to list on the Ho Chi Minh City or Hanoi stock exchanges as soon as they can to take advantage of attractive public market valuations, and some companies in VOF's private equity portfolio share the same aspirations. Some private equity investments like HD Bank (HDB) and Cenland (CRE) which were made during the past two years have rapidly moved to listing and are now part of the listed portfolio (CRE listed post VOF's financial year end). This leaves PE investments that are not generally ready to go public and as such, they tend to have lower valuations, as assessed by valuers and thus, have led to an unattractive return for the private equity component. In the past, when public equity valuations were lower and VOF enjoyed many trade sales of its private equity holdings, the private equity component delivered solid returns and at times, even surpassing the listed component of the portfolio.

If the exit horizon (via an IPO) is beyond one year, VOF typically seeks and receives the right to (1) perform financial, legal and ESG due diligence, as well as (2) obtain some form of minority protection and performance commitments over the following three years, with associated financial penalties in the event that commitments are not met, and (3) participation rights on the Board of Directors and/or Management.

In addition to the terms that VOF typically negotiates, we also pursue valuations that are at significant discounts to the listed equity markets. We aim to invest at P/E ratios of 8x to 12x with commitments to grow earnings at a rate of 20% or more over the next three years.

Competition for private equity deals continues to increase as Vietnam develops and the listed markets broaden, providing improved exit opportunities. International PE investors tend to invest at ticket sizes of USD100 million (or more) and normally seek local partners like ourselves as co-investors. Regional PE investors tend to pursue control deals, while local PE investors tend to focus on smaller opportunities of USD10 million and below. Therefore, competition for opportunities in private equity investments where VOF can deploy between USD20 million and USD40 million is less intense than in smaller or larger deals.

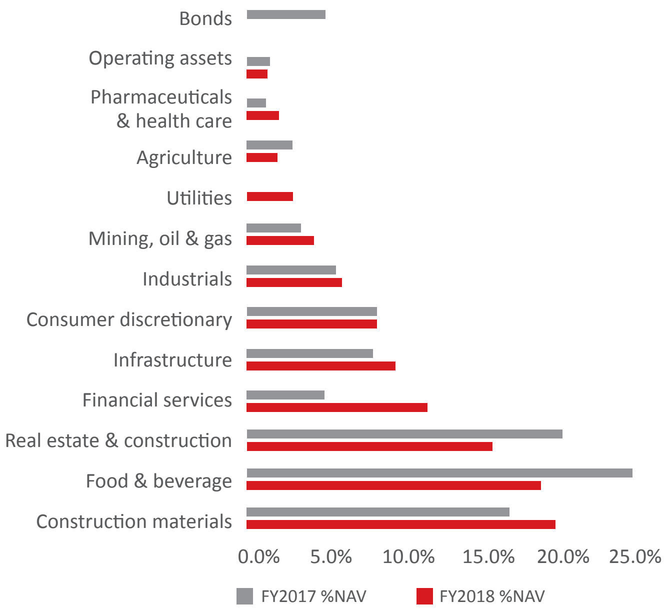
Of course, given the nature of private equity investing, it is not all smooth sailing. Many potential investments fall away after considerable work has been done and sometimes investments that have been completed have to be unwound. This year, an investment in Vietnam's leading chicken and egg producer, Ba Huan (fair value USD32.7 million), had to be unravelled shortly after completion because of changes to the shareholdings of the family members of our partners that led to a divergence of views about how the business should be developed. These cases are unfortunate, but very rare.

Over the next 12 months, we plan to deploy an additional USD100 million into private equity opportunities, bringing the PE allocation of VOF's total NAV to about 20%. It is important to note that we may not reach the 20% of NAV target allocation as some of these businesses will look to complete an IPO in a fairly short period of time following any investment that we may make.

Notable sector weight changes

Although we do not benchmark ourselves against the VN-Index or any other indices in terms of sector weight, given that we approach each investment on a bottom-up basis, we believe that it may be useful for our shareholders to understand our sector allocation, and changes in exposure compared to that of last year.

Chart: VOF portfolio by sector allocation, % NAV, FY2018 and FY2017.



- Construction materials: The increase in exposure is largely due to the share price increase of our largest holding Hoa Phat Group ("HPG"), whose stock price increased by 67.1% from 30 June 2017 to 30 June 2018.
- Food & beverages: We significantly reduced our position in Vinamilk ("VNM") as the share price increased and we believe that it was fully valued. Nevertheless, the sector remains the second largest allocation in VOF's portfolio after construction materials.
- Real estate & construction: We have divested nearly all of our direct real estate ("DRE") holdings, with recent divestments including VinaSquare, My Gia Township, Phu Hoi City, Saigon Design Center, Trinity Garden, and Phong Phu Land. We have invested some of the proceeds from these DRE divestments back into real estate sector related companies through listed and private equity transactions in companies. Examples include Ricons, via a private equity investment, and Coteccons Construction ("CTD") via a private placement.
- Financial services: With the recent investments in Ho Chi Minh Development Bank (HD Bank, HDB, USD21.5 million) and other banks, VOF increased its exposure to the financial services sector from 4% in June 2017 to 11% as at the end of June 2018.

Sector Return

Sector	% NAV	Sector total return
Construction materials	19.2%	48.3%
Food & beverage	18.3%	-8.9%
Real estate & construction	15.3%	7.3%
Financial services	11.2%	26.1%
Infrastructure	9.2%	57.8%
Consumer discretionary	8.1%	37.8%
Industrials	5.9%	55.7%
Mining, Oil & Gas	4.2%	-4.1%
Utilities	2.9%	-9.1%
Pharmaceuticals & health care	2.0%	4.3%
Agriculture	1.9%	-18.4%
Hospitality	1.3%	15.0%
Cash and others	0.5%	

Table: VOF portfolio by sector, % NAV as at 30 June 2018, sector total return on a gross basis.

Sectors that were leading contributors to portfolio return include:

- Construction materials: This sector delivered a total return of 48.3% over the year, and was the leading contributor to the portfolio, contributing 9.3% to portfolio return. The largest contributor to this sector was leading steel manufacturer Hoa Phat Group (HPG) which delivered 68.2% return over the year. We entered HPG through a private equity investment and today the company is listed.
- Infrastructure: The second highest contributor to return was from the infrastructure sector, delivering a total return of 57.8%, and contributing 5.3% to the portfolio return. Airports Corporation of Vietnam (ACV) delivered 71.6% return over the year, accounting almost entirely for the sector gain. Recall that ACV was an equitisation that we participated in late 2015 and since have made over six times our investment cost in less than three years on this investment.
- Industrials: This was the third leading contributor, delivering a total return of 55.7%, and contributing 3.3% to portfolio return. The largest contributor to this sector was VietJet Air (VJC) which delivered 103.7% over the financial year.
- Consumer discretionary: The fourth largest contribution was from this sector, delivering 37.8% total return and contributing 3.1% to portfolio return. Phu Nhuan Jewelery (PNJ), a leading consumer company that we entered via private equity means, delivered 35.5% return over the year. Additionally, FPT Retail (FRT), a private deal that we entered during the year and which listed in April 2018 delivered an 82.4% return.
- Financial services: The fifth largest contributor was financial services, a sector in which we have been increasing our portfolio allocation. The sector delivered 26.1% total return and contributed 2.9% to the portfolio return over the year. Leading contributors were Orient Commercial Bank (OCB) which delivered an 83.3% return, and HD Bank (HDB) which delivered 37.2% over the year. Both of these investments were privately negotiated deals that we recently entered.

These sectors generated return that well exceed that of the VN Index's 22.4% for the year.

Sectors that detracted from portfolio return include:

- Food and beverage: This sector lost 8.9% and detracted 1.6% from the portfolio return, largely coming from International Dairy Products (-36.8% return due to write downs), and Quang Ngai Sugar (QNS) (-44.8% return due to share price decline). We note that since the financial year end, QNS's share price has recovered 12% (as at the end of September). Vinamilk (VNM) was the largest stock in this sector group and it underperformed the VN-Index during the year (13.1% return versus the index's 22.4% return), as VNM reported poor half year figures that were below the company's target for the full year. As mentioned above, we have reduced our holding in VNM significantly and our weight in the stock from 13.6% of NAV at the beginning of 30 June 2017 to 8.5% of NAV as at 30 June 2018.

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

Investee company	% of NAV	Sector
1. Hoa Phat Group (HPG)	14.6	Construction materials
2. Vinamilk (VNM)	8.5	Food & beverage
3. Airports Corporation of Vietnam (ACV)	8.2	Infrastructure
4. Khang Dien House (KDH)	7.2	Real estate & construction
5. Phu Nhuan Jewelry (PNJ)	5.5	Consumer discretionary
6. Eximbank (EIB)	3.7	Financial services
7. Vietjet Air (VJC)	3.7	Industrials
8. Quang Ngai Sugar (QNS)	2.8	Food & beverage
9. Ho Chi Minh Development Bank (HDB)	2.7	Financial services
10. Coteccons Construction (CTD)	2.5	Real estate & construction
Total	59.4	

Table: Listed equity holdings, % of total NAV as at 30 June 2018

During FY2018, VOF had between 30 and 40 holdings in its listed portfolio and we would like to highlight a few of the larger holdings to provide a sense of how they are performing.

1. HOA PHAT GROUP (HPG)
LISTED ON HOSE

Hoa Phat Group is Vietnam's largest steel manufacturer. HPG holds the leading position in the construction steel segment, with market share at 23.3% which is significantly higher than the second-largest company. The company also holds the leading position in the steel pipe segment with a 30.2% market share. A fully integrated value chain operating at maximum capacity generated a gross profit margin of 21.4%.

HPG's earnings in the first half of 2018 were USD189.6 million, an increase of 27.4% year on year ("YOY") on the back of 25.4% steel revenue growth which was achieved by a combination of an increase of 9.4% in volume and a 14.6% increase in the average selling price. The main driver of 2018 growth is expected to be higher selling prices (11% higher than in 2017) and capacity expansion, which includes a new steel sheet line (increasing annual capacity by 400,000 tons). Meanwhile, the construction of the large new Dung Quat project, an addition of four million tons of total capacity, remains on track; phase one will add two million tons of annual capacity for construction steel and is due to be operational in early 2019.

The current valuation of HPG is 9.1x based on its 2017 actual earnings but with 2018 earnings growth expected to be over 20%, leading to a forecast 2018 P/E of approximately 8x. At this multiple, HPG continues to trade at a significant discount to peers, and we feel that the stock is undervalued. In comparison, as at 30 June 2018, the average trailing P/E ratio of the VN Index was between 19x and 20x.

2. KHANG DIEN HOUSE (KDH)
LISTED ON HOSE

Khang Dien House is one of the best-known property developers in Ho Chi Minh City (HCMC). The company has an excellent track record in many town house and villa projects and owns one of the largest land banks for residential development in HCMC (400 ha in total land area). In recent years, KDH has experienced strong demand for its landed projects in East HCMC in areas such as Districts 2 and 9, where the infrastructure is improving quickly. KDH reported net profit growth of 39% in 2017, driven by the delivery of six projects. Presales also increased by 53% in value, marked by the launch of KDH's first-ever high-rise project called Jamila, which has 867 units and is 100% sold.

In February 2018, KDH acquired Binh Chanh Investment and Construction (BCI), a major player in the west of HCMC, via a share swap. KDH has been actively preparing to tap into BCI's low-cost land bank and begins launching major landed projects as early as 2019. Following the success of Jamila, KDH will expand further into the high-rise segment, launching two mid-end apartment blocks in 2018 with a total of 3,000 units combined. Considering the affordability and rising demand in the mid-end market, we expect a strong absorption in KDH's upcoming high-rise projects. Furthermore, KDH's apartments were of higher construction and management quality with more competitive prices than its main competitors. We think that KDH has what it takes to become the next big player in this particular segment in the long run.

Management projects 2018 net profit growth to be above 50%. Profit will be largely driven by the deliveries of units pre-sold in 2018, including 50% of the apartments in Jamila. KDH is trading at a 2018 P/E ratio of 15.2x and a price to book ratio of 1.8x. As at 30 June 2018, KDH accounted for 7.2% of VOF's total NAV.

3. **PHU NHUAN JEWELRY (PNJ)**
LISTED ON HOSE

Phu Nhuan Jewelry is the largest jewelry company in Vietnam. The company designs, manufactures and sells gold, silver, diamond jewelry and watches in Vietnam. Its proven store expansion strategy continues to be a success. PNJ is by far the dominant player in its category with market share of 28%, which is almost the same as the next three competitors combined.

For the first half of 2018, revenue and earnings continued to increase strongly at 34% and 37% YOY to USD324 million and USD22.7 million, respectively. PNJ opened 29 new stores during the period, an increase of 26% YOY. The company targets to open 40 stores in 2018 and remains on target to reach 500 stores by the end of 2020. As at 30 June 2018, PNJ has 300 stores in operation.

In April 2018, PNJ's stock sold off sharply due to some negative publicity around a judicial matter involving the husband of PNJ's chairwoman; however, PNJ's core business and Chairwoman were not affected by this legal issue in any way.

Revenue and earnings are both projected to increase by over 30% YOY. This will translate to a relatively attractive valuation of 14.5x P/E, which is a little lower than the market's average 2018 forward P/E of 15.2x. As at 30 June 2018, PNJ accounted for 5.5% of VOF's total NAV.


VN-A678
AIRBUS A320
Bay là Thích ngay!
vietjet

4. VIETJET AIR (VJC)
LISTED ON HOSE

VJC is the leading low-cost airline in Vietnam, amassing 43% market share of the domestic market in just four years.

For the first half of 2018, the company reported revenue of USD934 million, a 29% increase over the previous year, and profit before tax of USD105 million, an increase of 25%.

The company achieved a very high load factor of 85% in the first half of 2018. It has a very young fleet of narrow-body Airbus aircraft with an average age of 2.7 years. Its aircraft utilisation has reached 14.06 block hours per day thanks to short turnaround times of 30 minutes for domestic flights. VJC also serves a number of international destinations, and this year is opening new routes to India, Australia and Japan. VJC operated 94 routes in the second quarter of 2018, including 38 domestic routes and 56 international routes, compared with 37 domestic routes and 36 international routes in the second quarter of 2017.

For 2018 as a whole the company expects to deliver revenue of over USD1 billion and core profit of over USD200 million, which indicates an increase of over 30% and 40% YOY, respectively. The stock was trading at a 12x P/E as at 30 June 2018. The stock trades on HOSE with high liquidity (over USD2.2 million traded per day). As at 30 June 2018, VJC accounted for 3.7% of total NAV.

