VinaCapital

VinaCapital Vietnam Opportunity Fund

Annual Report and Financial Statements
for the year ended 30 June 2019

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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 (the “Guernsey Law”). 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 considers it 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 Board 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, 2013 and 2018 and on each occasion the resolution was not passed, allowing the Company to continue as currently constituted.

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 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.

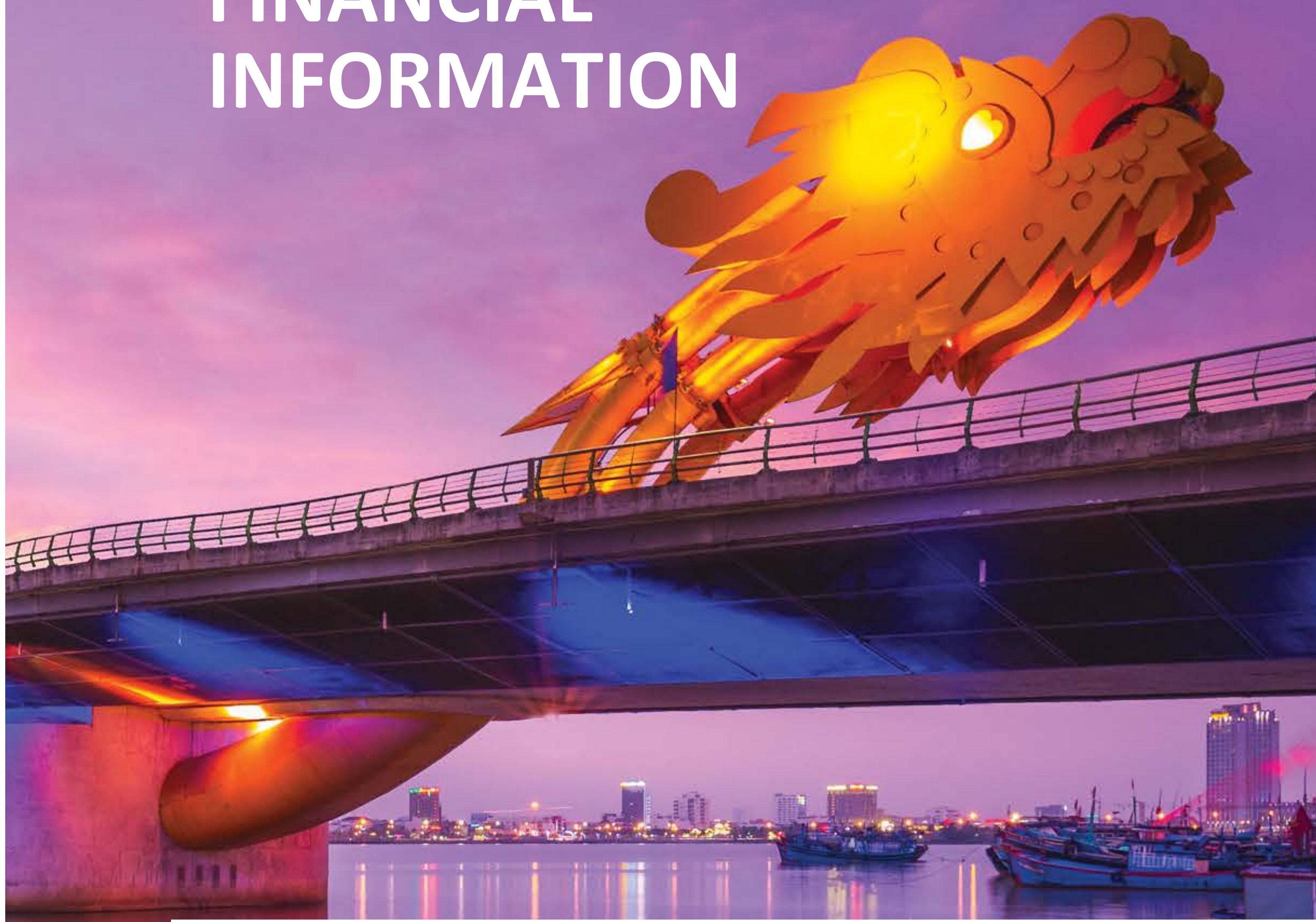
The Company may from time to time make co-investments alongside other investors in private equity, real estate or similar assets. This includes, but is not restricted to, co-investments alongside other funds managed by the Investment Manager.

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	2015	2016	2017	2018	2019
Statement of Comprehensive Income (USD'000)					
Total income/(loss) from ordinary activities^	12,132	119,137	230,366	195,365	(9,334)
Total expenses from ordinary activities	(17,504)	(23,067)	(39,817)	(42,625)	(18,763)
Operating (loss)/profit before income tax	(5,372)	96,070	190,549	152,740	(28,097)
Income tax expense	-	-	-	-	-
(Loss)/profit for the year	(5,372)	96,070	190,549	152,740	(28,097)
Minority interests	-	-	-	-	-
(Loss)/profit attributable to ordinary equity holders	(5,372)	96,070	190,549	152,740	(28,097)
Statement of Financial Position (USD'000)					
Total assets^	723,744	796,386	982,358	1,082,329	974,633
Total liabilities	5,080	9,850	32,683	38,897	19,384
Net assets	718,664	786,536	949,675	1,043,432	955,249
Share information					
Basic (loss)/earnings per share (cents per share)^	(2.00)	45.00	93.00	77.00	(15.00)
Basic earnings/(loss) per share (pence per share)^	-	30.00	73.00	57.00	(12.00)
Share price at 30 June (USD)*	2.50	2.82	3.82	4.30	4.34
Share price at 30 June (GBP)*	-	2.11	2.94	3.26	3.41
Ordinary share capital (thousand shares)	219,958	208,646	200,621	194,058	184,809
Market capitalisation at 30 June (USD'000)*	549,894	588,382	766,372	834,449	802,069
Market capitalisation at 30 June (GBP'000)*	-	440,243	589,826	632,629	630,197
Net asset value per ordinary share (USD)^	3.27	3.77	4.73	5.38	5.17
Net asset value per ordinary share (GBP)*^	-	2.82	3.64	4.07	4.06
Ratio					
Ongoing charges excluding incentive income/(fee)[‡]	1.7%	1.8%	1.9%	1.8%	1.7%
Incentive (income)/fee[Ŧ]	0.5%	1.2%	2.7%	2.1%	(0.3%)
Ongoing charges plus incentive fee[₹]	2.2%	3.0%	4.6%	3.9%	1.4%

HISTORICAL FINANCIAL INFORMATION



^ The figures for 2019 above include adjustments to the share prices of some investments at 30 June 2019 in order to adjust for pricing anomalies identified by the Board. Please refer to the Glossary for a complete explanation.

* 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 each year.

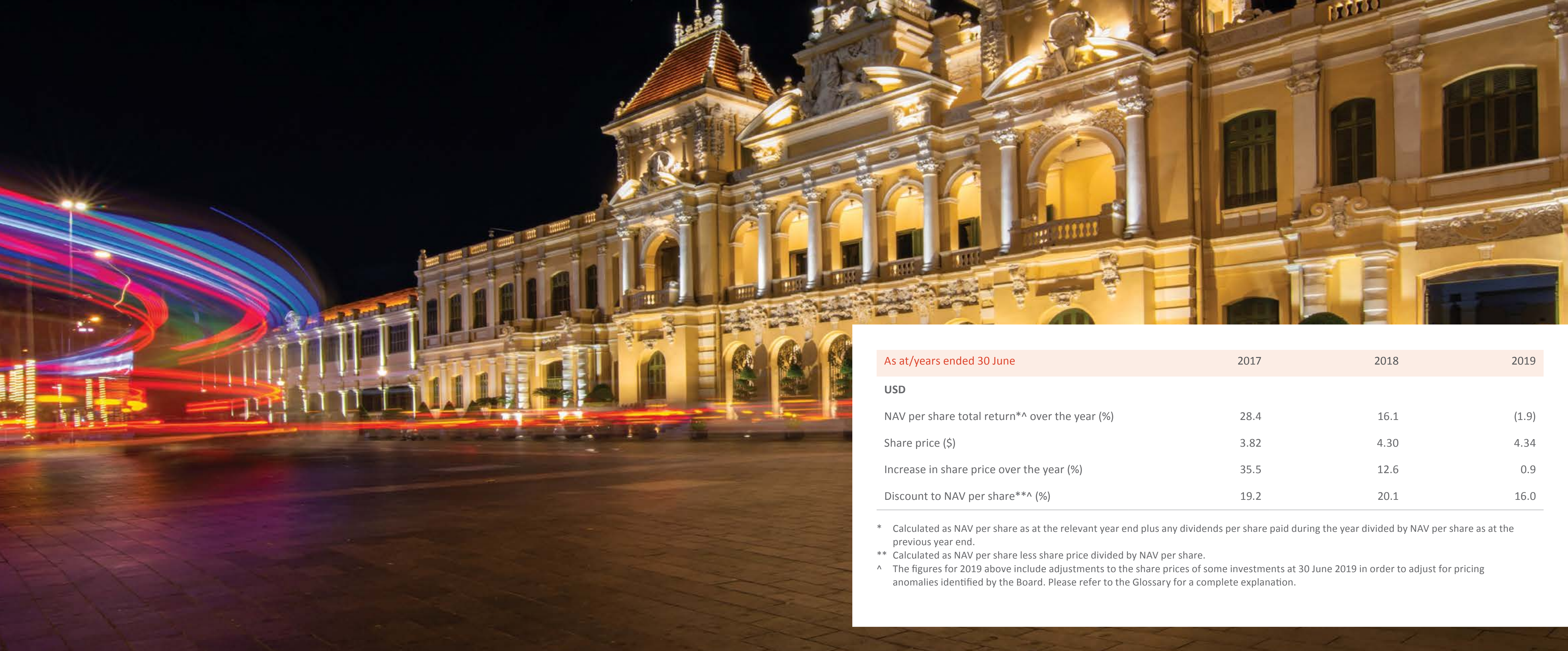
‡ Calculated as general and administration expenses divided by average NAV for the year. Ongoing charges have been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology.

Ŧ Calculated as total incentive fee divided by average NAV for the year.

₹ Calculated as the sum of general and administration expenses and total incentive fee divided by average NAV for the year.

FINANCIAL HIGHLIGHTS

In the year to 30 June 2019, the Company's NAV per share decreased in US Dollar terms by 3.9% to USD5.17, while the Company's share price increased by 0.9% to USD4.34, from the same date a year ago. Taking account of dividends paid in the year to 30 June 2019, the NAV Total Return* was -1.9%.



As at/years ended 30 June	2017	2018	2019
USD			
NAV per share total return*^ over the year (%)	28.4	16.1	(1.9)
Share price ($)	3.82	4.30	4.34
Increase in share price over the year (%)	35.5	12.6	0.9
Discount to NAV per share**^ (%)	19.2	20.1	16.0

* Calculated as NAV per share as at the relevant year end plus any dividends per share paid during the year divided by NAV per share as at the previous year end.

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

^ The figures for 2019 above include adjustments to the share prices of some investments at 30 June 2019 in order to adjust for pricing anomalies identified by the Board. Please refer to the Glossary for a complete explanation.

Steven Bates
Chairman

"There are not many investment opportunities in the world which offer reasonably assured growth with a developing capital market and a range of interesting opportunities. Vietnam is one such opportunity, and your Company is well positioned to take advantage of it."

CHAIRMAN'S STATEMENT

Dear Shareholder

I am pleased to report that at last year's AGM shareholders voted by a large majority in line with the Board's recommendations on each of the resolutions. In particular, shareholders voted against Resolution 14, the "discontinuation vote". The Company will, therefore, continue as presently constituted for a further five years. I would like to thank shareholders for their support but also to reiterate the Board's commitment to hold a regular vote on the continuation of the Company – the next such vote is expected to be held at an AGM in December 2023.

Investment Strategy and Performance

Over the Company's financial year, the stock market in Vietnam had something of a roller coaster ride, rising at first and then falling in line with global markets in the fourth quarter of 2018. Since then, it has staged a decent recovery and now sits more or less where it started, despite the volatility in the meantime. In Sterling terms, the Company's NAV per share increased by 1.8% while in US Dollars, which is the Company's accounting currency, it fell by 1.9%, both on a total return basis.