5. FPT RETAIL (FRT)
LISTED ON HOSE

FPT Retail is the second-largest mobile phone retailer in Vietnam with an 18% market share and 516 stores covering all 63 provinces. With two retail chains, FRT shops and F-studio, and two new initiatives, a consumer financing programme and a telecommunications operation, FRT enjoyed a healthy same store sales growth of 7% in 4Q17 and 10% in 1H18, higher than its local peers. The retail sales value of smartphones grew by 8% in 2017 and is expected to grow at the same pace in the next few years, largely due to the currently lower smartphone penetration in rural areas (68% vs urban 84%), low 3G and 4G subscriptions of 42% and 5%, booming e-commerce and consumer finance (30% growth).

In the first half of 2018, FRT reported revenue growth of 18% to USD 329 million and profit growth of 30% to USD 6.5 million. The F-Friend program, which offers 0% interest loans to customers, contributed USD 42 million (+50% YOY), which was 13% of total revenue.

VOF invested in FRT in August 2017 before it listed on the HOSE in April 2018. As at 30 June 2018, FRT's valuation was attractive at a 2018 P/E 14.6x, which is lower than the market's P/E. As at 30 June 2018, FRT accounted for 1.7% of total NAV.


F.Studio


TAN SON NHAT INTERNATIONAL TERMINAL

6. AIRPORTS CORPORATION OF VIETNAM (ACV)
LISTED ON UPCOM

Airports Corporation of Vietnam operates 22 airports and develops aviation infrastructure in Vietnam. For the first half of 2018, the company reported revenue of USD350 million and profit before tax of USD168 million, representing revenue growth of 20% and profit before tax growth of 51%. For the full year 2018, we expect revenue of over USD700 million and profit of over USD200 million, representing an increase of over 25%.

The stock trades at a substantial premium to other large cap stocks in Vietnam, but we think that this is justified given its monopoly position, and the strong secular tail wind with high airline passenger growth coming from both international tourists up by 14% to 52.8 million people in the first half of 2018 and from domestic passengers who have been attracted by lower ticket prices, greater convenience and new low-cost airlines, making air travel the optimal choice.

With a high degree of visibility of earnings and a position unlikely to be challenged in the next 3-5 years, consensus targets ACV's earnings to grow in the 25-30% per annum range during that period, which is extremely rare for any company (and unique in large listed companies). Compared to regional peers such as Thailand Airports, ACV's multiples (both on earnings and cash flow) are almost comparable, but we think that the Vietnamese aviation industry will grow faster and hence the stock could trade at a premium once more international investors take interest. At the moment ACV's current valuation is 2018 35x P/E and EV/EBITDA of 17.4, but as the stock trades on UpCom and liquidity is modest (just over USD1 million per day), a number of large funds are unable to access it. As at 30 June 2018, ACV accounted for 8.2% of VOF's total NAV.

7. ORIENT COMMERCIAL BANK (OCB)
OVER THE COUNTER (OTC) TRADED

Established in 1996, OCB currently ranks 17th out of 34 banks in Vietnam in terms of total assets. The bank has expanded rapidly over the past four years and delivered outstanding results in 2017 with profit growth of 111% YOY and return on equity reaching 15%. OCB also strengthened its risk management practices and became the first Vietnamese bank to comply fully with the Basel II regulations.

OCB currently has 122 branches nationwide and aspires to become a leading retail bank targeting affluent individual customers as well as small and medium-sized enterprises. The bank expects to list on the HOSE before the end of 2018.

At the end of the first half of 2018, the bank's total assets stood at USD3.89 billion, up by 25% YOY, while total deposits increased to USD2.81 billion, a 32% YOY rise. Outstanding loans were USD2.27 billion, with non-performing loans (NPLs) at 2.1% of the total.

OCB expects stellar profit growth to continue in 2018, rising by over 90% YOY driven by strong credit growth (25% YOY), net interest margin expansion (+50 bp YOY) and high fee-income growth. During the first half of 2018, the bank completed 65% of its full-year target with net profit at USD45.5 million, jumping by 2.6x YOY. Consumer lending is the new growth driver, helping net interest margin expand by +74 bp. Fee-based income also posted good growth of 57% YOY due to contributions of bancassurance and transactional banking activities. OCB realised a profit of around USD28 million from bond trading in the first half of 2018 when bond prices reached a high point. For the full year 2018, management targets total operating income of USD200 million and profit of USD68 million, representing increases of over 60%.


OCB OMNI
CHUYỂN TIỀN KHÔNG MẤT PHÍ


AN CƯỜNG
Wood • Working Materials
Giải pháp gỗ nội thất cho mọi nhà
Hettich
Schneider Electric
Giải pháp
điều khiển thông minh
EcoBuilding
IMUNDEX IMUNDEX
Member of the Feddersen Group - Germany
OME TO AN CUONG C

8. AN CUONG WOOD-WORKING JOINT STOCK COMPANY (AC)

PRIVATE EQUITY INVESTMENT

VOF and its co-investment partner Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG) currently own 19.7% of AC, with VOF's effective holding at 12.1%.

AC is the largest interior wood working company in Vietnam, producing wood-based panels, kitchen cabinets and equipment and other interior home furnishing components. For the first six months of 2018, the company's two key products, Melamine and Laminate panel, were the key growth catalysts, generating 23.5% and 32.9% YOY growth respectively.

During the first half of 2018, AC delivered USD70.1 million in revenue and USD9.7 million in net profit, which represent a 23% and 3% increase YOY, respectively. The cost of preparing the company's second factory has been a drag on financial year 2018 profit. In 2018, the company targets revenue of over USD140 million and net profit of approximately USD20 million, and we expect earnings growth to improve significantly from 2019.

The opening of a second factory in the fourth quarter of 2018 is expected 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 under which Sumitomo acquired a portion of AC's shares. In addition, Sumitomo also acquired 5% of vendor shares from employees. Sumitomo Forestry is the leading furniture manufacturer in Japan; the Group also has a Joint Venture in Vietnam producing material board for wood-based panel products. 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.


HỖ TRỢ TĂNG CHIỀU CAO
LiF
KUN
SÔCÔLA LÚA MẠCH
Chấp Chấp
Thực phẩm bổ sung
THỨC UỐNG DINH DƯỠNG TỪ SỮA VÀ SÔCÔLA LÚA MẠCH
Thể tích thực: 180 ml
K2
CANXI
LiF
LOVE'IN FARM
Sữa Bắp Non
Tươi ngon
Chất béo thực vật
Không cholesterol
Bổ sung Chất xơ
VITAMIN K2
VITAMIN A
VITAMIN D3
CANXI
HỖ TRỢ XƯƠNG CHẮC KHOẺ
Thực phẩm bổ sung
THỨC UỐNG DINH DƯỠNG
Thể tích thực: 180 ml
Sữa Nông
Hỗ trợ tăng chiều
CÔNG THỨC ĐỘC QUYỀN
VIỆN Y HỌC ỨNG DỤNG
Thực phẩm bổ sung
SỮA DINH DƯỠNG

9. INTERNATIONAL DAIRY PRODUCTS (IDP)

PRIVATE EQUITY INVESTMENT

In November 2014, VOF, along with an investment partner, acquired 70% of a distressed dairy company called Bavi (named after the province in which the fresh milk is sourced). Over the next 18 months up to the middle of 2016, we renamed the company IDP and embarked on the first phase of a restructuring process. Our focus was on addressing the company's capital structure, fixed assets, and portfolio of products since this is a distressed investment which was taking longer to turn around than expected.

During the latter part of this process, IDP tested interest in 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, which it finally obtained in May 2017.

The team made continuous efforts in restructuring IDP in 2017 and 2018. During the first half of 2018, the company generated revenue growth of 12% while competitors declined compared to the same period last year. Export sales and new products have been key drivers of revenue growth. Various cost savings were applied that returned the Company to profitability in the middle of the year.

It has been difficult to restructure this business in light of the competitive nature of the market but our team continues to focus its efforts on this turnaround. The valuation of this business has declined from USD31 million as at June of 2017 to USD25 million as at June 2018.

10. THAI HOA INTERNATIONAL HOSPITAL JOINT STOCK COMPANY (THH)

PRIVATE EQUITY INVESTMENT

VOF currently owns 81.1% of THH, with the remaining stake owned by THH's CEO and management team.

THH is the largest private group of general hospitals in Dong Thap province and the Mekong Delta region, 150 km away from HCMC, with 400 beds in total. THH has emerged as a high-quality brand in the local market with strong support from the local Government. The hospital's CEO is a surgeon and obstetrician with over 20 years of experience in Tu Du Hospital, the largest obstetrics hospital Vietnam.

THH owns an operational hospital with a designed capacity of 200 beds, with over 200 staff including 25 experienced doctors, medical advisors, and highly-skilled nurses. A second hospital with 200 beds is currently under construction in Hong Ngu city, 50 km from the existing hospital. It is expected to open in January 2019. The new hospital enjoys favourable investment conditions from the Dong Thap People's Committee including subsidised interest on both government and commercial loans, low land acquisition costs, and long-term tax exemptions.

In 2018, THH had approximately 200,000 patient visits, while its occupancy rate reached 70%. Management expects to deliver revenues of USD7.0 million, representing 40% YOY growth, and EBITDA of USD2.0 million. With high demand for good quality healthcare in the Mekong Delta region, the group's growth prospects for the next few years look promising.

Listed Portfolio Review

Our strategy has always been to hold investments in companies with strong fundamentals as well as valuations below what we believe to be intrinsic value. With the appreciation of stock prices in some of our top holdings (and large caps in general), we have been able to divest some of the stocks in which fair valuations were reached. In particular, we have reduced our positions in Hoa Phat Group (HPG), Vinamilk (VNM), Vietjet (VJC) and Phu Nhuan Jewelry (PNJ), especially during the second half of our financial year when, at one point, Vietnam was trading at a trailing P/E as high as 22x.

This was higher than the regional average and the first time in over ten years that the market has sustained these levels. We redeployed the proceeds into several equitisations and PE deals as well as initiating some new positions in the listed universe where we think that there are likely to be opportunities to buy into private placements (PIPE) or strategic merger and acquisition (M&A) candidates. Even if such opportunities should not materialise, the valuations by themselves are appealing in our view. This is especially true for stocks outside the large cap arena where valuations (of small and mid-cap companies) are sometimes half or even a third of their larger peers based on P/E ratios. As a result, we have increased our holdings from around thirty stocks to forty and these new holdings now make up a material percentage of the portfolio. Our top ten positions now account for 59% of the portfolio, which is down from 82% last year.

The valuation of the large cap stocks has been high: as at 30 June 2018 the ten largest stocks in the VN-Index accounted for approximately 50% of the total market capitalisation. Two of the largest companies on the stock market, Vinhomes ("VNM") (10.3% of the VN-Index) and Vingroup ("VIC") (9.7% of the VN-Index) are related and in combination with another related but smaller company Vincom Retail ("VRE") (2.5% of the VN-Index). These three companies make up 23% of the VN-Index. With a combined market capitalisation of approximately USD31 billion outstanding as at 30 June 2018, these companies have a 2018 P/E ratio significantly higher than the market average. We are index-agnostic and have not held either Vingroup or Vinhomes. Moreover, our results in the past three to five years have demonstrated that not holding some of the largest companies in the Index has not harmed VOF's return; on the contrary, our bottom-up and valuation focused approach to investing has been quite rewarding, with the listed portfolio gaining an annual return of 27.4% in the last three years compared with 15.3% for the Index.

Ranking	Ticker	Name	Weight (%)
1	VHM	Vinhomes	10.3
2	VIC	Vingroup	9.7
3	VNM	Vietnam Dairy Products	8.4
4	VCB	Bank for Foreign Trade of Vietnam	7.1
5	GAS	PetroVietnam Gas	5.8
6	SAB	Saigon Beer Alcohol Beverage Corp	4.9
7	TCB	Vietnam Technological & Commercial	3.7
8	MSN	Masan Group Corp	3.1
9	CTG	VietinBank	3.1
10	BID	Bank for Investment and Development of Vietnam	3.0
		Total	59.1

Table: Top 10 weighting of VN-Index as at 30 June 18

Looking forward, we expect the exceptional returns of the past two financial years, during which annual average growth rate was 20%, to be the exception and not the norm. In addition, with US interest rates on the rise coupled with the current US administration's policies focusing on trade protection, global stock markets may become less directional and more volatile. With this in mind, we think that a focus on privately negotiated deals with an emphasis on valuation will be even more important to generate a good absolute return, regardless of whether the asset is listed, non-listed or private equity.

Equitisations of State-Owned Enterprises (SOEs) and Pre-IPO Investments

In last year's Annual Report, we wrote that the Government remains committed to equitising (privatising) SOEs, and has been pushing companies to complete the process. This turned out to be the case and at the beginning of 2018 we saw several large equitisations, especially in the oil & gas and utilities sectors including Binh Son Refinery ("BSR"), PV Power ("POW") and PV Oil ("OIL"). We participated in the first two due to what we deemed to be low valuations for what are leading companies and, although the shares initially appreciated significantly, they have since retreated to losses in the mid-teens as the market fell in the second quarter, losing nearly 20%. Nonetheless, we believe that the share prices of these two companies will recover in the medium-term as earnings improve and the market stabilises.

We expect the equitisation push to continue in 2019 and 2020, although it is likely that the pace will be slow until market conditions improve. We believe from the Government's perspective, this makes some sense as one of the objectives is to maximise equitisation proceeds. However, in our conversations with the Government we have emphasised that market conditions should not be the only or even the most important factor in deciding whether to equitise a company, and that the Government should largely stick to its overall goal of privatisation as we believe that this will improve Vietnam's competitiveness and make SOEs more efficient. While we think that spacing out large equitisations so that markets may absorb the issuance can make sense, putting a complete hold on all equitisations because the market has fallen from its peak is not a good idea in the long term.

In terms of Pre-IPO, it is more interesting to explain what we did not invest in rather than what we did. In the latter case, we participated in the placement of HD Bank (HDB) which is one of Vietnam's leading private banks at a time when banks' valuations were much more attractive. The investment in HD Bank returned 37.8% in the financial year 2018. However, we did not invest in some of the well-publicised IPOs that occurred later on such as Vinhomes ("VHM"), which had a USD13 billion market cap and was valued at almost 10x book value with large numbers of projects many years away from bringing in cash flow; Vincom Retail ("VRE") at USD4 billion market cap and 40x earnings; nor did we invest in Techcombank ("TCB") – which, at USD5 billion, also ranks as one of the leading private banks with strong growth potential, but at almost 3x book value compared with HD Bank at 2x book value, we believed that these values were too high.

As all three of these companies are large caps and important Index constituents, at times we felt as though we were in the minority by not taking part in these IPOs when many other investors were talking about them and the sell-side advisors all had positive research notes citing substantial upside. On an absolute basis, however, these IPOs have done poorly for investors who invested in them at the time, as the Vinhomes and Techcombank IPOs more or less coincided with the market peak around the end of the first quarter, beginning of the second quarter. In the case of Techcombank, the shares have underperformed the market substantially (TCB share price declined 19% versus -6% decline of the VN Index from when it listed in early June 2018 to the end of July 2018).