Although a large percentage of the Company's assets are either listed on a Vietnamese exchange or traded on UPCoM (Unlisted Public Companies Market), which falls short of an official listing, many of these positions were originally purchased as part of a privatisation procedure or as private equity. The Company has a mandate to pursue opportunities in Vietnam wherever it finds them, and the intent for some time has been to increase the allocation to private equity positions. A large pipeline of such prospects is being developed by the Investment Manager, but it is taking an increasingly long time to complete transactions. During the year, we invested in a private placement of convertible bonds into one of the leading real estate developers, Novaland, and in Tam Tri Medical for USD25.3 million and USD17.6 million, respectively. The Investment Manager is hopeful that significant further capital will be deployed in this area over the year ahead.

When valuing the Company's portfolio at the end of the financial year, it became clear that the closing market prices of certain stocks on Friday 28 June 2019 were unusually high – higher than they were on Thursday 27 June 2019 or on Monday 1 July 2019 – and, in the Board's view, were anomalous. This applied in particular to a small number of stocks traded on the junior Unlisted Public Companies Market (UPCoM), as well as some traded on the Ho Chi Minh Stock Exchange and Hanoi Stock Exchange. We are obliged by accounting rules to prepare the Company's financial statements on the basis of closing market prices on Friday 28 June 2019, the last business day of the Company's financial year. However, in reporting the investment performance for the year in the Chairman's Statement and in the Investment Manager's Report, the Board believes that it is more appropriate to use a NAV based on the average of the closing prices of the stocks in question on Thursday 27 June and Monday 1 July. On this basis, the NAV of the Company at the end of the financial year was USD955.2 million, equivalent to GBP750.6 million compared with USD979.7 million (GBP769.8 million) in the audited accounts. This adjusted number, as described in the Glossary, has also been used to calculate the management and incentive fees, which are both lower than would have been the case using the accounting rules.

It is important to note that this adjustment was only applied to the figures at the end of the financial year and that the weekly and monthly NAV's which the Company has published subsequently are based on the "normal" market prices and do not require any adjustment.

Dividends

Our policy remains to pay a dividend of approximately 1% of NAV twice each year, in March and October. Your Board believes that paying a steady dividend is a key element in attracting investors with the aim of helping to reduce the discount over time.

In line with this policy:

- On 27 March 2019, an interim dividend of 5.5 US cents per share in respect of the half year ended 31 December 2018 was declared; and
- On 24 October 2019 a second interim dividend of 5.5 US cents per share in respect of the financial year to 30 June 2019 was declared.

These two dividends in total represent approximately 2% of the NAV per share as at the end of the financial year ended 30 June 2019.

I would note that while the payments are in effect made from capital reserves, the dividend income generated by the portfolio of the Company's subsidiaries is growing and in the current year amounted to a gross total of USD18.7 million (2018: USD18.2 million). This compares with the cost of the dividend of USD20.5 million.

Although both dividends in respect of the year were declared by the Board as interim dividends, a Resolution will be proposed at the AGM that shareholders approve the Company's dividend policy.

Discount Management

The discount at which the Company's shares trade to NAV decreased over the course of the year, from 20.1% as at the end of June 2018 to 16.0% on the last working day of June 2019.

We have a continuing strategy to try to reduce the discount focusing on seeking to manage any excess supply of shares while devoting much time and effort to creating demand.

During the financial year under review, 9.2 million shares were bought back, representing 4.4% of the shares in issue at the start of the year. In order to limit the number of shares held in treasury, the Company cancelled 10.4 million treasury shares during the current financial year.

In attempting to stimulate demand in recent years, we have focused time, effort and resources on marketing and promotion and it is pleasing to note an increase in the number of private investors who own shares, either on the advice of a professional advisor or via online share dealing platforms.

We have also carried out several structural reforms, & have:

- Changed the Company's listing venue to the premium segment of the London Stock Exchange. This subsequently resulted in it being included in the FTSE 250 Index;
- Changed the domicile to Guernsey;
- Commenced the payment of dividends; and
- Changed our arrangement with our Investment Manager so that management of our assets is delegated to a regulated entity in Vietnam.

I would note that the discount has been relatively stable in recent months in the mid-teens. Nevertheless, the Board is not complacent about a discount which is still wide in the context of investment companies generally, and we are alert to the risks that this presents. Our efforts to reduce the discount will continue.

The Board

As reported in the Annual Report for the year ended 30 June 2018, Julian Healy was appointed to the Board and to its committees on 23 July 2018 and Martin Adams retired from the Board on 10 December 2018.

Kathryn Matthews joined the Board as a non-executive Director and a member of its committees with effect from 10 May 2019. Kathryn has 36 years' experience in the financial services industry. She has held executive positions in global asset management businesses in the UK and Hong Kong, including Chief Investment Officer, Asia Pacific ex Japan at Fidelity International based in Hong Kong and Head of Portfolio Strategies Group & Global Equities Team at Fidelity Investments in the UK. She began her career at Baring Asset Management, holding a broad range of roles over sixteen years, including as the Head of Institutional Business, Europe & UK.

Kathryn currently serves as a non-executive director of Pendal Group and APERAM SA and sits on the Board of the UK ring-fenced entity of Barclays Bank. She has previously served as a non-executive director of Rathbone Brothers Plc, JPMorgan Chinese Investment Trust Plc and Montanaro UK Smaller Companies Investment Trust Plc.

Investment Management Fees

As at 30 June 2018, some USD23.4 million of incentive fees were carried forward in the Company's financial statements for potential payment in subsequent years, provided that certain conditions were met. During the year ended 30 June 2019 USD5.2 million was clawed back, resulting in an incentive fee accrual at the year end of USD18.2 million. Following publication of this year's financial statement some USD14.7 million of this will be paid out, with the remaining USD3.5 million potentially to be paid out in the following financial year, which has been discounted to USD3.2 million in the accounts to reflect the time value of money. Shareholders should note that the amount to be paid out was reduced below the contracted sum with the agreement of the Investment Manager in light of the anomalous market prices at the 2019 year end described above.

The effect of clawing back USD5.2 million of the accrued incentive fees is to increase moderately the year-end NAV.

AGM

This year's AGM will take place at 10 a.m. on 5 December 2019 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.

Shareholders are most welcome to attend the AGM in person or to vote by proxy.

Outlook

Vietnam has at some points in the history of its capital markets seemed to be disconnected from wider world events. As the markets have become more sophisticated, and the investor base has broadened, so its correlation with global markets looks to have increased. This past year, it has been difficult to hide from the sell-off triggered by the Federal Reserve's tightening of monetary policy in the second half of 2018, or indeed from the rally which followed the reversal of that policy in the first quarter of 2019. Market participants have also had to deal with the vicissitudes of a volatile political scene in both Washington and Beijing. While in some ways, the advantage of 'not being China' helped as the US sought friends in the region, the spill over from the trade war has inevitably affected Vietnam, which runs a large trade surplus with the US. None of this geopolitical noise is going away and it will likely lead to greater volatility in markets. Nevertheless, the macro-economic situation in the country remains remarkably positive, as you can read in Michael Kokalari's review, included after Andy Ho's Investment Manager's Report.

Looking more broadly, the world is experiencing a further round of easy money, despite the maturity of the cycle, and this is supportive of equity markets in general. China has introduced a large number of stimulus measures to counteract the effects of weakening trade and to rebalance its economy towards domestic consumption. In aggregate, these are less powerful than those unleashed in previous downturns, but the targets suggest that the Chinese government is serious about lessening the economy's dependence on its export engine. It is likely that, over time, Chinese investment in Vietnam will increase much as has happened with other countries in the region. The combination of low costs, an educated population and improving infrastructure is indicative of continued rapid growth.

As I have said in previous statements, there are not many investment opportunities in the world which offer reasonably assured growth with a developing capital market and a range of interesting opportunities. Vietnam is one such opportunity and your Company is well positioned to take advantage of it.

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
24 October 2019

INVESTMENT MANAGER'S REPORT

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 &
Group Chief Investment Officer

Portfolio Highlights[1] :

- Accounting for the dividends paid, VOF'S NAV per share declined by 1.9% as at 30 June 2019 financial year ("FY2019").
- VOF paid a total of USD20.5 million in dividends (or USD0.11 per share), equivalent to a yield of 2.1% of NAV per share and 2.5% of share price as at 30 June 2019.
- Over the previous three financial years to 30 June 2016, 2017 and 2018, VOF delivered total returns of 15.4%, 25.6% and 16.8% in USD terms, respectively.
- VOF ended FY2019 with a total NAV of USD955.2 million or USD5.17 per share, and a total market capitalisation of USD802.1 million or a share price of USD4.34 per share, representing a discount of 16.0%.
- VOF's share price increased by 0.9% in US Dollar terms and by 4.6% in Sterling terms over the 12 months ending 30 June 2019.
- During the financial year the Fund acquired 9.2 million VOF shares at a cost of USD39.6 million under its share buy-back programme. Furthermore, as part of the new fee arrangements agreed during the fiscal year 2018 whereby 25% of the performance fee that is paid to the Investment Manager is used to purchase VOF shares, the Investment Manager acquired 0.9 million VOF shares at a cost of USD3.7 million.

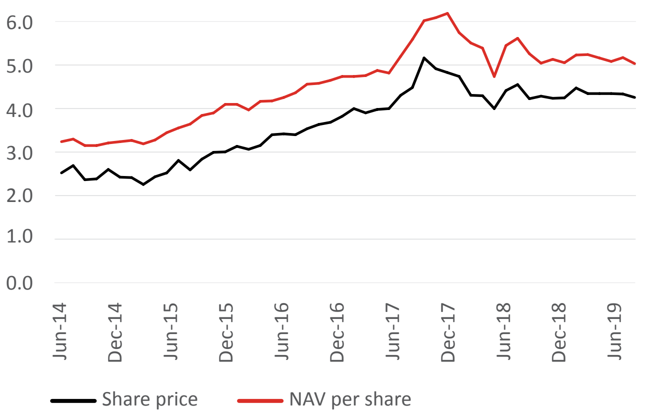


Chart: VOF's NAV per share and share price (USD terms), last five years to 30 June 2019. Note that from March 2016 on migration from AIM to the premium listing of the LSE Main Market, VOF's share price is quoted in British Sterling pence.

Source: Bloomberg, VinaCapital.

[1] The figures in the Investment Manager's Report include adjustments to the share prices of some investments at 30 June 2019 in order to adjust for pricing anomalies identified by the Board. Please refer to the Glossary for a complete explanation.

Market overview

The financial year, which ended 30 June 2019, was a volatile one, with markets whipsawed by a combination of an escalation, de-escalation and re-escalation of trade tensions between the US and China, an uncertain outlook for global growth, and the dramatic easing of monetary policy around the world. On the domestic front, Vietnam had to grapple with concerns including the government's crackdown on corruption and improper land transfers related to real estate projects.

While not immune to the extraneous forces, Vietnam's economy and capital markets demonstrated a level of resiliency because of the strength of its domestic economy and robust macroeconomic fundamentals, including; lower than expected inflation; a stable local currency against the US Dollar, coupled with strong flows from foreign direct investment ("FDI"); and foreign indirect investments ("FII").

During the financial year, we saw the US – China trade war worsen. This dispute – at least for the time being – seems to be positive for Vietnam and the country has been a net beneficiary of the diversion of trade and investment away from China.

Many multi-nationals, including Chinese exporters, have diverted resources towards Vietnam in order to produce goods for export to the US. Typically, these businesses would place additional orders for goods made in Vietnam and have them directly shipped to the US; however there is an issue of scale and capacity as most Vietnamese businesses are already operating at full capacity and are reluctant to expand production fearing that this trade dispute may only be short-term and therefore lead to idle capacity once these orders revert back to Chinese manufacturers should an eventual peace be declared in this trade war.

Having said that, even before the onset of the trade war in early 2018, we had already witnessed global manufacturers shift production to Vietnam in order to take advantage of the country's low manufacturing wages and electricity prices, improving infrastructure, supply-chain proximity to China and the region, and accommodative business environment.

The trade war has only accelerated a migration of production to Vietnam. This in turn has increased demand for industrial land and labour, both of have which have seen significant increases in value and cost.

During the first half of 2019 we saw many signs of further reductions in interest rates from central banks around the world. We have heard numerous arguments that central banks, including the US, are reducing interest rates (many into negative territory) in order to devalue their currencies in an effort to protect their export-driven industries. Since Donald Trump's presidency, the US trade deficit has reached a record level, possibly because the US Dollar ("USD") has strengthened significantly against major currencies including the Chinese Yuan ("CNY"), which in August 2019 surpassed the optically significant CNY7.0 exchange rate to the USD. Historically (such as in 2015) when the CNY materially devalued, the Vietnam Dong ("VND") also depreciated. However, the CNY's recent weakness has not led to downward pressure on the VND because Vietnam's USD reserves have grown significantly and currently represent about four months' worth of import value and Vietnam is currently enjoying a trade surplus. These issues are further discussed in the economic section of this report.

Over the past 18 months, the Vietnamese Government has been aggressive in rooting out improper transfers of real estate properties. As a result, several listed companies were caught up in the review, which placed intense scrutiny over land purchases and transfers. Many real estate development projects are still awaiting government approval and there appears to be a reluctance to push forward on such approvals until some clarity is reached on the land sale and auction process. As such, many real estate companies found it challenging to raise capital in late 2018 and into 2019. This created an opportunity for our investment team to structure several deals to address such risks and concerns. We discuss in more detail one such deal later in this report.

During the first half of 2019, the government issued almost USD4.5 billion worth of bonds and corporates issued USD4 billion of bonds, allowing the bond market to circulate and trade approximately USD24 billion worth of debt papers as at 30 June 2019.

Proceeds of government bond issuances typically go towards funding public infrastructure projects, but with the significant slowdown in project approvals due to the ongoing anti-corruption campaign, a lot of cash remains idle and deposited in State Owned Commercial banks ("SOCB") like Vietcombank, BIDV and Vietinbank. As a result, these SOCBs are flush with capital and given the cap on credit growth of 14%, many of these banks are re-deploying the capital into government bonds, driving yields down significantly (to 3.5% to 4.5% for 5- and 10-year tenors). At the same time, private banks do not have access to this capital due to more stringent and prudent measures and therefore find themselves having to attract deposits by offering 7.5% to 8.5% annual interest rates.

Portfolio review

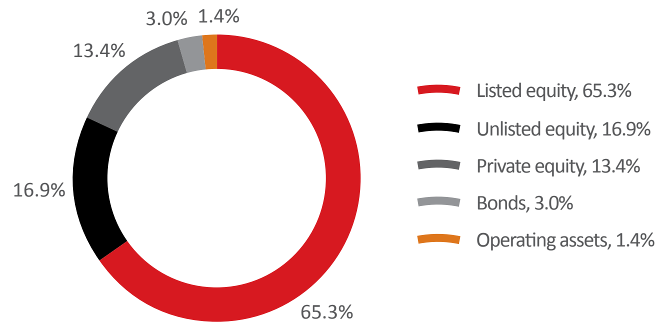


Chart: VOF's portfolio by asset class (excluding cash and other receivables and payables), % NAV as at 30 June 2019.

Source: VinaCapital.

- During the financial year, VOF sold USD224 million of investments in listed and unlisted equities.
- VOF benefited from several major exits from its capital markets portfolio, with a gross total of USD154 million sold, including stakes in Vinamilk (HOSE:VNM), FPT Corp (HOSE: FPT), Viglacera (HOSE: VGC), Hoa Phat Group (HOSE: HPG), and Vietcombank (HOSE: VCB).
- Sales from the private equity portfolio included American Homes Vietnam, a leading ceramic manufacturer (discussed in the December 2018 interim report), and the last remaining direct real estate investment in late 2018.
- The Company invested USD155.1 million, in two private equity investments totalling USD42.9 million, and the balance in listed and unlisted equities via private placements and privately negotiated investments.

- Total cash available at the beginning and end of the financial year was USD34.2 million (including short-term deposits) and nearly USD32.9 million (or 3.4% of NAV), respectively.

VOF's decline of 1.9% on a total return basis was less than the VN Index, which was down 2.6%, in USD terms. The capital markets component of VOF's portfolio, which lost 6.1%, represented 80% of VOF's total NAV. As a result, the capital markets component contributed a loss of 4.8% towards VOF's total return. The capital market component's underperformance against the VN Index was due primarily to losses attributed to HPG (-21.2%) and Coteccons Construction (HOSE: CTD) (-30.5%) during the financial year. These two larger holdings make up 13.5% of VOF's NAV as at 30 June 2019.

During the financial year, CTD's share price was adversely affected by persistent rumours that a consortium led by the largest shareholder, Kusto had acquired a large stake in CTD which would allow them to veto certain shareholders' decisions proposed by the Board of Directors which could affect the operations of the company. At the last AGM held in April 2019, Kusto voiced their disapproval of management's recommendation to merge an affiliate company into CTD. As a result of the tensions between the management and the largest shareholder, some shareholders have decided to divest their holdings and appear to be selling indiscriminately, regardless of the valuation.

Once again, similar to the discussion first raised in last year's annual report, if we look at the VOF portfolio through an alternative lens, one that classifies how we initially entered the investments that are currently held in the portfolio rather than how they are presented by their current asset class, this may help illustrate our private equity and privately negotiated approach to investing. As at 30 June 2019, VOF's total NAV of USD955.2 million consisted of assets that were invested through essentially four paths[2]:

- **Private equity:** 46.6% (FY2018: 42.5%) of VOF's 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 listed.
- **Private placement and Pre-IPO:** 16.9% (FY2018: 17.6%) of VOF's total NAV is the carrying value of companies that VOF entered through a private placement with certain investment rights. Investments in this group include Coteccons Construction ("CTD"). Some of these investments have also gone on to list on Vietnamese stock exchanges.
- **Equitisation:** 20.7% (FY2018: 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 Corporation of Vietnam ("ACV"). Over the current financial year some of these investments moved to the listed equity portfolio; and
- **Shares purchased on the listed stock market:** 11.5% (FY2018: 10.6%) of VOF's total NAV is the carrying value of shares acquired directly on the Ho Chi Minh Stock Exchange or the Hanoi Stock Exchange

Typically, VOF will retain listed investments where we feel that the investment gains in the coming years can surpass a minimum hurdle of 15% per annum. Depending on the risk profile, if the investment does not have the potential to expand its P/E ratio to a peer average level 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 in excess of 20% over the coming year, while the weighted average P/E ratio of listed companies in the VOF portfolio is 16.0x at the end of the financial year.

In summary, we aim to invest in private, off-market opportunities that are not widely available to the general market and almost 80% of the opportunities evaluated by the investment team are into these opportunities. Over time, several of these investments may migrate to the listed portfolio through an IPO and listing process or exit through an M&A process.

In certain cases, we may accumulate additional shares of listed companies in the portfolio on the market in order to build a strategic stake that will enable us to command a premium upon an exit to a strategic buyer. Otherwise, we will typically view the listing of the privately held company as a means to exit and sell the shares.

[2] The above numbers do not include real estate, cash, receivables & payables.

Notable sector weight changes

Our bottom-up investment approach means that the portfolio is benchmark and sector agnostic – it is not managed against an active benchmark like the VN Index. Nevertheless, it may be useful to understand the sector allocation, and changes in exposure, compared to that of last year.

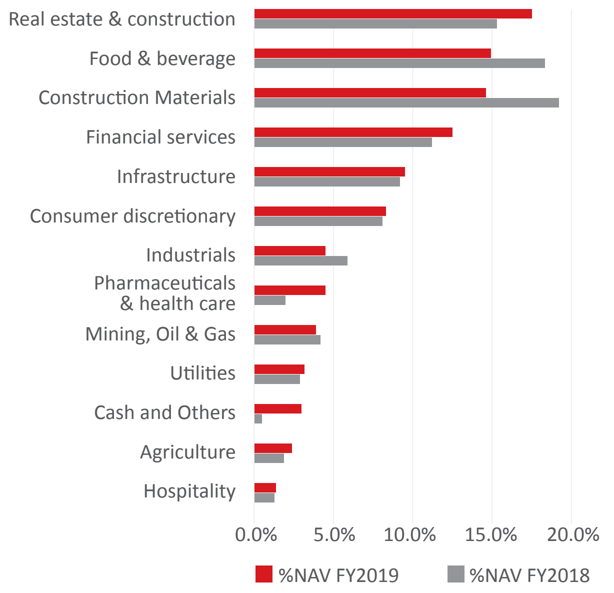


Chart: VOF portfolio by sector allocation, % NAV, FY2019 and FY2018.

Overall, the sector weightings have remained more-or-less consistent with the prior year, with no significant rotation due to structural or cyclical changes:

- **Real estate & construction:** In recent years we have sold all of our direct real estate ("DRE") holdings, with the last divestment being Green Park (Thang Loi) Estate done during FY2019. VOF has re-invested some of the proceeds from these DRE divestments back into the real estate sector through investments in public and private equity transactions of real estate related companies;
- **Construction materials:** The decrease in exposure is largely due to profit taking during the year on our largest holding, Hoa Phat Group ("HPG") as well as the stock's price decline during the course of the financial year;
- **Food & beverage:** Further to profit taking during FY2018, in FY2019 VOF continued to reduce the position in Vinamilk ("VNM") as we believed that the milk company is fully valued. Nevertheless, the Food & beverage sector remains in our top three sector allocations as companies in this sector stand to benefit from increasing wealth creation and domestic consumption. Over the course of the financial year, VNM's share price declined by 10.3%; and
- **Financial services:** VOF invested into Ho Chi Minh Development Bank (HOSE: "HDB") and Orient Commercial Bank (OTC: "OCB") via private equity and pre-IPO process in 2017. In the current financial year, the weighting to the financial services sector rose from 11.2% to 12.5%.

Sector return attribution and contribution

Sector	% NAV	Sector total return
Real estate & construction	17.5%	-3.8%
Food & beverage	14.9%	3.5%
Construction Materials	14.6%	-12.5%
Financial services	12.5%	-3.0%
Infrastructure	9.5%	-6.1%
Consumer discretionary	8.3%	0.9%
Pharmaceuticals & health care	4.5%	12.4%
Industrials	4.5%	-2.8%
Mining, Oil & Gas	3.9%	1.7%
Utilities	3.2%	9.7%
Agriculture	2.4%	28.7%
Hospitality	1.4%	15.8%
Cash and others	3.0%	

Table: VOF portfolio by sector, % NAV as at 30 June 2019, sector total return on a gross basis.

Source: VinaCapital.

Capital markets review

If one were to look at the Vietnam Index ("VN Index") at 30 June 2018 and again at 30 June 2019, one would see a very stable market which lost about 1% in local currency terms during the twelve months to end at 950 points (or down by 2.6% in USD terms). However, during this financial year, the VN Index was actually quite volatile, hitting a high of 1,024 points in October 2018 and subsequently declining to a low of 881 points in January 2019, and then trading range-bound to end at 950 points at the end of the financial year, with an average trailing twelve month Price to Equity ratio ("TTM P/E") of 16.5x (Source: Bloomberg).

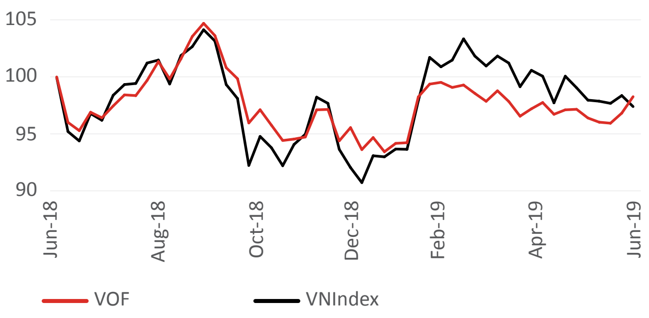


Chart: Relative performance of VOF (NAV per share, total return basis) versus Vietnam Index (VN Index), USD terms, FY2019.

Source: Bloomberg, VinaCapital research

During FY2019, Vietnam's stock market was primarily driven by foreign inflows and outflows. Since the market does not have any pension or endowment funds as anchors to give the market depth and breadth, these foreign flows have created a significant amount of volatility. During the financial year, Vietnam enjoyed a net foreign inflow of USD2.2 billion, including several large off market transactions that were primarily led by South Korean investors, including SK Group which invested USD1.0 billion into Vingroup (HOSE: VIC) (USD250 million in secondary shares, and USD750 million of new shares issued), and USD430 million invested into Masan. In fact, during 1H2019 foreign indirect investment net inflows reached an impressive USD1.3 billion, following USD930 million invested during 2H2018, and a record USD3.7 billion invested over 1H2018. If we exclude the inflows from off market transactions (e.g., IPOs, secondary and primary issuances), then the net inflow from foreign buying directly on the stock exchange was a paltry USD4.0 million for the entire financial year! This shows the difficulty of accessing the market and the importance that off market and put-through transactions have on market liquidity.