As mentioned earlier, we are disciplined in our valuations with regards to entry and exits, and even with strong earnings growth for some companies, valuation is a key consideration and we will continue to maintain this approach for future investments regardless of market momentum.

Looking ahead, VOF's asset allocation strategy in the coming financial year is as follows:

- Listed equities: Divest large positions that are fully valued, with a preference for block sales. We remain index-agnostic and bottom-up, valuation-driven, focusing on sectors that we believe offer secular growth and focusing on the domestic economy.

- Private placement: This is an area where historically, similar to equitisation, we have done well. We currently have several companies in our pipeline that we think may be ready for investment in the next 12 months.
- SOE Equitisations: The pipeline for equitisations is an ever-changing one with timing uncertain as some SOE equitisations are delayed or cancelled. In terms of size, equitisations are usually large so that the dollar amount that can be disbursed by investors such as VOF is not a problem: for example, the Government's planned sale of a 20% stake in Airport Corporation of Vietnam (second tranche) would be worth USD1.5 billion based on current market price. We have already taken part in SOE equitisations and privately negotiated deals during the early part of the calendar year, disbursing a significant amount (approximately USD80 million) into three investments that potentially will boost portfolio performance for the rest of the year and beyond.

Market risks

Although market valuations have increased significantly, they are in-line with the regional peer average and are reasonable compared to forecast growth rates. We do see some risks that require monitoring. There have been discussions around whether the sudden rise in valuation seen in 2017 and early 2018 is similar to the rise in the Vietnamese stock market seen in 2006 and its subsequent drastic decline. The concern revolves around potential risks that are perhaps similar and as a result can lead the current market valuation down a similar path seen subsequent to 2006. We believe that today's market conditions are different and so are the associated risks. The top three areas of concern for the Vietnamese market are:

1. External volatility: In early 2018 we witnessed how the US market and global currency volatility can have a negative impact on Vietnam's stock markets, which had been driven up over the previous few months primarily on the back of foreign investor flows. External volatility could force some of these foreign investors to retreat, putting pressure on Vietnamese markets as well as the Vietnamese Dong.
2. Margin lending: This currently stands at approximately USD1.4 billion, or 1.4% of the total market capitalisation of Vietnam's three stock exchanges. It has slightly decreased from its all-time high in the first quarter of 2018. Any volatility could have a downward spiral effect driven by the liquidation of margin lending positions.
3. Inflation and interest rates: Although this risk is on the lower side, it is one that we are nevertheless acutely aware of and monitoring.

We also believe that the Vietnamese stock market today is more reasonably valued than at its height in 2006 where the average PE ratio was at times over 30x. The size and depth of today's market is significantly larger with over 700 listed companies. Furthermore, in terms of liquidity, which is driven by both foreign and domestic investors, it is significantly higher and thus lessens various market risks relative to 2006.

Earnings growth will drive the market in 2018

In summary, 2018 has thus far been another exciting and unpredictable year. We estimate the average earnings growth for Vietnamese listed equities to be around 15-17% per annum. As the Company's listed holdings investment strategy seeks annual returns of at least 15%, we will only hold those listed equities where we see potential for outperformance in EPS growth against the average as well as the possibility of P/E expansion.

Given the remarkable increase in the size and liquidity of Vietnam's stock markets over the past two years, we think that more global investors will recognise Vietnam's potential as an attractive place to invest, compared with many other emerging markets. This trend will increase demand for Vietnamese listed equities, particularly in larger companies which tend to enjoy a higher level of liquidity.

The Company has demonstrated its ability over time to move large blocks of listed equity shares to strategic investors at a significant premium to the prevailing market price and, in the past, the Company has enjoyed ample opportunities to divest stakes where valuations, and effectively the P/E ratios, were significantly higher than the market prices. We hope to see more of these transactions in the rest of 2018 and in 2019.

Andy Ho
Managing Director
23 October 2018

ECONOMIC & INVESTMENT ENVIRONMENT

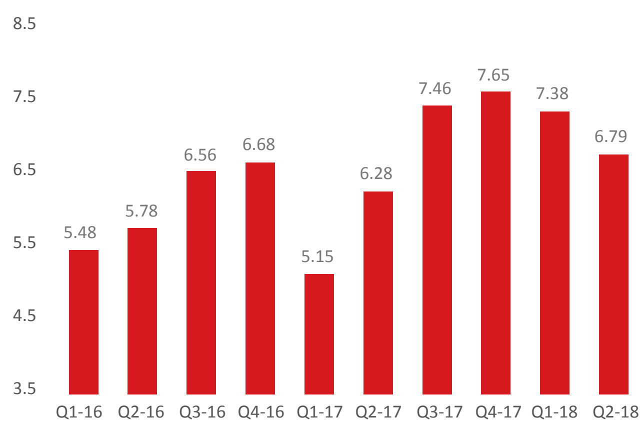
Vietnam's macro economy was very stable throughout 2017, a trend that has continued into 2018. This was evidenced by modest inflation, a relatively stable Vietnamese Dong (VND) exchange rate to the USD, and steady interest rates. This stability, coupled with robust yet sustainable GDP growth, significantly raised international investors' interest in Vietnam during VOF's 2018 financial year, and supported Vietnamese stock, bond, and real estate prices.

GDP growth driven by consumption and manufacturing

Vietnam's GDP grew by 6.8% in 2017, and we expect the country's economy to grow at a comparable pace in 2018, driven by domestic consumption and by the continued expansion of manufacturing output. The economy grew by 7.1% YOY in the first half of 2018 in comparison to the first half of 2017.

GDP Growth (% yoy)

Source: Government Statistics Office of Vietnam



Household consumption accounts for nearly two-thirds of Vietnam's economy, and grew by approximately 9.5% in 2017, and at an 8.6% YOY pace in the first half of 2018. This robust growth contributed over 5 percentage points to Vietnam's overall GDP growth rate and was supported by a record-high level of consumer confidence. Vietnam's consumers were the world's fourth most confident in early 2018, according to market research firm Nielsen.

Manufacturing accounts for 16% of Vietnam's economy, and grew by 14.4% in 2017, and at a 13% YOY pace in the first half of 2018. The strong growth of Vietnam's manufacturing sector contributed over 2 percentage points to Vietnam's overall GDP growth rate and was reflected in a near-record high reading of Vietnam's Purchasing Manager's Index (PMI) of 55.7 in June 2018, which was the highest PMI reading in the Emerging Markets Asean region.

Manufacturing growth was supported by an 11% rise in foreign direct investment (FDI) in 2017 to USD11 billion and 8% YOY growth in the first half of 2018, because the majority of Vietnam's FDI inflows are deployed into increasing the country's productive capacity. Many FDI-funded factories produce for export, so robust FDI inflows and manufacturing output growth also helped to drive an expansion of Vietnam's trade surplus from 1.2% of GDP in 2017 to an estimated 2.8% of GDP in the first half of 2018.

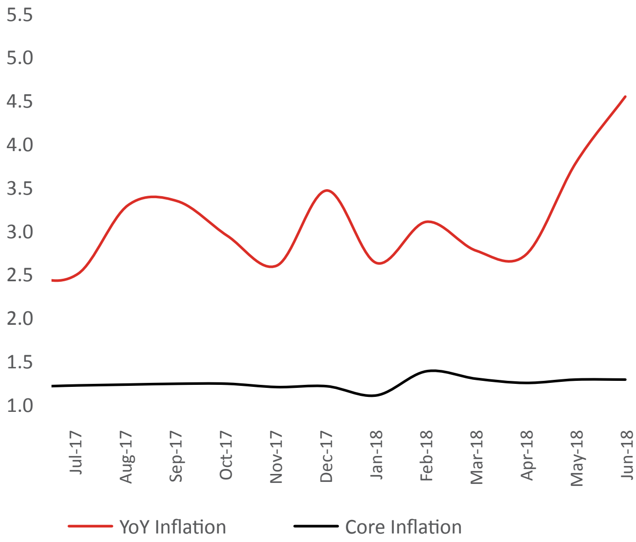
Finally, Vietnam's GDP growth continued to be held back by the country's falling oil production. In 2017, oil production volume fell by 10.8%, which reduced Vietnam's GDP growth rate by about 0.5 percentage points, and in the first half of 2018 production again fell at an 10.9% YOY rate. Production volume was previously constrained by low global oil prices (especially in early-2017), but Vietnam's oil production is currently being impeded by physical and other constraints, according to our conversations with industry executives (note that global oil prices rose by approximately 60% YOY during VOF's financial year 2018).

Inflation and interest rates

Vietnam's policy makers continue to prioritise macroeconomic stability but surging global oil prices lifted inflation in most emerging markets, including Vietnam. The country's headline Consumer Price Index (CPI) inflation increased from 2.5% YOY at the end of December 2017 to 4.7% at the end of June 2018, driven by an increase in the Brent crude oil price from about USD50 per barrel to USD80. However, core CPI inflation, which strips out the impact of food and fuel prices, ranged between just 1.2 and 1.5% during VOF's FY2018.

Headline & Core Inflation

Source: General Statistics Office of Vietnam

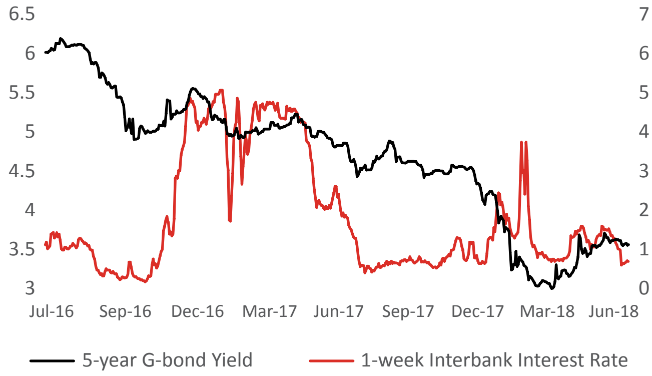


Higher energy prices also indirectly increase the price of food, which accounts for 36% of Vietnam's CPI basket. Food prices were falling at a 3.1% annualised rate at the end of December 2017, but food price inflation reached 5% YOY at by the end of June 2018, which boosted the headline CPI rate by nearly 3 percentage points over that time. In contrast, medical price inflation fell from a 46% YOY rate at the end of December 2017 to 13% YOY at the end of June 2018, which reduced the country's headline inflation rate by about 1.7 percentage points, *ceteris paribus.*

Despite the increase in inflation during the financial year, deposit and lending interest rates at local banks were more-or-less unchanged at circa 5-6% for short term deposits on average (although some smaller banks paid higher rates to attract deposits), circa 8% lending rates for short term loans, and 10-11% lending rates for loans with a one-year maturity.

5-year Government Bond Yield vs. 1-week Interbank Interest Rate

Source: Bloomberg



Furthermore, interbank interest rates and the yields on Vietnamese Government Bonds (VGBs) were extraordinarily low in the financial year, despite increasing inflation. Interbank rates remained below 2% almost continuously, which helped to drive a 90bp decline in 10Y VGB yields in 2017, and a further 120bp decline to a trough of just 4% in the first quarter of 2018, before rising inflation caused 10 year yields to rebound to 4.8% by the end of June.

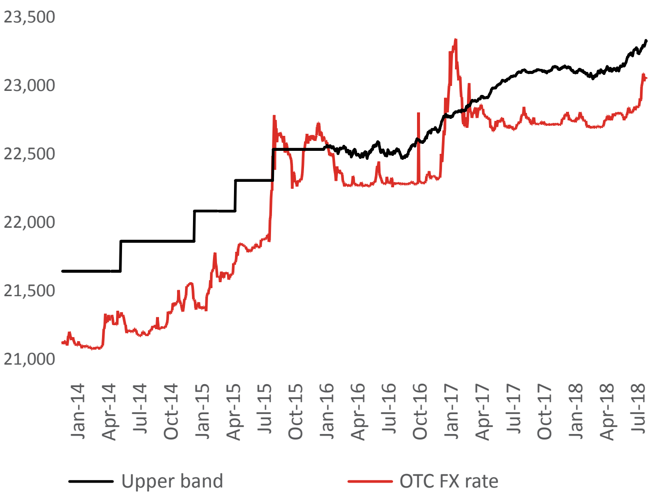
The surprisingly low level of interbank interest rates was partly a by-product of the central bank's accumulation of USD13 billion of foreign exchange (FX) reserves in 2017, and an additional USD11 billion of reserves in the first half of 2018, bringing the State Bank of Vietnam's (SBV's) total FX reserves up to nearly USD64 billion, or 30% of GDP at the end of June 2018. Those purchases of USD by the SBV were only partly "sterilised" by the issuance of T-Bills that drained excess liquidity from the money market, so much of the residual liquidity generated by the SBV's FX reserve accumulations flowed into the nation's commercial banks.

The Vietnamese Dong (VND)

In the second quarter of 2018, a 5% surge in the value of the US Dollar Index (DXY) triggered steep depreciations in the values of Emerging Market (EM) exchange rates, and prompted "hot money" capital outflows from most EM stock and bond markets. The VND depreciated by just 1.5% against the USD to the end of June 2018, after having appreciated by 0.3% in 2017. Additionally, Vietnam attracted USD4.1 billion of foreign indirect investment (FII) in the first half of 2018, which was an 81% YOY increase over FII in the first half of 2017, and which was a stark contrast to the significant stock market outflows that most of Vietnam's regional peers endured during the period.

VND Official vs. Unofficial Exchange Rate

Source: Bloomberg. State Bank of Vietnam



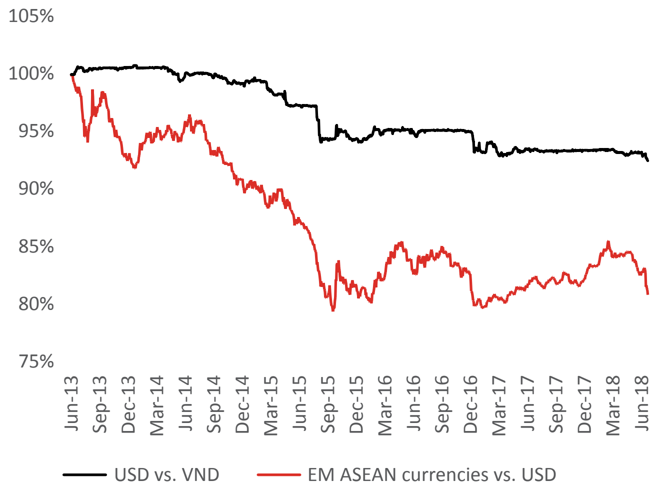
The currencies of India, Indonesia, and the Philippines depreciated by 6-7% against the USD in the first half of 2018, while Thailand and China depreciated by nearly 2% over the same period. EM countries which have current account deficits and/or are oil importers endured the steepest depreciations of their currencies in the second quarter of 2018 (Malaysia is an oil exporter, so its currency was unscathed by exchange rate volatility). Countries with specific political or other issues suffered severe depreciations, including Brazil (-17% in the first half of 2018), Turkey (-21%), and Argentina (-56%).

Vietnam enjoyed current account surpluses averaging 4.8% of GDP for each of the past six calendar years. We estimate that Vietnam's oil and refined petroleum products imports account for only about 1-2% of GDP annually, while India, Thailand, and China import 45-75% of the oil consumed. However, Thailand enjoys an 8% of GDP current account surplus thanks to its huge tourism industry, which explains the relative resilience of its currency in the second quarter of 2018.The other factor which helped to stem the depreciation of the VND in the midst of EM FX rate volatility during the second quarter of 2018 was the central bank's public commitment to intervene in the currency market if the VND depreciates by more than 2%. This was backed up by an increase in Vietnam's FX reserves from 2.7 months' worth of imports at the end of 2016 to about 3.5 months' of at the end of June 2018 (the IMF, World Bank and others recommend EMs maintain a minimum of three-months' worth of FX reserves).

It appears that the Government is targeting FX rate stability versus the USD in order to encourage capital inflows from foreign investors, which helps explain why the VND has been much more stable against the USD in recent years than have the currencies of Vietnam's EM Asean peers.

VND vs. EM ASEAN Currencies

Source: Bloomberg.



China followed this strategy in the wake of the 1997 Asian Financial Crisis, when it spent copiously to support the Renminbi at a time when the currencies of other Asian countries plummeted. The confidence that this strategy engendered in foreign investors was one factor that helped encourage an enormous wave of foreign investment into China in the 2000s.

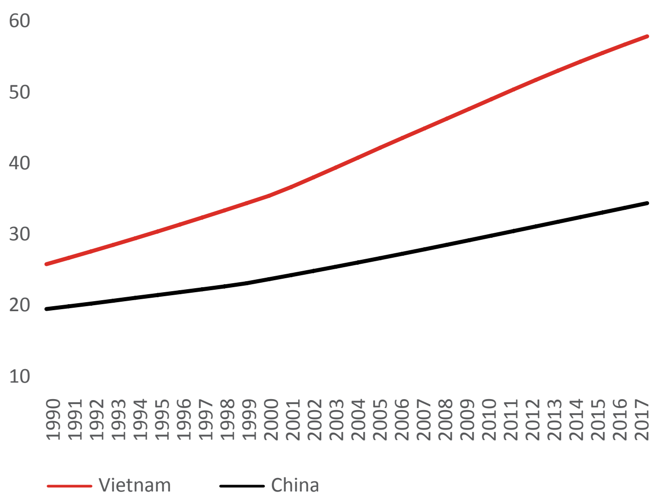
Structural growth drivers: Emerging middle class and industrialisation

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. We estimate that about 20% of Vietnam's citizens are currently in the middle class. The Boston Consulting Group, market-research firm Nielsen and others expect that proportion to rise to one-third within the next few years, making Vietnam's middle class one of the fastest growing in the world.

The two primary drivers of the emergence of Vietnam's middle class are industrialisation and the country's 3% urbanisation rate. Only about 36% of Vietnam's citizens live in the country's major cities, (compared with 59% in China), and Vietnamese urban incomes are nearly double rural ones, according to the General Statistics Office of Vietnam (GSO).

Proportion of Urban Population (%)

Note: Urban population refers to people living in urban areas as defined by national statistical offices. The data are collected and smoothed by United Nations Population Division.



Industrialisation is a major growth driver because manufacturing still only contributes about 16% of Vietnam's GDP. Manufacturing peaked at approximately 30% of GDP in each of the "Asian Tiger" economies, so industrialisation is likely to be a major growth driver in Vietnam for years to come.

The property sector

Vietnam's residential real estate market remained robust during the financial year, with modest price increases across various segments of the market. However, there are some concerns that a real estate bubble is beginning to form, which prompted banks to clamp down on property lending somewhat in 2018, with the result that transaction activity fell by about 5% YOY in the first half of the year.

Apartment Type	Second Quarter 2018 price USD per squar metre	Year on year change
Affordable	988	15%
Mid-end	1,528	7%
Premium	2,457	10%
Luxury	3,947	2%

Source: Jones Lang LaSalle, USD per square metre

The market continues to be primarily driven by mortgage-funded purchases of new affordable and mid-tier apartments by emerging middle-class homebuyers. Demand is being fuelled by demographics (i.e., young homebuyers entering the workforce and forming families), and by industrialisation and urbanisation, which are both raising incomes.

We believe that the real estate market is still healthy, despite frothiness in certain segments, because: 1) demand for owner-occupied housing by middle-class consumers in HCMC and Hanoi continues to outstrip supply, and 2) the prices of affordable and mid-tier housing products are still within reach of many prospective buyers.

In conclusion, the macro conditions in Vietnam remain supportive of a healthy and functioning economy both from a growth and currency stability perspective as well as the growing middle class, who will drive domestic consumption, including real estate. This is a key theme of VOF's investment strategy, and we are confident that prevailing trends are set to continue for the foreseeable future.

Michael Kokalari
Chief Economist
23 October 2018

VINACAPITAL GROUP

Founded in 2003, VinaCapital is one of Vietnam's leading investment management and real estate investment companies 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. On 23 July 2018, VinaLand Limited announced that it had disposed of substantially all of its assets and it has begun an orderly wind up.

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.

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.

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.

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.

VINACAPITAL MANAGEMENT TEAM

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

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 an experienced 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 with funds invested in Vietnam. He currently serves as an independent director on the boards of a number of listed and unlisted funds. Mr Adams holds an MA in Economic Science from the University of Aberdeen. Mr Adams will retire at the conclusion of the AGM on 10 December 2018.

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.

Julian Healy

Non-executive Director
(Independent)
(Appointed 23 July 2018)

Julian Healy has long and extensive experience of banking and investment management in emerging markets and particularly in Central and Eastern Europe. He is a Member of the Institute of Chartered Accountants in England and Wales. He also acts as a non-executive director in a number of other companies.

DISCLOSURE OF DIRECTORSHIPS IN OTHER PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

Directorships	Stock Exchange
Company Name	
Steven Bates	
The Biotech Growth Trust PLC	London
British Empire Securities and General Trust plc	London
F&C Capital & Income Investment Trust plc	London
Martin Adams	
Aberdeen Latin America Income Fund Limited	London
Vietnam Phoenix Fund Limited	Ireland
Kubera Cross-Border Fund Limited	London
Marwyn Value Investors Limited	London
Thuy Bich Dam	
None	
Huw Evans	
BH Macro Limited	London
Standard Life Investments Property Income Trust Limited	London
Julian Healy (appointed 23 July 2018)	
Fondul Proprietatea	London

REPORT OF THE BOARD OF 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 2018.

The Company was incorporated on 22 March 2016 as a closed-ended investment company with limited liability under The Companies (Guernsey) Law, 2008. The current registered office of the Company is PO Box 225, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL. Prior to that date the Company was incorporated in the Cayman Islands as an exempted company with limited liability.

On 30 March 2016, the Company's shares were admitted to the Main Market of the LSE with a Premium Listing. Prior to that date, the Company's shares were traded on the AIM market of the LSE.

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

Principal Activities

Through its investments in subsidiaries and associates, 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 will be held at the AGM on 10 December 2018.

Investment Policy and Valuation Policy

The Company's investment objective and investment policy are set out on page 5. The valuation policy can be found in note 2 to the Financial Statements.

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 page 6 to 9.

Environmental, Social and Governance Matters

Environmental, Social and Corporate Governance ("ESG") issues are a key element of the Investment Manager's investment process. The Investment Manager has an established framework to identify ESG risks at potential investee companies and help businesses improve their practices where necessary. International experts are regularly used by the Investment Manager both in assessing companies and, in some cases, in advising on terms of investment for private opportunities.

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 78 to 81. 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	Mitigating Action
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. Changes in the equilibrium of international trade caused, for example, by imposition of tariffs could affect the Vietnamese economy and the companies in which the Company is invested. The economy could also be affected by any escalation in geopolitical tensions in the region and elsewhere. Furthermore, the performance of the Vietnamese Stock Exchanges has been particularly strong over recent reporting periods as there has been significantly more domestic and international demand for stock than has been available. If this trend were to reverse, the values of Vietnamese equities could fall significantly from their current levels.	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 its 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, from the Broker and from the UK Marketing and Distribution partner, Frostrow Capital LLP, 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.

In 2016, the Company migrated its domicile from Cayman Islands to Guernsey 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 investors seeking an income 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 117.

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 at these prices 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 at these prices 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 not readily liquid and may not be immediately realisable at the stated carrying values.

The fair valuation of the direct real estate and operating asset 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. The Company does not hedge its Vietnamese Dong exposures so exchange rate fluctuations 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 focuses in particular on any unexpected or sharp movements in market prices.

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

In addition, PricewaterhouseCoopers CI LLP (the "External Auditor") reviews the portfolio valuations as part of the half year review and audits the valuations at the year end.

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 key individuals in Vietnam twice each year.

Operational

Description	Mitigating Action
The Company is dependent on third parties for the provision of all systems and services (in particular, those of the Investment Manager and the Administrator) and any control failures or gaps in these systems and services could result in a loss or damage to the Company.	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 their internal controls. 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 during the year through the appointment of Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust" or the "Administrator") 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 page 72.

Legal and Regulatory

Description	Mitigating Action
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.	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

On 17 August 2017, the Company announced a change to 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.

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 11 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 issued in 2016 (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 all of the principles 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 Company 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 2018 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.

The UK code was recently revised and, at the time of writing this report, proposed revisions to the AIC Code are subject to consultation. The Directors intend to report on the Company's compliance with the revised codes in the annual report for the year ending 30 June 2019.

Board Composition

The Board consists of five 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 Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has not adopted a formal diversity policy, but acknowledges the benefits of greater diversity. It remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. The Board does not feel that it would be appropriate to set diversity targets as all appointments are made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective. Part of the remit of the Board's Nomination Committee is, before any new appointment is recommended, evaluating the balance of skills, knowledge, experience and diversity within the Board.

The Board believes that each Director has appropriate qualifications, industry experience and expertise to guide the Company and that the Board as a whole has an appropriate balance of skills, experience and knowledge. The Directors' biographies can be found on pages 58 and 59.

Re-election of Directors

The principle set out in the UK Code is that Directors should submit themselves for annual re-election 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. The Board has adopted a formal policy requiring that Directors should stand down at the AGM following the ninth anniversary of their initial appointment.

Mr. Adams has indicated his intention to step down from the Board so will not put himself forward for re-election at the AGM on 10 December 2018.

Mr. Healy, who was appointed as a Director on 23 July 2018, will stand for election at the AGM.

The individual performance of each Director standing for election or 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 election or re-election at the AGM on 10 December 2018.

Board Proceedings

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 is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.

The Board, at its regular meetings, undertakes reviews of: key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions, 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 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 Investment Management Agreement between the Company and the Investment Manager sets out the limits of the Investment Manager's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with the Investment Manager, which are considered at each Board meeting.

Representatives of the Investment Manager attend each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which the Investment Manager is required to refer to the Board.

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

At Board meetings the Directors are 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 the 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.

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 71.
A summary of the duties of each of the Committees is provided below. The terms of reference are available on the Company's website https://vof.vinacapital.com.

Audit Committee

The Audit Committee, which meets at least three times a year, comprises all of the Directors and is chaired by Mr Evans.

The Audit Committee is responsible for monitoring the process of production and ensuring the integrity of the Company's Financial Statements and advises the Board whether the Annual Report and Financial Statements 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 External Auditor will have an effect on, or perception of, compromising the External Auditor's independence and objectivity. The provision of services in addition to 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, where an Independent Valuer has been retained, their recommendation may be accepted or modified. 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 78 to 81. The Audit Committee 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. Following Mr. Adams' retirement at the AGM on 10 December 2018, Mr. Healy will chair the Committee. The Committee's responsibilities include; reviewing the performance of the Investment Manager under the Investment Management Agreement and considering 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.

During the year, the Management Engagement Committee oversaw the selection of Aztec Group to replace Northern Trust as administrator of the Company and oversaw the negotiations with the Investment Manager on the revised fees which will operate from 1 July 2018.

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' expense claims; and the selection and appointment of any remuneration consultants who advise the Committee. The Directors' Remuneration Report is presented on pages 82 and 83.

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.

During the year, the Nominations Committee oversaw the search for a new director, which was carried out by Stephenson Executive Search Limited and, after interviewing a number of candidates, recommended the appointment of Julian Healy to the Board which took place on 23 July 2018.

Board and Committee Meetings

During the year ended 30 June 2018, the number of scheduled Board and Committee meetings attended by each Director was as follows:

	Board meetings	Audit Committee meetings	Management Engagement Committee meetings	Nomination Committee meetings	Remuneration Committee meetings
Number of meetings	4	4	2	1	1
Attendance					
Steven Bates [1]	4	4	2	1	1
Martin Adams [2]	4	4	2	1	1
Thuy Bich Dam [3]	4	4	2	1	1
Huw Evans 4	4	4	2	1	1

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.

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 when appropriate, independent search consultants are appointed. 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. The Chairman absents himself from the Board's review of his effectiveness as the Company Chairman.

During the year ended 30 June 2018, 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 recognises that the provisions of the UK Code require a FTSE 350 company to facilitate an external evaluation of the Board every three years. The Company has only recently been admitted to this index and the Board will consider the most appropriate time for the first external evaluation in 2019.

The Board must ensure that the Annual Report and 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 considered by the Board at each scheduled meeting. 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. During the year the ERM framework was also reviewed by EY LLP, as internal auditor of the Investment Manager.

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.

(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 the Investment Manager or Administrator or any other service providers.

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 by Northern Trust with 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 four times a year 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 are available to meet 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, https://vof.vinacapital.com, is updated regularly with the 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 Company made its latest report for CRS to the Director of Income Tax in June 2018.

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 11 to the Financial Statements.

Directors' Interests in the Company

As at 30 June 2018 and 30 June 2017, the interests of the Directors in shares of the Company are as follows:

	Share held as at 30 June 2018	Share held as at 30 June 2017
Steven Bates	25,000	25,000
Martin Adams	-	-
Thuy Bich Dam	-	-
Huw Evans	35,000	17,500
Julian Healy (appointed 23 July 2018)	-	-

There have been no changes to any holdings between 30 June 2018 and the date of this report.