The effects of foreign inflows were also amplified as foreign investors' options were generally limited to a handful of blue-chip stocks that had available foreign ownership room. Consequently, with such large volumes of money chasing so few public equity opportunities, the valuations of some blue-chip stocks have also been amplified and are currently beyond what we would deem as fair value based on their growth potential. Furthermore, as a consequence of a number of mega IPOs that took place during the first part of calendar year 2018, which saw significant foreign interest and led to record valuation levels that appear unjustified, many (if not most) of the 2018 IPOs are currently below their initial offering prices, leaving many investors nursing large losses. We have seen a dearth of IPO and equitisation activities over the past 12 months as valuations have retreated, and both companies and government have been reluctant to take the path of IPO and privatisation in the current environment of uncertainty.

As at 30 June 2019, the market had 748 companies listed on the Ho Chi Minh Stock Exchange ("HOSE") and the Hanoi Stock Exchange ("HNX"), with a total market capitalisation of approximately USD145 billion or 60% of 2018 GDP. The UPCoM Exchange (Unlisted Public Companies Market), which is a junior exchange of HNX, has an additional 839 listed companies with a total market capitalisation of USD43 billion. Vietnam is currently part of the MSCI Frontier Market Index, and there is a hope that it will graduate into the MSCI Emerging Market Index at some point in the next two years.

The VN Index as at 30 June 2019 traded at an average TTM P/E of 16.5x according to Bloomberg. A survey of local analysts, including those within VinaCapital's research team, forecast year-on-year earnings per share ("EPS") growth of between 10% to 15% for 2019. If we compare these figures against Vietnam's neighbours, on an earnings basis, Vietnam continues to do well. The market trades at a P/E ratio that is 17% below regional peers, which average 19.8x as at 30 June, while EPS growth is generally higher.

It is pertinent to pause and focus our lens on the effect that certain large, blue-chip companies have on the current market and index performance. Most noticeable, with possibly the largest impact on the market volatility and performance, are the Vingroup group of companies, which include three large, publicly listed companies: holding company, Vingroup (HOSE: VIC); real estate development company, Vinhomes (HOSE: VHM); and retail mall operator, Vincom Retail (HOSE: VRE). These companies enjoy the benefit of large blocks of foreign ownership room available to foreigners (VIC 17.2%, VHM 15.1% and VRE 32.3% available, respectively).

According to Bloomberg, these three publicly listed companies have a combined market capitalisation of approximately USD32 billion as at 30 June 2019 and make up about 23.2% of the VN Index. The level of cross holdings between VIC, which is the holding company, and VHM and VRE is significant, in excess of 66% on average for each company. Furthermore, they trade at valuations that are outsized compared to the market and their peers. For example, VIC trades at a TTM P/E of 83.0x, while VHM trades at a P/E of 16.6x and a price-to-book (P/B) ratio of 6.1x, while VRE trades at a TTM P/E of 31.5x and P/B of 2.8x as at 30 June 2019 (Source: Bloomberg). If we were to remove these three companies from the VN Index, the index would trade at a P/E of approximately 14.0x rather than 16.5x.

During the financial year, we witnessed periods when large fluctuations in the share prices of the Vingroup of companies caused large movements in the overall index. Naturally, if investors hold any, or all, of the Vingroup of companies, they will be exposed to its volatility. Over the course of the financial year, we have seen the share price of VIC increase by 7.6%, VHM decrease by 11.8%, and VRE increase by 9.9% in local currency, while the VN Index decreased by 1.1% in VND terms over the same period.

However, there are many active fund managers that have taken an underweight exposure to this group of companies due to factors that may include opinions on high valuations, low liquidity, or other fundamental concerns. VOF does not track the VN Index and therefore it is possible when companies with large index weightings perform well, we may from time-to-time underperform. We do not hold any of the Vingroup companies. We are disciplined with regards to entry and exit valuations and continue to focus on opportunities that are not widely available to the general market.

Equitisations of State-Owned Enterprises (SOEs)

Pulling back the lens to look at the overall IPO and privatisation (or "equitisation" as it is known in Vietnam) activities over the past 12 months, the dearth of opportunities of meaningful size has made this less appealing for our strategy. Furthermore, many investors did not do so well participating in the IPOs that occurred in 2018 and therefore have shown little interest in 2019, especially not at the valuations which many sponsors and their sell-side advisors were expecting.

While we do have a list of State-Owned Enterprises ("SOEs") that plan to equitise in the coming year, the timing remains unclear. The significant slowdown in equitisations has been caused by several key issues that the government must still resolve, including the value and transfer of land holdings owned by the SOEs. As mentioned in last year's Annual Report, we postulated that the pace of equitisation of SOEs was expected to decline significantly but we did not expect it to stop completely.

Although market conditions have improved somewhat for smaller equitisation opportunities, large equitisations remain stymied as Vietnam's current anti-corruption campaign appears to have significantly delayed the approval process for equitisations, due to causes that we have mentioned above.

In the meantime, the government continues to divest shares in companies that have already equitised. During FY2019, the government divested additional shares in Viglacera (HOSE: VGC), and Danang Rubber Company (HOSE: DRC):

- VGC is the largest glass producer in Vietnam. They produce window-panes for office buildings and for industrial use. VOF participated in the equitisation of VGC but we have since sold shares at a profit (IRR of 22.1%) after this company listed on HOSE; and
- DRC owns large rubber plantations and is one the largest producers of radial and bias tires in Vietnam. VOF also invested in DRC when it first equitised, and we subsequently took profit (IRR of 26.8%) once it listed on HOSE.

LISTED PORTFOLIO REVIEW

The table below sets out VOF's top 10 listed equity holdings as at 30 June 2019. The top ten positions now account for 56% of the portfolio, down from 59% as of last year, and 82% as of two years ago:

Investee company	Sector	Entry classification	2018 % NAV	2019 *% NAV*
1. Hoa Phat Group (HPG)	Construction materials	Private Equity	14.6	10.9
2. Khang Dien House (KDH)	Real estate & construction	Private Equity	7.2	9.0
3. Airports Corporation of Vietnam (ACV)	Infrastructure	Equitisations	8.2	8.2
4. Phu Nhuan Jewelry (PNJ)	Consumer discretionary	Private Equity	5.5	6.2
5. Vinamilk (VNM)	Food & beverage	Equitisations	8.5	5.8
6. Eximbank (EIB)	Financial services	Private Placement	3.7	5.2
7. Quang Ngai Sugar (QNS)	Food & beverage	Private Placement	2.8	3.1
8. Vietjet Air (VJC)	Industrials	Private Placement	3.7	2.9
9. Coteccons (CTD)	Real estate & construction	Private Placement	2.5	2.6
10. Orient Commercial Bank (OCB)	Financials	Private Placement	2.4	2.5
		Total	59.1	56.4

Table: Listed equity holdings, % of total NAV as at 30 June 2018 compared to 30 June 2019.

Source: Bloomberg, VinaCapital Research

During FY2019, VOF had between 30 and 40 holdings in its listed portfolio and we would like to highlight several 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 25% which is significantly higher than the second-largest company. The company also holds the leading position in the steel pipe segment with a 30% market share.

HPG's earnings in the first half of 2019 were USD 172 million, a decrease of 13% y-o-y on due to a decline in gross margin resulting from a much higher cost of a key input, iron ore, and capacity constraints. Steel revenue growth of 7% was achieved by a combination of an increase of 13% in volume and a 4% decrease in the average selling price. The main driver of long-term growth is 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 2019.

The current valuation of HPG is 7.8x based on its TTM earnings which remains attractive given their solid fundamentals. At this multiple, HPG continues to trade at a discount to peers, and we feel that the stock is undervalued. As at 30 June 2019, HPG accounted for 10.9% of VOF's total NAV.

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 has rapidly improved.

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 tapping into BCI's low-cost land bank and has begun launching major landed projects in 2018. 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.

Management estimates 2019 net profit growth to be around 30% y-o-y, 16% higher than the company's initial target. Profit will be largely driven by the delivery of units pre-sold in 2018 and 2019. KDH is trading at a 2019 P/E ratio of 12.3x and a price-to-book ratio of 1.7x. As at 30 June 2019, KDH accounted for 9.0% of VOF's total NAV.

3. 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 2019, the company reported revenue of USD385 million and profit of USD159 million, representing revenue growth of 12% and profit growth of 20% year-on-year. For the full year 2019, we expect revenue growth at 14% and profit at 14% despite the slowdown in international passenger growth (4.5% in 1H2019 vs. 22% in 1H2018). However, at the recent AGM at the end of June 2019, management announced that earnings would receive a boost because ACV would be able to collect licensing fees from busy international airports such as Cam Ranh and Da Nang airports which are not 100% owned.

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 continued growth from domestic passengers who have been attracted by lower ticket prices, greater convenience and new low-cost airlines, making air travel the optimal choice.

The listing progress to HOSE has been delayed due to issues around the ownership of airfield assets and land. ACV plans to invest in Terminal 3 at Tan Son Nhat Airport, the busiest airport in Vietnam, which will increase its capacity by 20 million passengers per year (+66%). We expect this will significantly add to earnings in three years' time.

As at 30 June 2019, ACV's 2019 P/E ratio is 27.2x, and EV/EBITDA of 18.4x as compared with regional peers' valuations at P/E ratio of 30.7x, and EV/EBITDA 16.8x. We believe that ACV's valuation versus peers is quite attractive given a lower P/E multiple but higher earnings growth rate. However, as the stock trades on UPCoM, its daily liquidity is modest (just over USD1 million per day), a number of large global funds are unable to access it. Once the stock moves to the main bourse this may act as a significant catalyst. As at 30 June 2019, ACV accounted for 8.2% of VOF's total NAV.

PRIVATE INVESTMENT REVIEW

In the current environment, we have found that private investments are also taking much longer to incubate and close. During FY2019 we reviewed approximately 25 investment opportunities totalling nearly USD650 million but have only focused on a little over a dozen opportunities. It is taking us much longer to move beyond the term sheet stage to closure and ultimately investment primarily because we are discovering material differences in our understanding of these businesses once due diligence activities have completed. This is indeed disappointing and has meant that we have had either to walk away from a deal because we no longer have conviction in the management team (or sponsor) or must engage in further negotiations to protect the interest of the fund through a variety of mechanisms.

Diagram: VOF private investment framework, target IRR 20-25%.

Source: VinaCapital.

Within our investment framework, if the exit horizon via an IPO is beyond one year, VOF typically seeks and receives the right to: (1) perform financial, legal, operational and environmental, social and governance due diligence; as well as (2) obtain some form of minority protections 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.

VOF made two private investments during FY2019, deploying USD42.9 million.

In late 2018, VOF deployed USD17.6 million into Tam Tri Medical Joint Stock Company, a second active hospital platform for VOF. Tam Tri Medical operates four profitable hospitals in south and central Vietnam with capacity of over 500 beds.

In late 2018 VOF invested USD25.3 million into a structured investment with a leading listed real estate developer to provide them capital in return for a fixed internal rate of return ("IRR") of 17% along with several forms of security pledges. The investment also had a running annual yield of 10% and a call option to acquire shares in the company at the closing price on the investment date (subject to anti-dilution rights) exercisable at the maturity date of the bond.

These investments demonstrate the typical privately negotiated investment terms not readily available to the public and contain meaningful downside protections, profit commitments from the sponsors, and minimum IRRs.

We continue to see exciting investment opportunities arising from the domestic economy. As households enjoy the benefits of growing wealth through higher wages and capital gains from property and other investments, families are spending more on basic goods and services such as health care, education, food and beverage, banking and property.

Sectors where we are actively evaluating investments include hospitality and conference operators, food and beverage businesses, packaging businesses, construction materials, and financial services. In addition, because of the uncertainty and opportunities presented from the on-going global trade war, we are also focusing on businesses that benefit from the migration / diversion of manufacturing to Vietnam, into sectors such as construction materials and logistics. These investments cover a broad spectrum of investment types by entry method, from pure private equity investments into private companies, private placements, and pre-IPO opportunities. As always, we would like to target more private investment opportunities but note, as always, that some of the investments in the portfolio may quickly move from private to public equity as private companies seek to IPO their shares.

Private equity / privately negotiated investments

Name	Industry	Total Investment Cost (USDm)	Actual Revenue 2018 (USDm)	Projected Revenue 2019 (USDm)	Revenue Growth (%)
Tam Tri Medical JSC	Pharmaceuticals and Health care	17.6	17.2	23.1	34.3
International Dairy Product	Food and Beverage	35.2	56.8	62.6	10.2
Thai Hoa International Hospital	Pharmaceuticals and Health care	11.7	6.3	8.3	31.7
An Cuong Wood-Working	Construction Materials	17.7	166.7	187.2	12.3
Orient Commercial Bank[3]	Financial Services	15.9	216.9	241.7	11.4
Ricons Construction Investment[4]	Real Estate and Construction	10.9	402	475.2	18.2
Saigon Pearl Group	Real Estate and Construction	16.8	73.9	111.6	51.1
Total		125.8			

Name	Industry	Total Investment Cost (USDm)	Minimum IRR (%)	Maturity
Real Estate development company bond	Real Estate and Construction	25.3	17%	12/2020
Food & Beverage company bond	Food and Beverage	20.7	15%	09/2019
Total		46.0		

[3] *OCB entered via a private placement investment. The company is currently unlisted and trades over-the-counter ("OTC"). The investment is classified under the "Unlisted Equities"portfolio.*

[4] *Ricons entered via a private placement investment. The company is currently unlisted and trades OTC. The investment is classified under the "Unlisted Equities"portfolio.*

We highlight below some of the achievements from our private equity portfolio investments over the course of the financial year:

1. AN CUONG WOOD - WORKING JOINT STOCK COMPANY (ACW)

VOF and its co-investor currently own 18.4% of ACW, with VOF's effective holding at 11.3%.

ACW 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 2019, ACW delivered USD82.5 million in revenue, a 20% y-o-y growth in VND terms. The new Dat Cuoc factory came into operation 4 months earlier than expected and is contributing significantly to the 2019 revenue. During the last quarter, 2Q2019, with the transition well on track, revenue grew by 32% quarter-on-quarter.

The key target for 2019 is to ramp up operations in the new factory and improve capacity utilization, which is expected to lead to much higher gross margins. The new Dat Cuoc factory has state-of-art technology with increased use of automation and less dependency on manual labour. For example, though both existing factories have the same capacity, the newer Dat Cuoc factory only requires one quarter of the labour compared to the old factory.

As at June 2019, Sumitomo Forestry owns 20% of ACW with the latest acquisition of 10% occurring in early 2019 at a total post investment equity valuation of USD417 million. Sumitomo Forestry is the leading furniture manufacturer in Japan and has a joint venture in Vietnam producing material board for wood-based panel products.

2. INTERNATIONAL DAIRY PRODUCTS (IDP)

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 International Dairy Products ("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.

The investment team continues to make progress with this restructuring and over the course of this past financial year, we finally began to witness positive signs from these efforts. During the first half of 2018, the company generated revenue growth of 12% while competitors declined compared to the same period last year. Various cost savings were applied that returned IDP to profitability in 2018. During 1H2019, IDP delivered approximately USD33.6 million in net revenue (10.6% y-o-y increase) and USD2.4 million in net income. The company also delivered over USD4.0 million in EBITDA over the past six months, surpassing the whole 2019 annual budget by 10%.

The improvement to EBITDA stems from: (1) sales improvement on both domestic and exporting markets thanks to a revised and effective trade strategy and attractive consumer promotion programs; (2) a new marketing strategy, switching from traditional to digital channels; (3) switching materials to save cost but still maintaining a high level of quality; (4) major cuts in G&A expenses via re-organisation; and (5) the merger of a small factory into a mega factory to save on operational costs.

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

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 the Mekong Delta region with over 400 beds. THH, located 150 km away from HCMC, has emerged as a high-quality brand within the local market and has strong support from the local government. The hospital's CEO is a surgeon and obstetrician with over 20 years of experience at Tu Du Hospital, the largest obstetrics hospital in Vietnam, located in Saigon. In 2019, Thai Hoa expects to post USD8 million in revenue, a year-on-year increase of 33%.

THH owns and operates a hospital in Dong Thap with a designed capacity of over 200 beds and over 200 professionals including 25 experienced doctors, medical advisors, and highly skilled nurses. A second hospital with over 200 beds is near completion in Hong Ngu City about 50 km from the existing hospital. Awaiting final approval, the hospital will open in 4Q 2019 and is expected to accommodate 70,000 to 80,000 outpatient visits in the first year of operation, equivalent to 200 to 220 outpatient visits per day. The new hospital enjoys favourable investment conditions from the government, including subsidised interest on both government and commercial loans, low land acquisition costs, and long-term tax exemptions.

MARKET RISKS

Market valuations today have returned to historical norms, trading in-line with the regional peer averages and are reasonable compared to forecast growth rates. Nevertheless, we do see some risks that require monitoring. The question revolves around whether the current market can sustain its onwards trajectory, whether the weight of inflows from foreign investors will retreat in times of market shock, and whether there are sufficient domestic actors to sustain a deep and broad market. We believe that today's market conditions are different from in the past and so are the associated risks. The top three areas of concern for the Vietnamese market today that bear repeating are:

- **External volatility:** In 2018 and into early 2019 we witnessed how the US market and global currency volatility can have a negative impact on Vietnam's stock markets. External shocks and volatility could force some foreign investors to retreat, putting pressure on Vietnamese markets as well as on the Vietnamese Dong;
- **Margin lending:** Market analysts estimate that this currently stands at approximately USD1.4 billion, or 1.40% of the total market capitalisation of Vietnam's main bourses. The level of margin lending remains high relative to historic levels and any sudden volatility on the downside could trigger a downward spiral effect driven by the forced liquidation of margin positions; and
- **Inflation and interest rates:** Although this risk is on the lower side as global rates have reached historic lows, it is one that we are nevertheless acutely aware of and monitoring. A more detailed discussion of these risks is presented in our chief economist's update that follows.

We also believe that the Vietnamese stock market today is more reasonably valued than at its height in 2006 where the average P/E ratio was at times over 30x; today the market trades at 16.5x (and less if we remove certain anomalies in the index constituents). The size and depth of today's market is significantly larger with over 700 listed companies. Furthermore liquidity, which is driven by both foreign and domestic investors, is significantly higher and thus lessens various market risks relative to 2006.

Environmental, Social and Corporate Governance

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.

VinaCapital has committed to adopting and implementing the Principles of Responsible Investment (PRI), which VinaCapital believes is in the best long-term interests of our investors, and which contributes to a more long-term oriented, transparent, sustainable and well-governed investment market.

The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by the United Nations.

LOOKING AHEAD

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 two 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 expanding once again to be in line with the regional average.

Looking forward, we believe that our strong pipeline of potential investments can deliver returns which exceed market averages. Historically, the VOF portfolio has consistently delivered top quartile performance within the lowest quartile of NAV volatility. Through our focus on privately negotiated investments (with shareholder agreements, exit provisions and downside protections) in companies that offer strong growth potential, we seek a more consistent return over time for our investors.

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, but rather refocus on private opportunities.

Quantitative easing is back on the cards through low (and in some instances, negative) interest rates, and the US administration's policies focusing on trade protection could lead global stock markets to 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 investment is via a listed, non-listed or private equity opportunity.

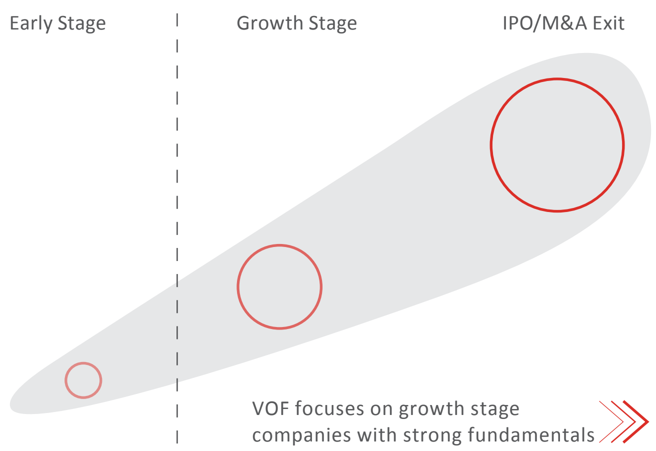


Diagram: VOF focuses on growth stage companies and takes them through to IPO or M&A.

Source: VinaCapital.

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. 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. Looking ahead, VOF's asset allocation strategy can be summarised as follows:

- **Private investments:** This is an area where historically, as with equitisation, VOF has 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 is ever-changing 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 Airports Corporation of Vietnam (second tranche) would be worth USD1.4 billion based on the current market price; and

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

There is no doubt that Vietnam's economy has developed rapidly over the past few years. Nonetheless, it bears noting that the country continues to be a frontier market, which can produce conditions that are unpredictable, and which requires VOF to stay vigilant and ahead of the market.

As more foreign and domestic investors participate in Vietnam's growth, numerous ETFs, both domestic and international, are being created for investors to access Vietnam at a low cost. However, given the illiquid nature of the market and the anomalies created by the foreign ownership limits still largely in place, we are seeing existing market participants take advantage of the illiquid nature of the market to restructure in advance of ETF activities, and in some instances profiting at the expense of ETFs.

We continue to see weak corporate governance being practised by many listed companies, which can degrade not just shareholder value, but also confidence in the market as a whole. To that end, we believe that VOF's continuing strategy of focusing on opportunities not widely available to the market, coupled with VinaCapital's ability to perform due diligence, obtain minority projections and participate at the board or management level, while introducing strong ESG practices, helps position VOF to deliver strong risk-adjusted returns for its shareholders in the years to come.

In summary, 2019 has produced a mix of successes and disappointments. We remain ever vigilant to the market risks but must look beyond the market turmoil and volatilities to ensure that are we are able to deliver superior risk adjusted returns and performance on our investments to our investors. The team remain dedicated and focused on ensuring that the negotiations of private equity and privately negotiated investments deliver the returns and protections that have been the hallmark of our investing over the past 16 years for this Fund. We hope to be able to close and announce several exciting new investments over the course of the next financial year.

As always, and, on reflection of this past financial year, we appreciate the support and confidence that the Board and shareholders have entrusted in me and the team.

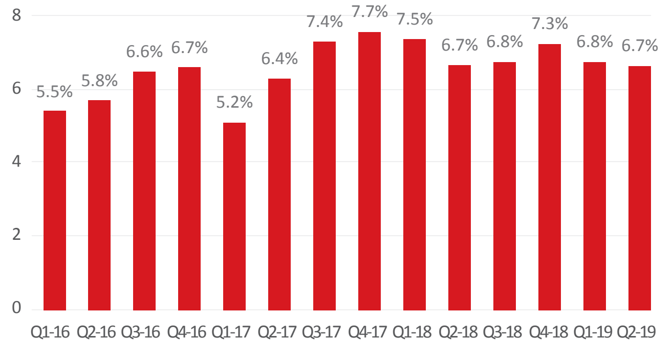
Andy Ho
Managing Director and Group Chief Investment Officer
24 October 2019

ECONOMIC & INVESTMENT ENVIRONMENT

Vietnam's macro economy was stable throughout 2018, a trend that has continued into 2019, as evidenced by modest inflation, a relatively stable Vietnam Dong (VND) exchange rate, and steady interest rates. This stability, coupled with robust yet sustainable GDP growth, supported Vietnamese stock, bond, and real estate prices during VOF's FY2019, and we are sanguine about the prospects for continued price appreciation during VOF's coming financial year.

GDP growth driven by consumption and manufacturing

Vietnam's GDP grew by 7.1% in 2018, and we expect the country's economy to grow at a slightly slower - although still robust - pace in 2019, driven by domestic consumption and the continued expansion of the country's manufacturing output. The economy grew by 6.8% y-o-y from 1H18 to 1H19, and we expect that GDP growth for 2019 will be slightly above 6.5%.



GDP Growth (% yoy)
Source: General Statistics Office of Vietnam (GSO)

Household consumption accounts for nearly two thirds of Vietnam's economy. It grew by approximately 9.4% in 2018, and at an estimated 8.7% y-o-y pace in 1H19. This robust growth contributed over 5% 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 third most confident in early 2019, according to market research firm Nielsen.

Manufacturing accounts for nearly 20% of Vietnam's economy, and grew by 13% in 2018, and at an 11.2% y-o-y pace in 1H19. The robust growth of Vietnam's manufacturing sector contributed about 2% to Vietnam's overall GDP growth rate, and was reflected in a near-record high reading of Vietnam's Purchasing Managers' Index (PMI) of 52.5 at end-1H19, making Vietnam one of only a handful of countries in the world with PMI readings above the '50' expansion-contraction threshold at that time.

Manufacturing growth was supported by a 9% growth of Foreign Direct Investment (FDI) in 2018 to USD19 billion and 8% y-o-y growth in 1H19, because the majority of Vietnam's FDI inflows are deployed into increasing the country's productive capacity. That said, the global "Peak Smartphone" phenomenon started weighing on manufacturing output growth in 2018. Note that we estimate that mobile phone production accounts for over 10% of Vietnam's manufacturing output, and that production fell by about 10% y-o-y in 1H19, after being flat in 2018, resulting in the slight dip in Vietnam's GDP growth from 1H18 to 1H19.