Substantial Shareholdings

As at 30 June 2018 and 30 September 2018, the Directors are aware of the following Shareholders with holdings of more than 3% of the ordinary shares of the Company:

	30 June 2018		30 September 2018	
Shareholder	Number of ordinary shares	Percentage of issued share capital	Number of ordinary shares	Percentage of issued share capital
State Street Nominees Limited	21,405,939	11.03%	21,568,818	11.37%
The Bank of New York (Nominees) Limited	20,932,354	10.79%	21,215,686	11.19%
Euroclear Nominees Limited	20,109,012	10.36%	19,033,590	10.04%
Citibank Nominees (Ireland) Limited	14,635,183	7.54%	14,308,510	7.55%
Vidacos Nominees Limited	14,249,785	7.34%	17,692,731	9.33%
Nortrust Nominees Limited	12,534,797	6.46%	12,850,149	6.78%
HSBC Global Custody Nominee (UK) Limited	12,247,223	6.31%	12,060,185	6.36%
Aurora Nominees Limited	10,305,039	5.31%	9,963,404	5.25%
Chase Nominees Limited	7,709,092	3.97%	7,634,755	4.03%
Lynchwood Nominees Limited	7,443,516	3.84%	7,435,338	3.92%
Credit Suisse Client Nominees (UK) Limited	7,150,000	3.68%	7,150,000	3.77%
Hargreaves Lansdown (Nominees) Limited	6,492,275	3.35%	6,294,119	3.32%

Annual General Meeting ("AGM")

The Company's next AGM will be held in Guernsey at the offices of Aztec Group at 11:00 a.m. on 10 December 2018. 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 2018 and 30 June 2017 have been prepared in accordance with the AIC's recommended methodology. The ongoing charges excluding incentive fees for the year ended 30 June 2018 were 1.8% (30 June 2017: 1.9%). Ongoing charges including incentive fees for the year ended 30 June 2018 were 3.9% (30 June 2017: 4.6%).

Going Concern and Viability Statement

The Company is exposed to a number of principal risks and uncertainties as listed on pages 62 to 66 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 2021. 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 discontinuation vote which will be put to shareholders at the AGM on 10 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 Chairman communicates independently with significant shareholders. The Directors cannot predict the outcome of the discontinuation vote but have no present indication that the vote will be passed and, in making the viability statement, have assumed that the Company will continue to operate in its present form beyond the AGM.

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

The Company and Investment Manager have agreed in principle changes to the management fees which, when finalised, will be back dated so as to be effective from 1 July 2018. For further details, refer to the Chairman's Statement on page 13 to 14.

On 23 October 2018, the Board declared a dividend of 5.5 US cents per share.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
23 October 2018

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 of 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.

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

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information in relation to the Company's website; 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.

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

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's position, performance, business model and strategy. 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 2018.

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 External 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 External 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 the Company's performance, business model and strategy.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
23 October 2018

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 2018, 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 External Auditor and the internal control and risk management systems of the service providers.

Structure and Composition

The Committee is chaired by Mr. Evans. All other Directors of the Company are members of the Committee. Mr. Healy joined the Committee on his appointment to the Board on 23 July 2018.

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 71 sets out the number of Committee meetings held during the year ended 30 June 2018 and the number of such meetings attended by each committee member. The External Auditor is invited to attend those meetings at which the annual and interim reports are considered. The External 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 (i) fair, balanced and understandable and (ii) 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 External Auditor, significant financial returns to regulators and other financial information;
- monitoring and reviewing the quality and effectiveness of the External 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.

External Auditor

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

The independence and objectivity of the External Auditor is reviewed by the Committee, which also reviews the terms under which the External Auditor is appointed to perform any non-audit services. The Committee has established policies and procedures governing the engagement of the External Auditor to provide non-audit services. These are that the External 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 External Auditor functioning as a Manager or Employee of the Company; and
- puts the External Auditor in the role of Advocate of the Company.

The audit and any non-audit fees proposed by the External 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 External Auditor, with particular regard to non-audit fees, and considers PwC CI, as External 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 2018 was USD1,067.5 million accounting for 98.6% of the Company's assets (30 June 2017: USD974.6 million and 99.2%, respectively).

In relation to the listed and unlisted investments, the Committee satisfied 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 ensured that the Investment Manager and, where relevant, 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 the Investment Manager in July and October 2018.

The Board regularly reviews the movement in valuations year on year including sensitivity factors affecting the valuations.

Calculation of incentive fee and determination of the fair value of the liability
The Committee reviewed the calculation of the incentive fee, which is set out in Notes 3 and 15(b) of the Financial Statements. For the year ended 30 June 2018, an incentive fee of USD25.3 million was earned by the Investment Manager on the performance of the Capital Markets Pool. The Committee took steps to ensure that the calculation was independently verified as well as holding discussions with the External 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 Investment Management Agreement.

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 on 30 June 2018 had the fee equalled the 1.5% cap. The amount of incentive fee which will be paid out immediately is set at USD15.0 million by the operation of the 1.5% cap and which is carried on the balance sheet as a current liability. This amount comprises USD13.4 million brought forward from the year ended 30 June 2017 and USD1.6 million earned for the year ended 30 June 2018.

In respect of the balance of USD23.7 million incentive fee earned for the year ended 30 June 2018 but not immediately paid out, the Committee concluded that it is probable that this will be paid out in subsequent accounting years but not before 31 October 2019. In determining the fair value of this deferred liability, the Committee discounted the USD23.7 million to USD20.8 million to reflect the time value of money and the probability of payment.

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 2018 and 30 June 2017.

	Year ended 30 June 2018 USD'000	Year ended 30 June 2017 USD'000
Audit and assurance services		
- Annual audit	297	295
- Interim review	94	92
Non-audit services	-	54
Total	391	441

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 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 controls. 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 of 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 2018 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 will be available to attend the AGM to respond to such questions.

Huw Evans

Huw Evans
Audit Committee Chairman
23 October 2018

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 10 December 2018.

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. At the AGM on 10 December 2018 a resolution will be put to shareholders to increase the maximum aggregate total remuneration to USD650,000. While there is no current intention to increase the remuneration paid to individual directors, an increase in the total will allow the number of Directors to be increased to five, and provide flexibility in planning future appointments to the Board, for example allowing an overlap between the appointment of one director and the retirement of another.

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 2018, 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 over the past two years have received the following emoluments in the form of fees:

Year ended	Annual fee USD	30 June 2018 USD	30 June 2017 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
Julian Healy (appointed 23 July 2018)	80,000	-	-
Huw Evans*	90,000	90,000	85,452
Michael Gray (retired 21 December 2016)	-	-	43,151
		345,000	383,603

* Appointed Audit Committee Chairman following Michael Gray's retirement.

On behalf of the Board

Thuy Bich Dam
Chair
Remuneration Committee
23 October 2018

INDEPENDENT AUDITOR'S REPORT

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 2018, 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 2018;
- 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;
- 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.

Material uncertainty related to going concern

We draw your attention to the discontinuation vote disclosures in the Chairman's Statement on pages 74 and 75, the going concern disclosures in the Report of the Directors on page 74 and to the basis of preparation disclosures in note 2 to the financial statements. These note that the Articles of Association of the Company require the directors to put forward a special resolution every fifth year requiring shareholders to vote in general meeting on whether the Company should continue as currently constituted. Should this discontinuation resolution be passed by the shareholders at the general meeting on 10 December 2018, then the directors would be required to formulate proposals to be put to shareholders to reorganise, unitise or restructure the Company or for the Company to be wound up.
Our opinion is not modified in respect of this matter.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the Company, as required by the Crown Dependencies' Audit Rules and Guidance, and we have fulfilled our ethical responsibilities in accordance with these requirements.

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 USD10.4 million (2017: USD9.5 million) which represents 1% of net assets (2017: 1% of net assets).

Audit scope

- The principal activity of the Company comprises investing in a diversified portfolio of investments in Vietnam (referred to 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 by 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 the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	USD10.4 million (2017: USD9.5 million)
How we determined it	1% of net assets (2017: 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.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above USD520,000 (2017: USD475,000), 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	How our audit addressed the Key audit matter
Valuation of financial assets at fair value through profit or loss As detailed in notes 3 and 8 to the financial statements, the Company's financial assets at fair value through profit or loss amount to USD1,067.5 million as at 30 June 2018 (2017: USD974.6 million) 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 2018 as well as being a key contributor to the Company's performance during the year. The fair value disclosed 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 2018. Further details, including the risks considered are as follows: a. *Valuation of underlying listed and unlisted capital markets investments* As at 30 June 2018 the listed and unlisted portion of the capital markets portfolio was fair valued at USD892.7 million (2017: USD698.5 million), representing 83.6% (2017: 71.7%) 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 2018, or where applicable, relevant and reliable broker quotes at this date. 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	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. 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; 5. 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 2018; • For those capital market investments fair valued by management using broker quotes, we challenged management to justify their use of specific brokers, their independence and competence to provide that quotation. Additionally, we also sighted the original broker quotes received by management to substantiate the prices used at 30 June 2018 and performed our own assessment of the brokers' independence, objectivity and competence as well as assessing the authenticity of the documentation from the brokers; • Recalculated the fair values to USD, where required, by independently verifying to external sources the use by management of appropriate exchange rates; • Obtained confirmation from the Custodian of all capital markets investments held at the period end

on the closing quoted market prices. There is also a risk that in fair valuing the unlisted capital markets investments, that inappropriate broker quotes may be used which are not indicative of prices at which the investments could be traded at in the market.

b. *Valuation of underlying real estate and private equity investments*

As at 30 June 2018 the underlying real estate and private equity investments were fair valued at USD145.6 million (2017: USD137.6 million), representing 13.6% (2017: 14.1%) of the Company's total financial assets at fair value through profit or loss.

These investments are valued on bases considered most appropriate by the Directors, including:

Real estate investments

- Property valuations provided by independent specialist 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 underlying real estate investment as at 30 June 2018.
- Valuation experts were engaged by management to review the findings of the independent specialist appraisers. The valuation experts combined their findings with the residual net assets of the relevant holding companies and reviewed and opined on the overall real estate investment projects' fair value;
- Recent transaction prices or counter-signed sales purchase agreements due to complete post year-end where completion has subsequently taken place;
- Other methodologies including internal desktop valuations;
- Management then adjusting these real estate valuations for the relevant holding companies' residual net assets.

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.

6. For the valuation of underlying listed and unlisted capital markets 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 the independent specialist appraisers, valuation experts and 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 specialist appraisers and management's valuation experts;

Private equity investments

- Fair values determined by valuation experts engaged by management using industry standard private equity valuation techniques adjusted for the relevant 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 independent specialists and experts 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 independent specialists and experts in their determination of the fair valuations for these investments.

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 USD19.3 million (2017: USD29.6 million) and other assets net of other liabilities of USD9.9 million (2017: USD108.9 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.

- For certain underlying real estate investments, agreed the fair value to counter-signed sales purchase agreements and assessed the impact of any completion conditions precedents to fair value as at the year-end;
- Where management has used acquisition cost for recently acquired private equity investments as a basis for their fair valuations, assessed whether changes or events subsequent to the relevant acquisition would imply a change in fair value; 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.

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

- Obtained and agreed independent bank onfirmations 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 2018.

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 2018, the Company has accrued for USD35.9 million (2017: USD23.3 million) of total incentive fees payable to the Investment Manager split as to USD15.1 million (2017: USD11.2 million) payable as a current liability with the balance of USD20.8 million (2017: USD12.1 million) payable after one year. The balance of USD 20.8 million (2017: USD12.1 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 2019 or thereafter. The calculation of the incentive fee per the Investment Management Agreement produced an absolute incentive fee payable of USD25.3 million (2017: USD24.6 million) based on the historic performance of the Company for the year to 30 June 2018. This is different to the total incentive fee of USD35.9 million (2017: USD23.3 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 of the current and certain prior period portions of the absolute incentive fee to later accounting periods 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 2018 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	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 2018 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 2018 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 fee in excess of the cap as at 30 June 2018 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 discount rate used 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.

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 notes 3 and 15(b) to the financial statements.

We focused on the accuracy and judgements made by management in the determination and estimation of the total accrual for the incentive fee as at 30 June 2018 due to the complexity of its calculation, the judgements and estimates required for the portion of the incentive fee recognised as due after one year and the related party nature of the balance.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Financial Statements (but does not include 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 of doing so would reasonably be expected to outweigh the public interest 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 pages 74 and 75 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
23 October 2018

STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2018 USD'000	30 June 2017 USD'000
Total assets			
Financial assets at fair value through profit or loss	8	1,067,462	974,581
Receivables	10	-	265
Cash and cash equivalents	6	14,867	7,512
Total assets		1,082,329	982,358
Total liabilities			
Accrued expenses and other payables	12	18,089	20,546
Deferred incentive fees	15(b)	20,808	12,137
Total liabilities		38,897	32,683
Equity			
Share capital	11	427,351	456,419
Retained earnings		616,081	493,256
Total Shareholders' equity		1,043,432	949,675
Total liabilities and equity		1,082,329	982,358
Net asset value, USD per share	17	5.38	4.73
Net asset value, GBP per share		4.07	3.64

The Financial Statements on pages 95 to 126 were approved by the Board of Directors on 23 October 2018 and signed on its behalf by:

Steven Bates
Chairman

Huw Evans
Director

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018	Note	Share capital USD'000	Retained earnings USD'000	Total Equity USD'000
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		(27,410)	-	(27,410)
Balance at 30 June 2017		456,419	493,256	949,675
For the year ended 30 June 2018				
Balance at 1 July 2017		456,419	493,256	949,675
Profit for the year		-	152,740	152,740
Total comprehensive income		-	152,740	152,740
Transactions with Shareholders				
Shares repurchased	11	(29,068)	-	(29,068)
Dividends paid	9	-	(29,915)	(29,915)
Balance at 30 June 2018		427,351	616,081	1,043,432

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

STATEMENT OF COMPREHENSIVE INCOME

		Year ended	
	Notes	30 June 2018 USD'000	30 June 2017 USD'000
Dividend income	13	79,796	31,168
Net gains on financial assets at fair value through profit or loss	14	115,569	198,919
General and administration expenses	15(a)	(18,868)	(16,548)
Finance cost	15(b), 18	(1,315)	-
Incentive fee	3, 15(b), 18	(22,442)	(23,269)
Other income		-	279
Operating profit		152,740	190,549
Profit before tax		152,740	190,549
Corporate income tax	16	-	-
Profit for the year		152,740	190,549
Total comprehensive income for the year		152,740	190,549
Earnings per share			
- basic and diluted (USD per share)	17	0.77	0.93
- basic and diluted (GBP per share)		0.57	0.73

All items were derived from continuing activities.
The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

		Year ended	
	Notes	30 June 2018 USD'000	30 June 2017 USD'000
Operating activities			
Profit before tax		152,740	190,549
Adjustments for:			
Dividend income		(79,796)	(31,168)
Net gains on financial assets			
at fair value through profit or loss	14	(115,569)	(198,919)
Finance cost		1,315	-
		(41,310)	(39,538)
Change in receivables		265	4,812
Change in accrued expenses and other payables		11,201	22,833
Dividend receipts		79,796	31,168
Net cash inflow from operating activities		49,952	19,275
Investing activities			
Purchases of financial assets at fair value through profit or loss	8	(277,930)	(223,412)
Return of capital from financial assets at fair value through profit or loss	8	293,458	217,963
Sale of financial assets at fair value through profit or loss		-	19,526
Net cash generated from investing activities		15,528	14,077
Financing activities			
Purchases of shares into treasury	11	(28,210)	(27,410)
Dividends paid	9	(29,915)	-
Net cash used in financing activities		(58,125)	(27,410)
Net change in cash and cash equivalents for the year		7,355	5,942
Cash and cash equivalents at the beginning of the year	6	7,512	1,570
Cash and cash equivalents at the end of the year	6	14,867	7,512

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

VinaCapital Vietnam Opportunity Fund Limited ("the Company") was incorporated on 22 March 2016 as a closed-ended investment company with limited liability under The Companies (Guernsey) Law, 2008. Prior to that date the Company was incorporated in the Cayman Islands as an exempted company with limited liability.