Finally, the decline of China's GDP growth to a reported 27-year low at end-1H19 is also weighing on Vietnam's growth to some extent. Tangible evidence includes plunges in:

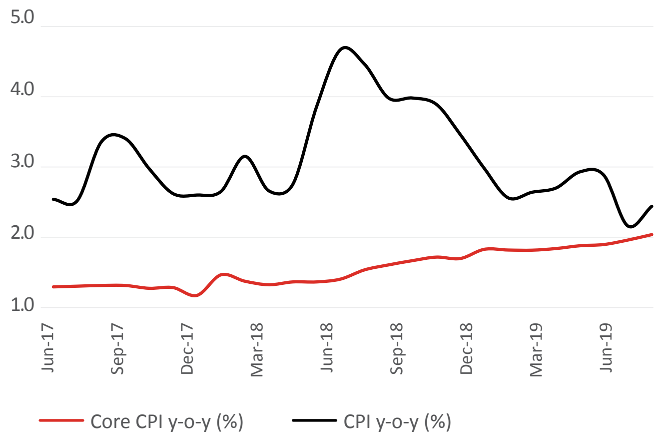
- The number of Chinese tourists visiting Vietnam (a 3% y-o-y drop in 1H19, comparable to what Thailand also experienced, but far from the 49% growth in 2017 to 24% in 2018), who account for about one third of all tourist arrivals; and
- The growth in exports to China, which is the third-largest destination for Vietnam's exports; in 2017 exports to China grew by 61%, 17% in 2018, and were flat in 1H19, although this compares favourably with a 17% y-o-y drop in South Korea's exports to China in 1H19.

Macro-economic stability, inflation and interest rates

Vietnam's policy makers continue to prioritise macro-economic stability, and those efforts were supported by a circa 20% drop in world oil prices from end-1H18 to end-1H19, which helped to reduce Vietnam's headline Consumer Price Index (CPI) inflation from 4.7% y-o-y to 2.2% over that time.

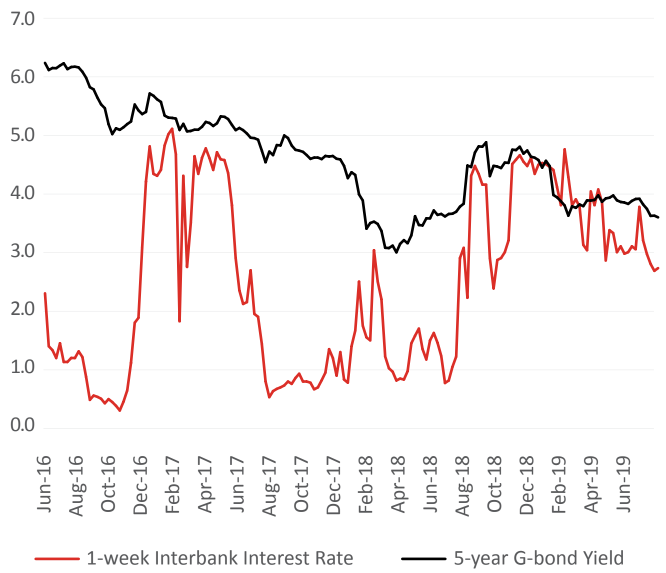
We estimate that the decline in oil prices, albeit in highly volatile market conditions during VOF's FY2019, reduced Vietnam's inflation by about one percentage point. Meanwhile, the drop in food price inflation from 5.1% y-o-y at end-1H18 to 2.4% at end-1H19 reduced the headline CPI inflation rate by an estimated one percentage point, and that a plunge in the growth rate in medical prices from 13% to 0% reduced CPI inflation by 0.8 of a percentage point. The drop in medical price inflation was attributable to the curtailment of the government's administrative price hikes for medical services, while the lower rise in food prices, which contribute 36% of the CPI basket, occurred as a result of African Swine Fever ("ASF").

That last point is counterintuitive because global pork prices surged by nearly 20% in 1H19, but ASF first spread to Vietnam in February 2019, about six months after its initial outbreak in China. ASF actually depressed the price of pork in Vietnam by circa 25% y-o-y at end-1H19 because farmers aggressively sold their healthy pigs on to the market before those swine had a chance to become infected with ASF. However, over 10% of Vietnam's pig population has now been culled, so the price of pork, which contributes about 6% of Vietnam's CPI basket, will certainly soar by the end of the year. Note that pork prices in China soared by over 30% y-o-y as of end-1H19, which explains why China's 8% food price inflation at end-1H19 was so much higher than Vietnam's.



Headline & Core Inflation
Source: Government Statistics Office of Vietnam (GSO)

Despite the plunge in Vietnam's inflation rate during FY2019, 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 interest rates of over 8% p.a. to attract 1-year 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 Vietnam Government Bonds (VGBs) remained very low. Short-term interbank rates averaged below 4%, so 10-year VGB yields ended FY2019 nearly unchanged at 4.7%, which is much lower than Indonesia (7.4%), and also lower than the Philippines (5.1%), which both have similar inflation rates to Vietnam, and which both have investment grade credit ratings, versus Vietnam's BB rating.

The surprisingly low level of interbank interest rates was partly a by-product of Vietnam's central bank's accumulation of nearly USD6 billion of FX reserves in 2018, and over USD8 billion of reserves in 1H19 – which increased the State Bank of Vietnam's (SBV's) total FX reserves to nearly USD68 billion or over 25% of Vietnam's GDP at end-1H19. 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.

Finally, the surprisingly low level of VGB yields was partly due to the Government's slow progress on infrastructure construction. In 1H19, the Government only achieved about one quarter of its planned expenditure on the development of ports, highways, and airports, so the net issuance of VGBs (i.e., gross issuance of government bonds minus maturing bonds), plunged by 75% y-o-y.

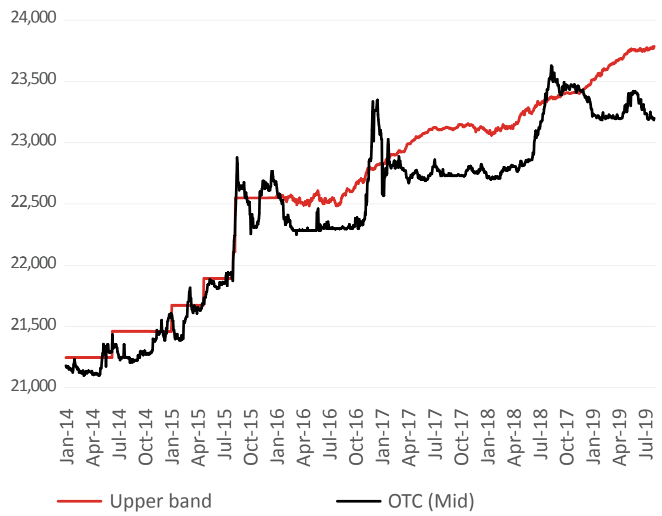
That said, we have recently seen signs of a pick-up in infrastructure construction, so this specific tailwind for the bond market is unlikely to persist, but with global central banks clearly signalling their intention to embark on a new round of monetary easing in 2H19, be believe that it is very unlikely that interest rates in Vietnam will increase substantially over the coming financial year.

Further to that last point, we note that Philippines 10-year bond yields plunged by 300 basis points (bps) from 8.2% in late 2018 to 5.1% at end-1H19, driven by foreign inflows because international investors are "chasing yield" as global interest rates plunge to low, and even negative, levels. Foreign investors are not major holders of Vietnam Government Bonds, but the dramatic experience of the Philippines suggests that the possibility of foreigners pouring money into the local bond market will prevent yields from increasing significantly over the next year.

Macro-economic stability and the Vietnamese Dong

In addition to the modest decline in world oil prices during VOF's FY2019, the relative stability of the value of the US Dollar over the financial year also aided Vietnam's government's efforts to maintain a stable macroeconomic environment during that time.

The value of the USD, measured through the US Dollar Index (DXY) index increased by less than 2% from end-1H18 to end-1H19, and the unofficial value of the VND depreciated by less than 2% over that time, so that the value of Vietnam's currency was essentially stable, or even appreciated somewhat against some of the world's other major currencies. Specifically, Vietnam's Nominal Effective Exchange Rate (NEER) against a trade-weighted basket of Vietnam's trading partners was essentially flat in FY2019.



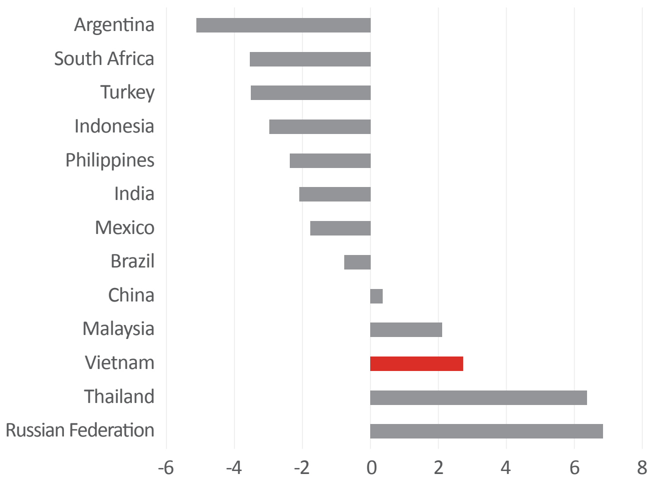
VND Official vs. Unofficial Exchange Rate
Source: State Bank of Vietnam

This stability was reflected in the fact that the unofficial value of the USD-VND exchange rate traded in close proximity to the official rate, as can be seen in the chart above. Furthermore, the price of gold in Vietnam traded in close proximity to world gold prices in 1H19, and even often traded below world gold prices during that time.

Market participants view the premium (or discount) of gold prices in Vietnam to world gold prices as an important sentiment indicator that demonstrates the willingness of locals to hold VND, because the import of gold is strictly controlled by the Vietnamese government. In times of low confidence in the VND, such as during the brief, rumour-ridden episode at the end of 2016 when India's government demonetised its large currency notes, the gold price premium in Vietnam soared from its typical 6-7% to over 15%. During FY2019, the gold price premium in Vietnam fell from 6% to -1%.

Two factors have supported the stability of the VND:

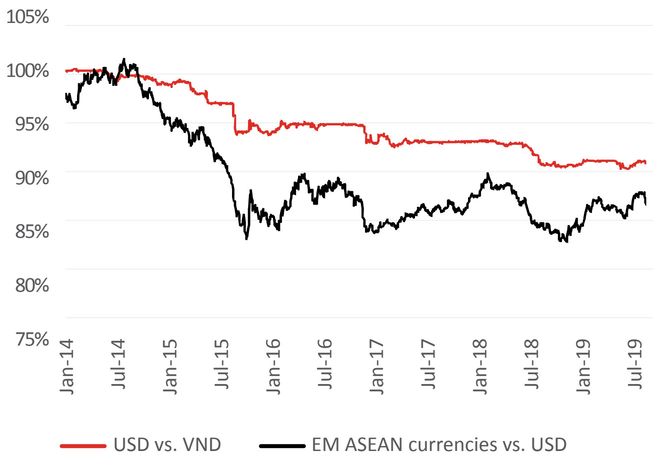
- Vietnam enjoyed current account surpluses averaging over 4% of GDP for each of the past seven years. Also, we estimate that Vietnam's net imports of oil and refined petroleum products equate to about 1-2% of GDP, which contrasts to India, Thailand and China, who import about 45-75% of the oil that they consume (although Thailand enjoys an 8% of GDP current account surplus, thanks to its huge tourism industry).



Current Account as % of GDP (2018)
Source: International Monetary Fund

The central bank's public commitment to intervene in the currency market if the VND depreciates by more than 2%, the credibility of which is backed-up by the SBV's increase in Vietnam's FX reserves to about four months' worth of imports at end-1H19. That said, although the International Monetary Fund (IMF), World Bank and others recommend emerging markets (EMs) to maintain a minimum of three months' worth of FX reserves, according to the IMF's alternate, more sophisticated metric, Vietnam still needs to accumulate another USD20 billion worth of FX reserves to meet its minimum safety threshold.

Finally, it appears that the government is targeting FX rate stability versus the USD, in order to encourage capital inflows from foreign investors, which helps to 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 Chinese Yuan 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 to encourage an enormous wave of foreign investment into China in the 2000's.

The US-China Trade War

Perhaps the most high-profile issue affecting Vietnam over the past year has been the degree to which it might benefit from the US-China trade war. We were among the earliest to espouse the view that Vietnam is the country that will benefit the most from this dispute, for a number of reasons:

1. Approximately 60% of the high-tech products (i.e., mobile phones, computers, TVs, etc.) that the US imports are currently made in China, and about half of China's exports to the US are of high-tech products, versus 20% for Vietnam. On the other hand, only about one-third of Vietnam's overall exports are of high-tech products, and nearly half of Vietnam's exports to the US are still garments and footwear. All of this implies a significant increase in Vietnam's electronics production if a protracted trade war prompts the relocation of production from China to Vietnam.

2. The primary impact of the US-China trade war is the acceleration of the existing trend of manufacturers moving their production facilities from China to Vietnam, motivated by the anticipated ~20% cost savings entailed, according to a recent survey of Chinese manufacturers by Standard Chartered Bank. Those cost savings are primarily attributable to a two-thirds wage differential for factory wages between China and Vietnam (i.e., Vietnam's factory wages are two-thirds below China's).

All of that said, we believe that the trade war presents three risks for Vietnam:

1. The Chinese could devalue the USD-CNY exchange rate past the widely watched '7' level, which would damage sentiment in Vietnam's stock market. We believe that the impact of a depreciation of the CNY on Vietnam's economy would be minimal, but the impact on investor sentiment would be significant. In 2015, the 5% depreciation of the CNY against the USD prompted a similar magnitude depreciation of the VND, even though Vietnam was running a current account surplus at that time, inflation was under 1%, and GDP growth was very robust.

   Furthermore, the sudden depreciation of the CNY in August 2015 triggered an almost immediate 15% sell-off in Vietnam's stock market, driven partly by concerns that the selloff of China's currency would pressure Vietnamese policy makers to depreciate the VND, in order to maintain the country's export competitiveness with China. We believe that such concerns are unfounded because, as mentioned above, wages in Vietnam are only one-third of those in China, and Chinese 5% wage inflation is comparable to Vietnam's 6-7% annual wage increases, so a modest depreciation of the CNY is unlikely to impact Vietnam's export competitiveness.

   Some local analysts are also worried that a depreciation of the CNY would widen Vietnam's 10% of GDP trade deficit with China in 2019, which would degrade Vietnam's overall trade balance. However, we also believe this concern is unfounded, partly because most of the products that Vietnam imports from China are production materials and intermediate goods, rather than consumer goods.

2. Firms attempting to evade tariffs on US imports from China appear to have aggressively "re-exported" products to the US via Vietnam in 1H19, which spawned concerns by US officials, and even by President Trump, who lamented what he perceives as trade abuses by Vietnam in a television interview in June 2019. In 1H19 Vietnam's exports to the US soared by 27% y-o-y, which increased Vietnam's trade surplus with the US from USD16 billion in 1H18 to USD21 billion in 1H19. At the same time, imports from China surged by 18% y-o-y, so Vietnam ran an almost identical mirror trade deficit of USD19 billion in 1H19. This statistical evidence seems to substantiate anecdotal evidence that some firms have been importing products from China, and then doing a minimal amount of processing and value-add to those products before exporting the finished goods to the US as products that were "Made in Vietnam".

   In our view, the possibility that this phenomenon instigates retribution from the US trade authorities poses the biggest risk to Vietnam from the trade war. For that reason, we are encouraged that the Vietnamese government recently took solid steps to clamp down on this practice, and we believe that such steps will be sufficient to appease the US authorities, especially in light of our view that the US has a strong vested interest in maintaining good relations with Vietnam for geopolitical reasons, given China's growing influence with the governments of several of Vietnam's regional peers.

3. Concerns that the acceleration of the movement of production facilities from China to Vietnam is depleting the supply of available skilled workers and straining the country's physical infrastructure. A few reports in the international media suggested that

"Vietnam is Full" to new FDI because of the deluge of new trade war related investment, including a four-fold surge in newly registered FDI from China (albeit from a low base) to USD1.7 billion.

We published a research report titled "Is Vietnam Full to New FDI?" in which we came to the conclusion that Vietnam actually has reasonable spare labour/industrial land/logistics capacity to absorb FDI inflows over the next few years (for example, less than 10% of the workforce is currently employed by FDI companies, and over 40% still works in agriculture). However, if a deluge of FDI equivalent to 5% of China's existing FDI stock were to relocate to Vietnam, we would expect wage inflation to rapidly increase from 7% to 12%, and both the country's stock of industrial land and its logistics capacity would need urgently to be increased.

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 just over 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 fast-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, versus 59% in China, and Vietnamese urban incomes are nearly double rural ones, according to the General Statistics Office of Vietnam (GSO).

Industrialisation is a major growth driver because manufacturing still only contributes less than 20% of Vietnam's GDP. Manufacturing peaked at circa 30% of GDP in each of the "Asian Tiger" economies, so industrialisation is likely to be a major Vietnam growth driver for years to come.

The banking sector

The system-wide credit growth of Vietnam's commercial banks fell from 17% in 2017 to 14% in 2018 but rebounded from 6.1% year-to-date (YTD) in 1H18 to 7.3% YTD in 1H19, although the SBV set a system-wide credit growth target of 14% for 2019.

Loan growth continues to be driven by the extension of consumer loans, which grew by an estimated 28% y-o-y at end-1H19. Consumer loans account for about 20% of banks' total outstanding loans, or circa 26% of GDP, which is comparable to the consumer credit to GDP ratios of Vietnam's EM peers. Mortgages account for about half of consumer loans, so banks' lending to homebuyers also supported Vietnam's real estate market.

The deceleration in the pace of Vietnam's loan growth from 2017 to 2018 and 2019 was motivated by the SBV's efforts to support the government's macro-economic stability objectives and was manifest by a plunge in consumer credit growth from 65% in 2017 to 30% in 2018.

The SBV's clamp-down on credit growth was also motivated by the desire to strengthen the health of the country's banks, given the IMF's recent assessment that "Vietnam's banking sector has long been the country's Achilles heel", and that banking sector fragility still poses risks to the country.

The IMF believes that rapid credit growth and the payment of cash dividends by State Owned Commercial Banks (SOCBs) to the government have depleted banks' capitalisation, while overly restrictive Foreign Ownership Limits (FOL) have impeded some banks' ability to raise new capital. Further to that last point, the IMF recommends the government to lift the FOL of some banks from the current statutory limit of 30% to above 50%, in order to attract qualified strategic investors, but the government may also need to inject public money into some systemically important SOCB's which need circa USD5 billion of new capital.

Nine Vietnamese banks have already implemented the Basel II capital adequacy standard before the government's 2020 target, motivated in part by the SBV's willingness to assign higher credit growth quotas to those banks. Also, banks stepped up the resolution of legacy Non-Performing Loans (NPLs), although Vietnam's 6.5% system wide NPL ratio (including loans held by the Vietnam Asset Management Company) is still higher than the 4-5% NPLs that are typical of other emerging markets.

Rising real estate prices are helping banks to resolve NPLs, because the majority of those loans are backed by real estate collateral, but government implemented macro-prudential regulations that are weighing on the real estate sector somewhat, but that are aimed at both preventing the emergence of another real estate bubble, are bolstering the health of the banking sector.

In 2018, the government raised the risk weighting on real estate loans from 150% to 200% for the purpose of calculating banks' Capital Adequacy Ratios (CAR), and in 2019 the SBV cracked down on certain loopholes by which this regulation was being circumvented. The government has also been steadily tightening Asset Liability Management (ALM) regulations in order to prevent duration mismatches, so some of the smaller banks in Vietnam that want to extend mortgages to homebuyers have started paying deposit rates of above 8% on 1-year deposits in order to comply with the new ALM regulations.

The net result is that mortgage rates in Vietnam increased by about 50-100 bps in 2018, but have been essentially flat in 1H19, which is weighing on the real estate market somewhat, but a much bigger issue for the real estate market in 2018, and especially in 2019, has been a government anti-corruption campaign (described below) that significantly slowed new project approvals in HCMC.

The property sector

In 2018, the prices of new apartments launched for sale (i.e., the "primary market") were essentially flat in each of the three main segments: high-end (over USD2,000 per square meter (/sqm)), mid-tier (USD1,000-2,000/sqm; total unit prices ~USD70,000), and affordable (~USD1,000/sqm). The combined, total number of units sold in Ho Chi Minh City and Hanoi, as well as the number of units launched for sale, both declined by about 10%, and then total unit sales plunged by nearly 40% from 1H18 to 1H19, although apartment prices increased by about 10% y-o-y in the first half of 2019.

The unusual plunge in the volume of sales, concurrent with a healthy increase in prices is attributable to a regulatory crack down on property developers in HCMC that limited the launch of new apartment units. Issues regarding land acquisition were subject to government review stemming from improprieties involving high-ranking government officials and senior banking executives. Additionally, the supply of new units in the Thu Thiem area of HCMC was constricted over land ownership disputes which delayed the zoning permissions necessary for the launch of several new large and high-profile projects.

The restrictions on new supply inflated certain segments of the market and prompted a circa 10-20% increase in the price of existing apartments in the secondary market, thus more-or-less closing the gap between the prices in the secondary and primary markets. Unsurprisingly, there was also a fairly large differential between the increase in apartment prices from 1H18 to 1H19 in Hanoi (+3% y-o-y), and in supply-constrained HCMC (+14% y-o-y).

In 2020-21, a pent-up supply of new housing units is expected to be unleashed on the market as outstanding legal issues are resolved. The resulting surge in supply will put severe downward pressure on prices – especially in HCMC – but it is also likely that the government will make significant progress towards its long-term plan for the development of HCMC from now to 2030, which could help to stabilise prices somewhat.

The "2030 Construction Master Plan" covers topics such as planning for highways and railway lines out to geographic areas that will eventually become the suburbs of HCMC in years to come. This is likely to encourage speculators to bid up the prices of previously very cheap plots of land in areas identified for future growth, similar to the mini bubble in property prices that unfolded during 2018 in certain peripheral geographies of HCMC, such as District 9.

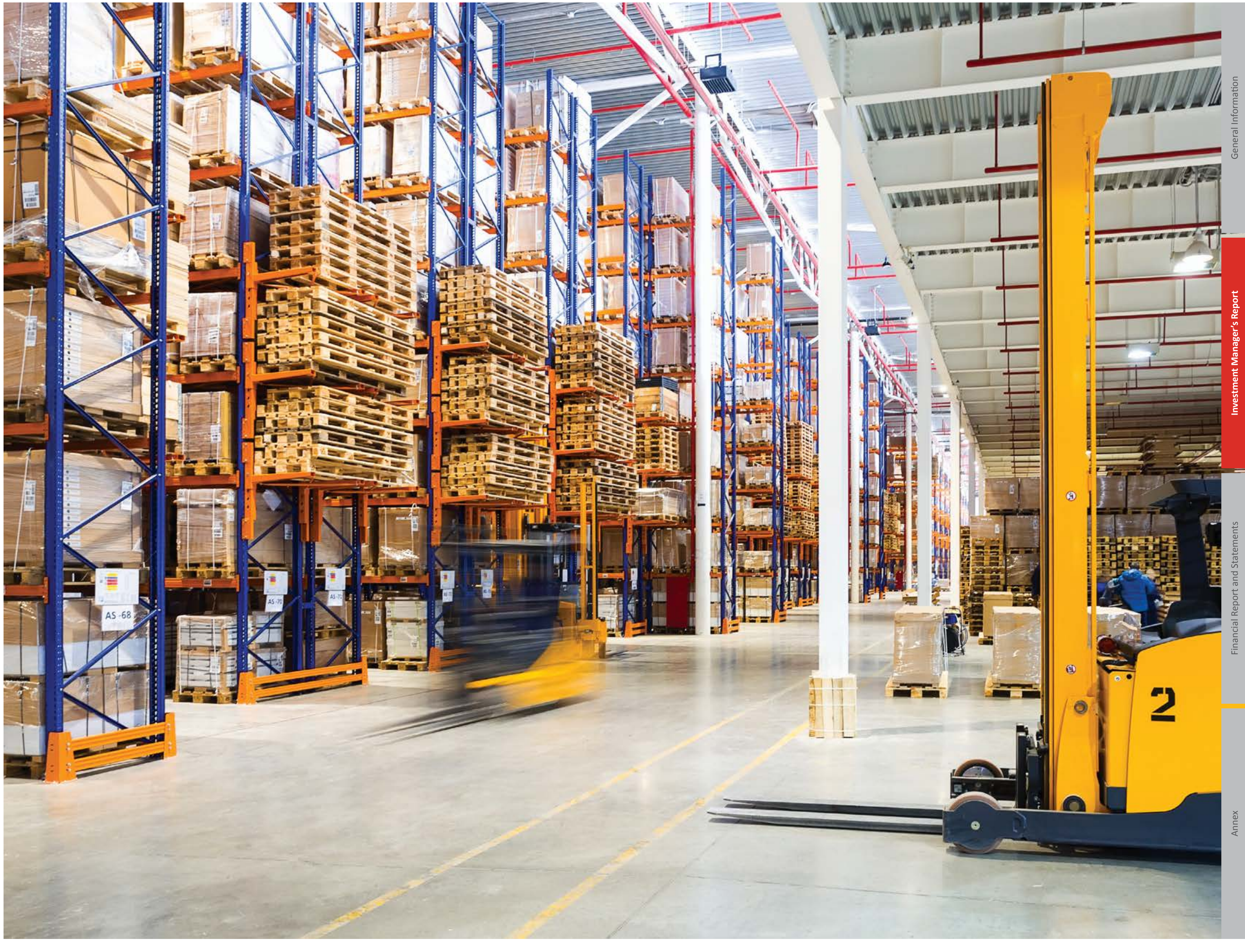
Finally, although the number of newly constructed apartments that are sold annually in HCMC and Hanoi doubled, from about 30,000 units in 2011 to about 60,000 units in 2018, the amount of housing being developed for middle-class workers is still insufficient, and the housing that is being developed for that segment is still affordable to those prospective homebuyers.