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.

On 30 March 2016, the Company's shares were admitted to the Main Market of the London Stock Exchange ("LSE") with a Premium Listing under the ticker symbol VOF. Prior to that date, the Company's shares were traded on the AIM market of the LSE.

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 every fifth year a special resolution will be proposed 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 will be held at the AGM on 10 December 2018.

The Financial Statements for the year ended 30 June 2018 were approved for issue by the Board on 23 October 2018.

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 Going concern

The Directors believe that, having considered the Company's investment objective (see Investment Policy on page 2), financial risk management and associated risks (see note 20 to the Financial Statements on pages 121 to 126) and in view of the liquidity of investments, the income deriving from those investments and its holding in cash and cash equivalents, the Company has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of these Financial Statements.

The next shareholder vote on the discontinuation of the Company will be held at the AGM on 10 December 2018. The Directors cannot predict the outcome of the vote but have no present indication that the vote will be passed or that it would, therefore, be inappropriate to prepare the financial statements on the going concern basis.

2.3 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

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 July 2017, as listed below, have had a material impact on the Company.

- IAS 12 – Income Taxes
- IAS 7 – Statement of Cash Flows
- Annual improvements 2014-2016 cycle

c) 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 2018 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)

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

On adoption of IFRS 9 the Company's investment portfolio will continue to be classified as at fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Company's financial statements.

Financial assets currently measured at amortised cost are: cash and cash equivalents, management fee rebates receivable and other receivables. These instruments are solely payments of principal and interest and will continue to be held at amortised cost under IFRS 9.

Financial liabilities currently valued at amortised cost are accrued expenses and other payables and will continue to be measured at amortised cost.

The standard also replaces the incurred loss model in IAS 39 with an expected credit loss impairment model.

Based on the Company's initial assessment, changes to the impairment model are not expected to have a material impact on the financial statements of the Company as the financial assets are measured at fair value through profit or loss and the impairment requirements do not apply to such instruments and the effect on financial assets held at amortised cost is immaterial.

The Standard is effective 1 January 2018 and will be adopted for the financial year ending 30 June 2019.

IFRS 15 'Revenue from Contracts with Customers' was published in May 2016 and specifies how and when to recognise revenue as well as requiring entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. Material revenue streams have been reviewed and it is not anticipated that there will be a material impact on timing of, recognition or gross up for principal/agent considerations. There will be no material impact on the Company's financial statements.

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

2.4 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 for further disclosure on accounting for subsidiaries and associates.

2.5 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.

2.6 Financial assets

2.6.1 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.

2.6.2 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 any provisions 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 any provisions 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.

2.7 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 a debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 Operating expenses

Operating expenses are accounted for on an accrual basis.

2.13 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.

2.14 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.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events, and it must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board.

3. Critical accounting estimates and judgements

3.1 Critical accounting estimates and assumptions

(a) 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 2018, 100% (30 June 2017: 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 ratios.

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 the principal 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 the 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 2018 and 30 June 2017, 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.

The carrying amounts of the investments in subsidiaries and associates are referred to in note 8. The sensitivity analysis of these investments is shown in note 20(c).

(i) 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 five 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.

(ii) 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. For the principal investments, at each year end 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. Refer to note 20(c) which sets out a sensitivity analysis of the significant unobservable inputs used in the valuations of the private equity and real estate assets.

(iii) 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. For the principal investments, the Independent Valuer selects appropriate discount rates that reflect the level of certainty of the quantum and timing of the cash flows.

(iv) Valuation of real estate and operating assets

A number of the Company's real estate investments have been held in joint ventures with VinaLand Limited ("VinaLand"), another company managed by the Investment Manager. In these cases, VinaLand held a controlling stake in the joint ventures and therefore exercised 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. VinaLand has been pursuing the disposal of substantially all of its assets and is now beginning an orderly wind up.

At each year end the fair values of the principal 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 2.4.

In conjunction with making its judgement for the fair value of the Company's principal 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 similar nature, condition or location;
b. 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;
c. 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;
d. ecent 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;
e. 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
f. recent compensation prices made public by the local authority in the province where the property is located.

(b) Incentive Fee

For the purpose of calculating any incentive fee for the year to 30 June 2018 the portfolio was split into two pools, the Capital Markets Pool and the Direct Real Estate Pool. The Direct Real Estate Pool included directly owned real estate assets. The Capital Markets Pool incorporated all other investments, including listed and unlisted securities and private equity. The annual incentive fee payable to the Investment Manager was calculated for each Pool as 15% of any increase in NAV above a hurdle rate of 8% compound annual return. However, the maximum amount that could be paid in respect of either Pool in any one year was capped at 1.5% of the weighted average month-end NAV of that pool during that year. 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 exceeds the level at which it would have been, based upon the fees already paid out. The excess fees and any incentive fees earned in subsequent years are paid out on a FIFO basis providing that the total amount of fees paid out in respect of any financial year does not exceed the 1.5% cap.

At the end of each financial period, the Board makes a judgement in considering the total amount of any accrued incentive fees which are likely to be paid in subsequent years. In determining the fair value of the liability at a balance sheet date the Board may apply a discount to reflect the time value of money and the probability and phasing of payment. An annualised discount rate of 8% has been applied to the deferred liability.

Any incentive fees payable within 12 months are classified within Accrued expenses and other payables on the Statement of Financial Position. Additional incentive fees payable in subsequent years are classified as deferred incentive fees on the Statement of Financial Position.

Accrued incentive fees are sensitive to key inputs one being the application of a discount rate annualised at 8% which is used as described above to reflect the time value of money and the probability and phasing of payment. The actual amount of the deferred incentive fee paid in future is also dependent on the weighted average NAV not decreasing below the NAV calculated at 30 June 2018. The deferred incentive fee as at 30 June 2018 will be paid in full by 31 October 2020 assuming that the NAV calculated at 30 June

2018 remains unchanged. Any decline in NAV will reduce the amount of the deferred liability paid in the future.

For further details of the incentive fees earned and accrued at the year end please refer to note 15 (b) on page 118, and note 18 on page 119.

The Company and Investment Manager have agreed in principle changes to the management fees which, when finalised, will be back dated so as to be effective from 1 July 2018. For further details, refer to the Chairman's Statement on pages 13 and 14.

3.2 Critical judgements in applying the Company's accounting policies

(a) 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.

(b) Judgements about active and inactive markets

The Board considers that the Ho Chi Minh Stock Exchange, the Hanoi Stock Exchange and UpCOM are active markets for the purposes of IFRS 13. Consequently, the prices quoted by those markets for individual shares as at the balance sheet date can be used to estimate the fair value of the Company's underlying investments.

Notwithstanding the fact that these stock exchanges can be regarded as active markets, the size of the Company's holdings in particular stocks in relation to daily market turnover in those stocks would make it difficult to conduct an orderly transaction in a large number of shares on a single day. However, the Board considers that, if the Company were to offer a block of shares for sale, the price which could be achieved in an orderly transaction is as likely to be at a premium to the quoted market price as at a discount.

Consequently, when taken across the whole portfolio of the Company's underlying quoted investments, the Board considers that using the quoted prices of the shares on the various active markets is a reasonable determination of the fair value of the securities.

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* USD'000	Real estate and Operating Assets USD'000	Private equity USD'000	Total USD'000
Year ended 30 June 2018				
Dividend income	69,794	10,002	-	79,796
Net gains/(losses) on financial assets at fair value through profit or loss	110,558	15,290	(10,279)	115,569
General and administration expenses (note 15)	(16,398)	(528)	(1,942)	(18,868)
Finance cost (note 18)	(1,315)	-	-	(1,315)
Incentive fee (note 18)	(22,442)	-	-	(22,442)
Other income	-	-	-	-
Profit before tax	140,197	24,764	(12,221)	152,740
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 15)	(14,151)	(1,047)	(1,350)	(16,548)
Incentive fee (note 18)	(23,269)	-	-	(23,269)
Other income	279	-	-	279
Profit before tax	156,127	42,692	(8,270)	190,549

* Capital markets include listed securities and bonds as well as unlisted securities that are valued at their prices on UPCoM or using quotations from brokers.

Statement of Financial Position

Audited	Capital markets* USD'000	Real estate and Operating Assets USD'000	Private equity USD'000	Other net assets** USD'000	Total USD'000
As at 30 June 2018					
Financial assets at fair value through profit or loss	892,656	33,442	112,189	29,175	1,067,462
Receivables	-	-	-	-	-
Cash and cash equivalents	-	-	-	14,867	14,867
Total assets	892,656	33,442	112,189	44,042	1,082,329
Total liabilities					
Accrued expenses and other payables	-	-	-	18,089	18,089
Deferred incentive fees	-	-	-	20,808	20,808
Total liabilities	-	-	-	38,897	38,897
Net asset value	892,656	33,442	112,189	5,145	1,043,432

Audited	Capital markets* USD'000	Real estate and Operating Assets USD'000	Private equity USD'000	Other net assets** USD'000	Total USD'000
As at 30 June 2017					
Financial assets at fair value through profit or loss***	698,538	57,373	80,242	138,428	974,581
Receivables	-	-	-	265	265
Cash and cash equivalents	-	-	-	7,512	7,512
Total assets	698,538	57,373	80,242	146,205	982,358
Total liabilities					
Accrued expenses and other payables	-	-	-	20,546	20,546
Deferred incentive fees	-	-	-	12,137	12,137
Total liabilities	-	-	-	32,683	32,683
Net asset value	698,538	57,373	80,242	113,522	949,675

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

** Other net assets of USD29.1 million (30 June 2017: USD138.4 million) include cash and cash equivalents and other net assets of the subsidiaries and associates at fair value.

*** USD10 million has been reclassified from other net assets to private equity in relation to the IDP loan.

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. As at 30 June 2018, the restricted cash held in these Vietnamese subsidiaries and associates amounted to USD0.8 million (30 June 2017: USD1.9 million).

5.1 Directly-owned subsidiaries

The Company had the following directly-owned subsidiaries as at 30 June 2018 and 30 June 2017:

Subsidiary	Country of incorporation	Nature of the business	30 June 2018 % of Company interest	30 June 2017 % of Company interest
Vietnam Investment Property Holdings Limited	British Virgin Islands (“BVI”)	Holding company for listed, unlisted securities	100.00	100.00
Vietnam Investment Property Limited	BVI	Holding company for listed, and unlisted securities	100.00	100.00
Vietnam Ventures Limited	BVI	Holding company for listed, unlisted securities and real estate	100.00	100.00
Vietnam Investment Limited	BVI	Holding company for listed, unlisted securities and real estate	100.00	100.00
Asia Value Investment Limited	BVI	Holding company for listed, and unlisted securities	100.00	100.00
Vietnam Master Holding 2 Limited	BVI	Holding company for listed securities	100.00	100.00
VOF Investment Limited	BVI	Holding company for listed, unlisted securities, real estate, hospitality and private equity	100.00	100.00
VOF PE Holding 5 Limited	BVI	Holding company for listed securities	100.00	100.00
Visaka Holdings Limited*	BVI	Holding company for investments	-	100.00
Portal Global Limited	BVI	Holding company for unlisted securities	100.00	100.00
Windstar Resources Limited	BVI	Holding company for listed securities	100.00	100.00
Allright Assets Limited	BVI	Holding company for investments	100.00	100.00
Vietnam Enterprise Limited	BVI	Holding company for listed, unlisted securities	100.00	100.00

Subsidiary	Country of incorporation	Nature of the business	30 June 2018 % of Company interest	30 June 2017 % of Company interest
VOF PE Holding 3 Limited*	BVI	Holding company for investments	-	100.00
Vinaland Heritage Limited*	BVI	Holding company for investments	-	100.00
Sharda Holdings Limited	BVI	Holding company for listed securities	100.00	100.00
Hospira Holdings Limited	BVI	Holding company for private equity	100.00	100.00
Navia Holdings Limited	BVI	Holding company for private equity	100.00	100.00
Halico Investment Holding Limited*	BVI	Holding company for investments	-	100.00
Foremost Worldwide Limited	BVI	Holding company for unlisted securities	100.00	100.00
Rewas Holdings Limited	BVI	Holding company for investments	100.00	100.00
Allwealth Worldwide Limited	BVI	Holding company for private equity	100.00	100.00
Longwoods Worldwide Limited	BVI	Holding company for investments	100.00	100.00
VinaSugar Holdings Limited	BVI	Holding company for investments	100.00	100.00
Belfort Worldwide Limited	BVI	Holding company for investments, listed securities and real estate	100.00	100.00
Preston Pacific Limited	BVI	Holding company for listed securities	100.00	100.00
Liva Holdings Ltd**	BVI	Holding company for listed securities	-	100.00
Vietnam Master Holding 1 Limited	BVI	Holding company for investments	100.00	-
Victory Holding Investment Limited***	BVI	Holding company for listed securities	100.00	-
Fraser Investment Holdings Pte. Limited	Singapore	Holding company for listed securities	100.00	100.00
Hawke Investments Pte Limited**	Singapore	Holding company for investments	-	100.00
SE Asia Master Holding 7 Pte Limited	Singapore	Holding company for investments	100.00	100.00
Turnbull Holding Pte. Ltd.	Singapore	Holding company for investments	100.00	100.00
Vietnam Opportunity Fund II Pte. Ltd.	Singapore	Holding company for investments	100.00	100.00
VTC Espero Limited	Singapore	Holding company for investments	100.00	100.00

* Visaka Holdings Limited, VOF PE Holding 3 Limited, Vinaland Heritage Limited and Halico Investment Holding Limited were sold during the year ended 30 June 2018.

** Liva Holdings Ltd and Hawke Investments Pte Limited became subsidiaries of Belfort Worldwide Limited during the year ended 30 June 2018.

*** Victory Holding Investment Limited was an indirect subsidiary of Rewas Holdings Limited in the prior year and changed ownership to become a direct subsidiary of VOF in the current financial year.

5.2 Indirect interests in subsidiaries

The Company had the following indirect interests in subsidiaries at 30 June 2018 and 30 June 2017:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate Parent	30 June 2018 % of Company's indirect interest	30 June 2017 % of Company's indirect interest
PA Investment Opportunity II Limited	BVI	Holding company for investments	Vietnam Enterprise Limited	100.00	100.00
Victory Holding Investment Limited*	BVI	Holding company for listed securities	Rewas Holdings Limited	-	100.00
Vietnam Hospitality Ltd***	BVI	Holding company for investments	VOF Investment Limited	-	100.00
Liva Holdings Ltd**	BVI	Holding company for investments	Belfort Worldwide Limited	100.00	-
Abbott Holding Pte. Limited	Singapore	Holding company for private equity	Hospira Holdings Limited	100.00	100.00
Hawke Investments Pte Limited**	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	-
Indochina Ceramic Singapore Pte. Ltd**	Singapore	Holding company for private equity	Belfort Worldwide Limited	100.00	-
Indochina Building Supplies Pte. Ltd***	Singapore	Holding company for private equity	VOF Investment Limited	-	100.00
IDS Building Materials Pte. Ltd***	Singapore	Holding company for private equity	VOF Investment Limited	-	100.00
Menzies Holding Pte. Ltd	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
Thai Hoa International Hospital JSC	Vietnam	Medical and healthcare services	Abbott Holding Pte. Limited	81.07	75.00
Howard Holdings Pte. Limited	Singapore	Holding company for private equity	Allwealth Worldwide Limited	80.56	80.56
International Dairy Products JSC	Vietnam	Milk, yoghurt and dairy products	Howard Holdings Pte. Limited	55.97	49.38
Whitlam Holding Pte. Limited	Singapore	Holding company for private equity	Navia Holdings Limited	61.26	61.26
American Home Vietnam Co. Ltd**	Vietnam	Construction materials	Indochina Ceramic Singapore Pte. Ltd	100.00	100.00
BIVI Investments Corporation	Vietnam	Holding company for investments	VOF Investment Limited	100.00	100.00

* Victory Holding Investment Limited was an indirect subsidiary of Rewas Holdings Limited in the prior year and changed ownership to become a direct subsidiary of VOF in the current financial year.

** Entities became subsidiaries of Belfort Worldwide Limited during the year.

*** Entities were sold during the year.

5.3 Direct interests in associates

The Company had the following directly-owned associates as at 30 June 2018 and 30 June 2017:

Associate	Country of incorporation	Nature of the business	30 June 2018 % of Company interest	30 June 2017 % of Company interest
Allwealth Asia Ltd	BVI	Holding company for real estate	35.00	35.00
Sunbird Group Ltd	BVI	Holding company for real estate	25.00	25.00
Vietnam Property Holdings Limited	BVI	Holding company for real estate	25.00	25.00
Avante Global Limited	BVI	Holding company for real estate	25.00	25.00
Pacific Alliance Land Limited	BVI	Holding company for real estate	25.00	25.00
VinaCapital Commercial Center Private Limited*	Singapore	Holding company for real estate	12.75	12.75
Mega Assets Pte. Limited	Singapore	Holding company for real estate	25.00	25.00
SIH Real Estate Pte. Limited	Singapore	Holding company for real estate	25.00	25.00
VinaLand Eastern Limited	Singapore	Holding company for real estate	25.00	25.00

* The Company had an indirect interest of less than 20% with its associate VinaLand at year-end. The Company considered its co-investments with VinaLand to be indirect associates because, as part of the co-investment strategy, the Company could exert significant influence on these entities.

5.4 Indirect interests in associates

The Company had the following indirect interests in associates at 30 June 2018 and 30 June 2017:

Indirect associate	Country of incorporation	Nature of the business	Company's subsidiary or associate holding direct interest in the associate	30 June 2018 % of Company's indirect interest	30 June 2017 % of Company's indirect interest
VinaCapital Commercial Center Private Limited (*)	BVI	Real estate investment	VinaCapital Commerical Center Private Limited	12.75	12.75
SIH Investment Limited (**)	Singapore	Holding company for investment	Sunbird Group Limited	-	25.00
Avila Co. Ltd. (*) (**)	Vietnam	Real estate investment	Vietnam Investment Property Holdings Limited	-	16.18
Ba Huan Joint Stock Company	Vietnam	Private equity investment	Hawke Investments Pte Limited	33.77	-
Housing And Urban Development Corporation	Vietnam	Real estate investment	VOF Investment Limited	25.75	25.75
Hung Vuong Corporation	Vietnam	Real estate investment	VOF Investment Limited	33.24	33.24
Mega Assets Company Limited (**)	Vietnam	Real estate investment	Mega Assets Pte. Limited	-	25.00
Phong Phu Investment and Development (**)	Vietnam	Real estate investment	Vietnam Ventures Limited	-	30.00
Phu Hoi City Company (*) (**)	Vietnam	Real estate investment	VinaLand Eastern Limited	-	17.50
Thang Loi Textile Garment Joint Stock Company	Vietnam	Real estate investment	Vietnam Enterprise Limited, VOF Investment Limited and BIVI Investments Corporation	34.17	34.00
VinaAlliance Company Limited (*) (**)	Vietnam	Real estate investment	Pacific Alliance Land Limited	-	15.50
VinaCapital Commercial Center Private Limited (*)	Vietnam	Real estate investment	VinaCapital Commerical Center Private Limited	12.75	12.75
Vinh Thai Urban Development Corporation (*) (**)	Vietnam	Real estate investment	VTC Espero Limited	-	17.75

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

* The Company had an indirect interest of less than 20% with its associate VinaLand at year-end. The Company considered its co-investments with VinaLand to be indirect associates because, as part of the co-investment strategy, the Company could exert significant influence on these entities.

** These entities were sold or liquidated during the year.

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 20. 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 2018 USD'000	30 June 2017 USD'000
Cash at banks	14,867	7,512

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 2018 was USD34.2 million (30 June 2017: USD37.1 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 USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
As at 30 June 2018			
Financial assets at fair value through profit or loss	-	1,067,462	1,067,462
Receivables	-	-	-
Cash and cash equivalents	14,867	-	14,867
Total	14,867	1,067,462	1,082,329
Financial assets denominated in: - USD	14,867	1,067,462	1,082,329

7. Financial instruments by category (continue)

	Loans and receivables USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
As at 30 June 2017			
Financial assets at fair value through profit or loss	-	974,581	974,581
Receivables	265	-	265
Cash and cash equivalents	7,512	-	7,512
Total	7,777	974,581	982,358
Financial assets denominated in: - USD	7,777	974,581	982,358

As at 30 June 2018 and 2017, the carrying amounts of all financial liabilities approximate their fair values.

8. Financial assets at fair value through profit or loss

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

	30 June 2018 USD'000	30 June 2017 USD'000
Cash and cash equivalents	19,317	29,577
Ordinary shares – listed	690,659	554,459
Ordinary shares – unlisted*	201,997	103,744
Government bonds	-	40,335
Private equity**	112,188	80,242
Real estate projects and operating assets	33,442	57,373
Short-term bank deposit	-	50,000
Other assets, net of liabilities**	9,859	58,851
	1,067,462	974,581

* 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.
** USD10 million has been reclassified from other assets to private equity in relation to the IDP loan.

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

	30 June 2018 USD'000	30 June 2017 USD'000
Consumer goods	257,924	275,016
Construction	200,428	135,115
Financial services	117,244	39,934
Agriculture	19,841	23,512
Energy, minerals and petroleum	73,371	32,482
Pharmaceuticals	20,902	9,756
Real estate	172,674	174,051
Retailers	17,674	-
Infrastructure	96,472	60,127
Industrials	61,756	45,825
Government bonds	-	40,335

As at 30 June 2018, an underlying holding, Hoa Phat, within financial assets at fair value through profit or loss amounted to 14.6% of the net asset value of the Company (30 June 2017: 13.2%). As at 30 June 2018, Vietnam Dairy Products, another underlying holding within financial assets at fair value through profit or loss amounted to 8.5% of the net asset value of the Company (30 June 2017: 13.6%). There were no other holdings that had a value exceeding 10% of the net asset value of the Company as at 30 June 2018 or 30 June 2017.

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 likelihood of an event arising and the amount that may become payable.

There have been no changes in the classification of financial assets at fair value through profit or loss shown as Level 3 during the year ended 30 June 2018.

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 3.1. As observable prices are not available for these investments, the Company classifies them as Level 3 fair values.

The following table presents the changes in level 3 items for the years ended 30 June 2018 and 30 June 2017 for recurring fair value measurements:

	30 June 2018 USD'000	30 June 2017 USD'000
Opening balance	974,581	789,739
Purchases	277,930	223,412
Return of capital*	(300,618)	(217,963)
Sales	-	(19,526)
Net gains for the year, net (note 14)	115,569	198,919
	1,067,462	974,581

	Year ended	
	30 June 2018 USD'000	30 June 2017 USD'000
Total unrealised gains for the year included in:		
Profit	115,569	196,578
Total unrealised profit for the year	115,569	196,578

*The above balance of USD300.1 million includes a non-cash amount of USD7.2 million. This relates to a refundable cash deposit received in the prior year on the disposal of property through an associate in which the Company has 25% interest.

9. Dividends

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.

The dividends paid in the reporting period were as follows:

	Dividend rate per share (cents)	Net dividend payable (USD'000)	Record date	Ex-dividend date	Pay date
First interim dividend	4.8	9,573	25 August 2017	24 August 2017	27 September 2017
Second interim dividend	4.8	9,527	3 November 2017	2 November 2017	1 December 2017
Third interim dividend	5.5	10,815	6 April 2018	5 April 2018	27 April 2018
		29,915			

A dividend of 5.5 US cents per share in respect of the year ended 30 June 2018 was declared on 23 October 2018. The dividend is payable on 30 November 2018 to shareholders on record at 2 November 2018.

Under the Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to the net asset and solvency test. The net asset and solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Board confirms that the Company passed the net asset and solvency test for each dividend paid.

10. Receivables

	30 June 2018 USD'000	30 June 2017 USD'000
Receivables from the Investment Manager on management fees rebate	-	259
Loan	-	6
	-	265

The Company exited Indochina Food Industries Pte. Ltd ("ICF") through the sale of 100% of VinaSugar Holding Limited in 2012 at USD28.45 million. As at 30 June 2018 and 30 June 2017, the Buyer has paid USD19.75 million with USD8.7 million remaining outstanding. In June 2014, the Company approved a loan of USD2.9 million to ICF to provide immediate relief for the business. Together with the existing receivable of USD8.7 million, the total USD11.6 million was receivable and has been fully impaired. See note 20(a) for further details.

11. 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 2018		30 June 2017	
	Number of shares	USD'000	Number of shares	USD'000
Issued and fully paid at 1 July	211,346,258	491,301	211,346,258	491,301
Cancellation of treasury shares	-	-	-	-
Issued and fully paid at year end	211,346,258	491,301	211,346,258	491,301
Shares held in treasury	(17,288,000)	(63,950)	(10,725,000)	(34,882)
Outstanding shares at year end	194,058,258	427,351	200,621,258	456,419

Treasury shares

	30 June 2018		30 June 2017	
	Number of shares	USD'000	Number ofshares	USD'000
Opening balance at 1 July	10,725,000	34,882	2,700,000	7,472
Shares repurchased during the year	6,563,000	29,068	8,025,000	27,410
Closing balance at year end	17,288,000	63,950	10,725,000	34,882

In October 2011, the Board first sought and obtained shareholder approval to implement a share buyback programme. The share buyback programme was approved again at subsequent general meetings of the Company.
During the year ended 30 June 2018, 6.6 million shares were repurchased at a cost of USD29.1 million of which USD0.8 million was payable at year end (see note 12).

12. Accrued expenses and other payables

	30 June 2018 USD'000	30 June 2017 USD'000
Management fees payable to the Investment Manager (note 18)	1,321	1,461
Incentive fees payable to the Investment Manager (note 18)	15,086	11,187
Payables to other related parties (note 18)	-	7,160
Shares repurchased payable (note 11)	858	-
Other payables	824	738
	18,089	20,546

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 18.

13. Dividend income

	Year ended	
	30 June 2018 USD'000	30 June 2017 USD'000
Dividend income	79,796	31,168
	79,796	31,168

The above table sets out dividends received by the Company from its subsidiaries. These represent distributions of income received as well as the proceeds of disposals of assets by subsidiaries, and do not reflect the dividends earned by the underlying investee companies. During the year, the subsidiaries received a total amount of USD18.2 million in dividends from their investee companies (30 June 2017: USD15.9 million).

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

	Year ended	
	30 June 2018 USD'000	30 June 2017 USD'000
Financial assets at fair value through profit or loss:		
- Gains from the realisation of financial assets, net	-	2,341
- Unrealised gains, net	115,569	196,578
Total	115,569	198,919

15(A). General and administration expenses

	Year ended	
	30 June 2018 USD'000	30 June 2017 USD'000
Management fees (note 18(a))	16,339	13,388
Directors' fees	345	384
Custodian, secretarial and other professional fees	1,048	1,770
Others	1,136	1,006
	18,868	16,548

15(B). Incentive fee

For the year ended 30 June 2018, an incentive fee of USD25.3 million was earned by the Investment Manager on the performance of the Capital Markets Pool. The deferred liability carried forward from 30 June 2017 was USD13.4 million resulting in a total incentive fee accrued of USD38.7 million as at 30 June 2018. The amount which will be paid out immediately was reduced to USD15.0 million by the operation of the 1.5% cap as at 30 June 2018.

The Audit Committee has concluded that it is probable that the remaining balance of USD23.7 million will be paid out in subsequent accounting years. Payment of this balance will not be before 31 October 2019. In determining the fair value of this liability the Board has discounted USD23.7 million to USD20.8 million to reflect the time value of money and the probability of payment.

Further explanation is included in note 3.1(b).
The Company and Investment Manager have agreed in principle changes to the management fees which, when finalised, will be back dated so as to be effective from 1 July 2018. For further details, refer to the Chairman's Statement on pages 13 and 14.

16. Income tax expense

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.

17. 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 11).

	Year ended	
	30 June 2018	30 June 2017
Profit for the year (USD'000)	152,740	190,549
Weighted average number of ordinary shares in issue	197,831,370	205,174,967
Basic earnings per share (USD per share)	0.77	0.93

(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 11). NAV is determined as total assets less total liabilities.

	30 June 2018	30 June 2017
Net asset value (USD'000)	1,043,432	949,675
Number of outstanding ordinary shares in issue	194,058,258	200,621,258
Net asset value per share (USD per share)	5.38	4.73

18. 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 arrears.

Total management fees for the year amounted to USD16.3 million (30 June 2017: USD13.4 million), with USD1.3 million (30 June 2017: USD1.5 million) in outstanding accrued fees due to the Investment Manager at the reporting date.

(b) Incentive fees

As described in note 15(b), as at 30 June 2018, a total incentive fee of USD38.7 million (30 June 2017: USD24.6 million) was accrued on the current year and prior year performance of the Capital Markets Pool. The amount which will be paid out immediately was restricted to USD15.0 million by the operation of the cap as at 30 June 2018 and this amount is accounted for in Accrued expenses and other payables in the Statement of Financial Position (30 June 2017: USD11.2 million).

The remaining balance of USD23.7 million which represents the excess over the cap and may be payable in subsequent years was accrued for as at year-end as Deferred incentive fees in the Statement of Financial Position. This amount has been discounted at an annualised rate of 8% to reflect the time value of money and the probability of payment and has been recorded with a fair value of USD20.8 million in the Statement of Financial Position (30 June 2017: USD12.1 million).

(c) Modifications to the fee structure

The Company and Investment Manager have agreed in principle changes to the management fees which, when finalised, will be back dated so as to be effective from 1 July 2018. For further details, refer to the Chairman's Statement on page 8.

Directors' Remuneration

The Directors who served during the past two years received the following emoluments in the form of fees:

		Year ended	
	Annual fee USD	30 June 2018 USD	30 June 2017 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
Julian Healy (appointed 23 July 2018)	80,000	-	-
Huw Evans*	90,000	90,000	85,452
Michael Gray (retired 21 December 2016)	-	-	43,151
		345,000	383,603

* Appointed Audit Committee Chair following the retirement of Mr. Gray.

No Directors' fees were outstanding at the year-end (30 June 2017: Nil).

(d) Shares held by related parties

	Shares held as at 30 June 2018	Shares held as at 30 June 2017
Steven Bates	25,000	25,000
Martin Adams	-	-
Thuy Bich Dam	-	-
Huw Evans	35,000	17,500
Julian Healy (appointed 23 July 2018)	-	-

As at 30 June 2018, Stephen Westwood, the Consultant of the Company owned 6,000 shares (30 June 2017: nil shares) in the Company.

As at 30 June 2018, the Investment Manager owned 235,342 shares (30 June 2017: 235,342 shares) in the Company.

(e) Other balances with related parties

	30 June 2018 USD'000	30 June 2017 USD'000
Receivables from the Investment Manager on management fees rebate	-	259
Payables to the Investment Manager on expenses paid on behalf of the Company*	414	248
Deposit from disposal of property**	-	7,160
Certain underlying investments jointly managed by the Investment Manager		
- Vietnam Infrastructure Limited	-	277
- VinaLand Limited	-	4,115
	-	4,392

* Expenses reimbursed to the Investment Manager relating to marketing expenses, logistic and travelling expenses for board meetings.

** Refundable cash deposit received from VinaLand Limited relating to disposal of property through an associate in which the Company has 25% interest.

(f) Controlling party

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no immediate nor ultimate controlling party.

19. Commitments

In the past, the Company's indirect real estate associates had a broad range of commitments under investment licenses which they had received for real estate projects jointly invested with VinaLand and other agreements which they had entered into, to acquire and develop or make additional investments in investment properties and leasehold land in Vietnam. These projects were disposed of during the year ended 30 June 2018 and accordingly there are no commitments in place. The total commitment amount as at 30 June 2017 was USD36.3 million of which the Company's share was USD10.8 million.

20. 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 2018.

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, the Ho Chi Minh Stock Exchange or the Hanoi Stock Exchange.

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 USD69.1 million (30 June 2017: USD56.5 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.

See note 20(c) for a sensitivity analysis of the fair values of real estate properties and private equity.

Depending on the development stage of a project and its associated risks, the Independent Valuer uses discount rates in the range from 15% to 16% and terminal growth rates of 3% to 5% (30 June 2017: 15% to 17% and 3% to 5%, respectively).

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.

(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 20 (ii)(b), the cash and receivables of the Company and its subsidiaries and associates as at 30 June 2018 and 2017 are neither past due nor impaired. Cash and the 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 2018 and 2017, USD11.6 million of receivables of VOF 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 receivables may be secured and whether mechanisms exist to recover value from the collateral. Refer to Note 10. for further details of the receivable impaired.

c) Financial assets that are past due but not impaired

At 30 June 2018 and 2017, the Company did not hold any other assets that were past due but not impaired.

(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 the 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 2018		30 June 2017	
	Within 12 months USD'000	Over 12 months USD'000	Within 12 months USD'000	Over 12 months USD'000
Payables to related parties (note 12)	16,407	-	19,808	-
Deferred incentive fee	-	20,808	-	12,137
Shares repurchased payable (note 12)	858	-	-	-
Other payables (note 12)	824	-	738	-
	18,089	20,808	20,546	12,137

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 2018		30 June 2017	
	Within 1 months USD'000	Over 12 months USD'000	Within 12 months USD'000	Over 12 months USD'000
Cash and cash equivalents	14,867	-	7,512	-
Receivables	-	-	265	-
Financial assets at fair value through profit or loss	983,122	84,340	846,454	128,127
	997,989	84,340	854,231	128,127

(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 2018 USD'000	30 June 2017 USD'000
Net assets attributable to equity shareholders	1,043,432	949,675

(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 2018 and 30 June 2017.

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 2018		
Financial assets at fair value through profit or loss	1,067,462	1,067,462
As at 30 June 2017		
Financial assets at fair value through profit or loss	974,581	974,581

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. There were no transfers between the Levels during the year ended 30 June 2018 and 30 June 2017.

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 2018				
Cash and cash equivalents	19,317	-	-	19,317
Ordinary shares – listed	690,659	-	-	690,659
– unlisted*	153,110	48,887	-	201,997
Private equity	-	-	112,188	112,188
Real estate projects and operating assets	-	-	33,442	33,442
Other assets, net of liabilities	-	-	9,859	9,859
	863,086	48,887	155,489	1,067,462
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**	-	-	80,242	80,242
Real estate projects and operating assets	-	-	57,373	57,373
Short-term bank deposit	50,000	-	-	50,000
Other assets, net of liabilities**	-	-	58,851	58,851
	777,926	189	196,466	974,581

* Unlisted securities are valued at their prices on UPCoM or using quotations from brokers.

** USD10 million has been reclassified from other assets to private equity in relation to the IDP loan.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded equities on Ho Chi Minh City Stock Exchange, Hanoi Stock Exchange 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 is 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.

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.

Set out below is the sensitivity analysis on the significant unobservable inputs used in the valuation of Level 3 investments as at 30 June 2018.

Level 3 – Range of unobservable inputs (probability-weighted average)												
Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Selling price per unit (USD)	Sensitivities in selling price per unit (USD'000)	Sensitivities in discount rates and cap rates/ terminal growth rate (USD'000)				
										Change in discount rate		
										-1%	0%	1%
Operating real estate projects	Discounted cash flows	13,328*	15%	14.5%	N/A	N/A	N/A	Change in cap rate	-1%	14,014	13,477	12,982
									0%	13,851	13,328	12,845
									1%	13,703	13,192	12,720
										Change in discount rate		
										-1%	0%	1%
Private equity	Discounted cash flows	68,290*	15% - 16%	N/A	3% - 5%	N/A	N/A	Change in terminal growth rate	-1%	70,786	65,444	60,898
									0%	74,332	68,290	63,214
									1%	84,527	73,484	64,342

* The difference between the balance of USD33.4 million reflected as Level 3 real estate projects and operating assets on page 124 to the above balance of USD13.3 million, and the difference between the balance of USD112.2 million reflected as Level 3 private equity on page 124 to the above balance of private equity of USD68.3 million, is due to the fact that different valuation methodologies are used in the Level 3 valuations which reflect observable inputs such as an SPA or desktop valuation.

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.

<table>
<tr><th colspan="7">Level 3 – Range of unobservable inputs (probability-weighted average)</th><th colspan="3"></th><th colspan="5"></th></tr>
<tr><th>Segment</th><th>Valuation technique</th><th>Valuation (USD'000)</th><th>Discount rate</th><th>Cap rate</th><th>Terminal growth rate</th><th>Selling price per unit (USD)</th><th colspan="3">Sensitivities in selling price per unit (USD'000)</th><th colspan="5">Sensitivities in discount rates and cap rates/ terminal growth rate (USD'000)</th></tr>
<tr><td rowspan="3">Real estate projects</td><td rowspan="3">Direct comparison</td><td rowspan="3">19,720*</td><td rowspan="3">N/A</td><td rowspan="3">N/A</td><td rowspan="3">N/A</td><td rowspan="3">240 - 860</td><td colspan="3">Change in sales price per square metre</td><td rowspan="3" colspan="5">N/A</td></tr>
<tr><td>-10%</td><td>0%</td><td>10%</td></tr>
<tr><td>16,590</td><td>19,720</td><td>22,850</td></tr>
<tr><td rowspan="5">Operating real estate projects</td><td rowspan="5">Discounted cash flows</td><td rowspan="5">11,818*</td><td rowspan="5">15%</td><td rowspan="5">14.5%</td><td rowspan="5">N/A</td><td rowspan="5">N/A</td><td rowspan="5" colspan="3">N/A</td><td rowspan="5">Change in cap rate</td><td></td><td colspan="3">Change in discount rate</td></tr>
<tr><td></td><td>-1%</td><td>0%</td><td>1%</td></tr>
<tr><td>-1%</td><td>12,491</td><td>11,963</td><td>11,476</td></tr>
<tr><td>0%</td><td>12,333</td><td>11,818</td><td>11,343</td></tr>
<tr><td>1%</td><td>12,189</td><td>11,686</td><td>11,221</td></tr>
<tr><td rowspan="5">Private equity</td><td rowspan="5">Discounted cash flows</td><td rowspan="5">71,803*</td><td rowspan="5">15% - 17%</td><td rowspan="5">N/A</td><td rowspan="5">3% - 5%</td><td rowspan="5">N/A</td><td rowspan="5" colspan="3">N/A</td><td rowspan="5">Change in terminal growth rate</td><td></td><td colspan="3">Change in discount rate</td></tr>
<tr><td></td><td>-1%</td><td>0%</td><td>1%</td></tr>
<tr><td>-1%</td><td>74,671</td><td>68,428</td><td>63,080</td></tr>
<tr><td>0%</td><td>78,828</td><td>71,803</td><td>65,855</td></tr>
<tr><td>1%</td><td>89,297</td><td>77,481</td><td>67,609</td></tr>
</table>

* The difference between the balance of USD57.3 million reflected as Level 3 real estate projects and operating assets on page 97 to the above balance of USD31.5 million, and the difference between the balance of USD80.2 million reflected as Level 3 private equity on page 97 to the above balance of private equity of USD71.8 million, is due to the fact that different valuation methodologies are used in the Level 3 valuations which reflect observable inputs such as an SPA or desktop valuation. USD10 million has been reclassified from other net assets to private equity in relation to the IDP loan.

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.

21. Subsequent events

This Annual Report and Financial Statements were approved by the Board on 23 October 2018. Subsequent events have been evaluated until this date.

The Company and Investment Manager have agreed in principle changes to the management fees which, when finalised, will be back dated so as to be effective from 1 July 2018. For further details, refer to the Chairman's Statement on page 8.

On 23 October 2018, the Board declared a dividend of 5.5 US cents per share.

MANAGEMENT & ADMINISTRATION

Directors
Steven Bates
Martin Adams
Thuy Bich Dam
Huw Evans
Julian Healy (appointed 23 July 2018)

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NOTICE OF 2018 ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

Notice of annual general meeting

Notice is hereby given that the 2018 Annual General Meeting of the Company will be held at the offices of Aztec Group, East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP on 10 December 2018 at 11.00 a.m. (The "Meeting").

The Board unanimously recommends that shareholders vote in favor of all resolutions, except in the case of Special Resolution 14 (Agenda item O), which the Board unanimously recommends that shareholders vote AGAINST.

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 2018.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Ordinary Resolution 2	C. **To receive and adopt the Directors' Remuneration Report.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Ordinary Resolution 3	D. **To re-elect PricewaterhouseCoopers CI LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Ordinary Resolution 4	E. **To authorise the Board of Directors to determine the Auditor's remuneration.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***

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.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Ordinary Resolution 6	G.	**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.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Ordinary Resolution 7	H.	**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.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Ordinary Resolution 8	I.	**To elect Julian Healy following his appointment as a Director of the Company on 23 July 2018 in accordance with Article 20.2 of the Articles of Incorporation of the Company.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
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 2018.** ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Special Business **Ordinary Resolution 10**	K.	**That, 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 10 December 2018; 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 10 March 2020 (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. ***The Board recommends that shareholders vote IN FAVOUR of this resolution***

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 10 March 2020 (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).** *The Board recommends that shareholders vote IN FAVOUR of this resolution*
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 10 March 2020 (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.** *The Board recommends that shareholders vote IN FAVOUR of this resolution*
Ordinary Resolution 13	N. **To amend the aggregate amount of fee that may be payable to the Directors (including fees, if any, due to the Directors for attendance at meetings of any committee of the Board) so that aggregate fees for all of the Board collectively shall not exceed USD650,000 in any financial year.** *The Board recommends that shareholders vote IN FAVOUR of this resolution*
Special Resolution 14	O. **THAT the Company ceases to continue as currently constituted** *The Board recommends that shareholders vote AGAINST this resolution*
	P. **Any Other Business.**

By Order of the Board

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

23 October 2018

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 that 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 seeks authority 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 this 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 10 March 2020.

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, in their opinion, it is in the best interests of the Company to issue shares. This authority will expire at the conclusion of next year's Annual General Meeting or, if earlier, on 10 March 2020.

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 10 March 2020.

The Directors will only use this authority when, in their opinion, it is in the best interests of the Company to issue shares.

Ordinary Resolution 13 (Agenda Item N) – (Directors Remuneration)

This ordinary resolution seeks authority to amend the maximum aggregate amount of fees that may be payable to the Directors to USD650,000 in any financial year. While there is no current intention to increase the remuneration paid to individual directors, an increase in the total will allow the number of Directors to be increased to five, and provide flexibility in planning future appointments to the Board, for example allowing an overlap between the appointment of one director and the retirement of another.

Special Resolution 14 (Agenda Item O) – (Life of the Company)

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.

RECOMMENDATION

The Board considers that a vote FOR the Resolutions 1 to 13 and a vote AGAINST Resolution 14 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 FOR the Resolutions 1 to 13 and a vote AGAINST Resolution 14 to be proposed at the forthcoming Annual General Meeting.

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