Risks

In our opinion, the primary risks to Vietnam's stock market and economy are external. We see little likelihood of past endogenous issues (e.g., reckless money supply growth) significantly perturbing Vietnam's macro-economic stability. The two biggest exogenous risks in our view are that a surge in the value of the USD will cause a contagion in EM currency markets and stock markets, and/or that a significant escalation of trade tensions will damage global investors' sentiment and lead to a steep depreciation in the value of China's currency as discussed above.

Finally, if an EM FX contagion were to unfold, we believe that Vietnam's exchange rate and stock market would probably outperform those of its EM peers, given the country's persistent current account surpluses.

Michael Kokalari
Chief Economist
24 October 2019



VINACAPITAL MANAGEMENT TEAM

Don Lam

Group 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 USD3.3 billion in assets under management. Before founding the Investment Manager, Mr Lam was a partner at PricewaterhouseCoopers (Vietnam), where he led the corporate finance and management consulting practices throughout the Indochina region. Additionally, Mr Lam set up the VinaCapital Foundation whose mission is to empower the children and youth of Vietnam by providing opportunities for growth through health and education projects. He also is the Vice-Chairman, Global Agenda Council on ASEAN for the World Economic Forum. He has a degree in Commerce and Political Science from the University of Toronto. He is a Chartered Accountant and is a member of the Institute of Chartered Accountants of Canada. He also holds a Securities License in Vietnam.

Brook Taylor

Group 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.

Andy Ho

Managing Director and Group Chief Investment Officer

Andy Ho is Managing Director and Group 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 almost USD1 billion. He holds an MBA from the Massachusetts Institute of Technology and is a Certified Public Accountant in the United States.

Loan Dang

Deputy Managing Director

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

Duong Vuong

Deputy Managing Director

Duong Vuong is responsible for the Company's listed and unlisted equity investments. Mr Vuong has over 20 years of investment experience including the last 10 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

Deputy Managing Director

With over nine 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 five 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 maximising 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)

Steven 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.

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 Founding President 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.

Kathryn Matthews

Non-executive Director (Independent)
(Appointed 10 May 2019)

Kathryn has over 37 years' experience in financial services. Her last executive role was as Chief Investment Officer, Asia Pacific (ex Japan), for Fidelity International. Prior to that, Kathryn held senior appointments with William M Mercer, AXA Investment Managers, Santander Global Advisers and Baring Asset Management. She is a non-executive Director of a number of companies and a trustee of two charities.

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

Directorships	Stock Exchange
Company Name	
Steven Bates	
BMO Capital & Income Investment Trust PLC	London
Magna Umbrella Fund plc (Ireland)	Ireland
The Biotech Growth Trust PLC	London
Third Point Offshore Investors Limited	London
Martin Adams (Retired 10 December 2018)	
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	
Standard Life Investments Property Income Trust Limited	London
Third Point Offshore Investors Limited	London
Julian Healy	
Fondul Proprietatea	London and Romania
Kathryn Matthews (Appointed 10 May 2019)	
Aperam S.A.	London
Barclays Bank UK PLC	London
Pendal Group Ltd	Australia

The Board are required to declare any potential conflicts at each meeting. During the year no Director had reported any potential conflicts that may affect their independence.

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 issued in 2016 (the "AIC Code") is deemed to comply with both the UK Code and the Guernsey Code.

The Board has considered and complies with the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all of 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), provides clear and relevant information to Shareholders. To ensure compliance with these principles the Board receives and reviews a report from the Company Secretary at each Board meeting, identifying whether the Company is in compliance and recommending any changes that are necessary.

Except as disclosed in this report, the Board is of the view that throughout the year ended 30 June 2019 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 Board acknowledges the publication of the updated AIC Code during 2019 (the "2019 AIC Code") which is applicable to accounting periods beginning on or after 1 January 2019. The current reporting period began prior to 1 January and as such the Board has reported with reference to the 2016 AIC Code in this document, has implemented the 2019 AIC Code and will report with reference to that Code in the next set of financial statements, for the year ending 30 June 2020.

There is no information that is required to be disclosed under Listing Rule 9.8.4.

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 Investment Manager, nor has any Board member been an employee of the Company, its Investment Manager or any of its service providers.

Huw Evans was appointed as the Senior Independent Directors ("SID") at a meeting of the Board on 10 May 2019. The position of SID provides shareholders with someone whom they can contact if they have concerns which cannot be addressed through the normal channels. The SID is also available to act as an intermediary between the other Directors and the Chairman (if required). The role serves as an important check and balance in the governance process.

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

The Board seeks to ensure that any vacancies arising are filled by the best qualified candidates. The Board has not adopted a formal diversity policy but acknowledges the benefits of diversity and is 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, and 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, background and knowledge. The Board comprises three men and two women, one of whom is resident in Vietnam. The Directors' biographies can be found within the Board of Directors section.

Re-election and tenure 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, including the Company's Chairman, should stand down at the AGM following the ninth anniversary of their initial appointment.

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 5 December 2019.

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 the Company's 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 the directors are aware of the procedures to be 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 below. A summary of the duties of each of the Committees is provided below. The terms of reference can be obtained from the Company's Administrator.

Audit Committee

The Audit Committee, which meets at least three times a year, comprises all of the Directors and is chaired by Huw Evans. The Chairman of the Company is a member of the Audit Committee but does not chair it. His membership of the Audit Committee is considered appropriate given the Chairman's extensive knowledge of the financial services industry and given that the full Board consists of only five individuals.

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.

As set out under Internal Controls and Risk within the Corporate Governance Statement, 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. An internal audit function specific to the Company is considered unnecessary.

A report of the Audit Committee detailing responsibilities and activities is presented after the Statement of Directors' Responsibilities.

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, following Martin Adams' retirement on 10 December 2018, is chaired by Julian Healy. 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.

Remuneration Committee

The Remuneration Committee comprises all of the Directors and is chaired by Thuy Bich 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; and the selection and appointment of any remuneration consultants who advise the Committee.

The Directors' Remuneration Report is presented after the Report of the Audit Committee.

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by Steven 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. The Chairman absents himself from discussions on succession to his own role.

During the year, the Nominations Committee oversaw the search for two new directors, one of which was carried out by Stephenson Executive Search Limited and the other by Sapphire Partners. After interviewing a number of candidates, the Committee recommended the appointment of Julian Healy and Kathryn Matthews to the Board on 23 July 2018 and 10 May 2019, respectively. No other connection exists between the Company and Stephenson Executive Search Limited or Sapphire Partners.

Board and Committee Meetings

During the year ended 30 June 2019, 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	5	5	4	2	1
Attendance					
Steven Bates	5	5	4	2	1
Martin Adams[1]	3	2	2	1	1
Thuy Bich Dam	5	5	4	2	1
Huw Evans	5	5	4	2	1
Julian Healy[2]	5	5	4	2	1
Kathryn Matthews[2]	1	-	-	-	-

[1] Martin Adams retired from the Board on 10 December 2018.
[2] Julian Healy and Kathryn Matthews were appointed to the Board on 23 July 2018 and 10 May 2019 respectively.

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 members of 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. As required by the provisions of the UK Code which require a FTSE 350 company to have its annual evaluation carried out in conjunction with an independent agency every three years, in 2019 the Board appointed Lintstock Ltd as the Company's external evaluator. 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 2019, the review which was facilitated by Lintstock Ltd considered the Board's objectives and how the contributions made individually and collectively to Board meetings helped the Company to achieve its objectives. Following this review, the Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

The Board must ensure that the 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 in which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report the Board has sought to provide comprehensive 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 zero tolerance to the criminal facilitation of tax evasion, fraud, bribery or corruption. This approach applies to the Company and to each of its Directors. Further, this approach is communicated to 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.

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; and
- 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 and subsidiaries by Aztec Group;
- the provision of fund administration by Aztec Group;
- custody of certain listed and unlisted assets is undertaken by Standard Chartered Bank;
- the Management Engagement Committee monitors the contractual arrangements with each of the key 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

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meetings are held at least four times per year to review such information; and
- actions are taken to remedy any significant failings or weaknesses, if identified.

(iv) Internal Audit Function

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 any issues and concerns which they may have 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. As highlighted in the Report of the Board of Directors, Huw Evans acts as the Senior Independent Director of the Company, and shareholders can contact Mr Evans via the Company Secretary or the Company's brokers if they have concerns which cannot be addressed through the normal channels.

The Company aims to provide Shareholders with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative Annual and Half Year reports. This is supplemented by the publication by the Investment Manager of a monthly fact sheet and a weekly estimate of NAV per share.

The Company's website, www.vof.vinacapital.com, is updated regularly with monthly factsheets and provides 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 was adopted in Guernsey and which came into effect on 1 January 2016.

The Company made its latest report for CRS to the Guernsey Director of Income Tax in June 2019.

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 2019 and 30 June 2018, the interests of the Directors in shares of the Company are as follows:

	Shares held as at 30 June 2019	Percentage of total shares at 30 June 2019	Shares held as at 30 June 2018	Percentage of total shares at 30 June 2018
Steven Bates	25,000	0.014%	25,000	0.013%
Martin Adams (retired on 10 December 2018)	-	-	-	-
Thuy Bich Dam	-	-	-	-
Huw Evans	35,000	0.019%	35,000	0.018%
Julian Healy (appointed 23 July 2018)	15,000	0.008%	-	-
Kathryn Matthews (appointed 10 May 2019)	-	-	-	-

There have been no changes to any holdings between 30 June 2019 and the date of this report.

Substantial Shareholdings

As at 30 June 2019 and 30 September 2019, the Directors are aware of the following Shareholders with holdings of more than 3% of the ordinary shares of the Company:

	30 June 2019		30 September 2019	
Shareholder	Number of ordinary shares	Percentage of issued share capital	Number of ordinary shares	Percentage of issued share capital
Euroclear Nominees Limited	17,709,159	9.58%	16,698,389	9.04%
The Bank of New York (Nominees) Limited	12,541,357	6.79%	17,287,316	9.35%
Citibank Nominees (Ireland) Designated	12,018,615	6.50%	9,031,137	4.89%
Activity Company				
State Street Nominees Limited	8,792,450	4.76%	8,525,465	4.61%
Lynchwood Nominees Limited	6,872,325	3.72%	7,007,825	3.79%
Aurora Nominees Limited	6,152,913	3.33%	6,058,072	3.28%

Annual General Meeting ("AGM")

The Company's next AGM will be held in Guernsey at the offices of Aztec Group at 10:00 a.m. on 5 December 2019. The Notice of Meeting is set out at the end 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 2019 and 30 June 2018 have been prepared in accordance with the AIC's recommended methodology. The ongoing charges excluding incentive fees for the year ended 30 June 2019 were 1.70% (30 June 2018: 1.77%). Ongoing charges including incentive fees for the year ended 30 June 2019 were 1.39% (30 June 2018: 3.99%). The figure for ongoing charges including incentive fees is lower this year than that excluding incentive fees because USD5.2 million previously accrued was clawed back.

Going Concern and Viability Statement

The Company is exposed to a number of principal risks and uncertainties as listed in the Report of the Board of Directors and, as noted, the Directors monitor and assess these risks on a regular basis. The Directors confirm that they believe 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 2022. 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.

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.

The Directors believe that, having considered the Company's investment objective (see Investment Policy), financial risk management and associated risks 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 in operational existence for a period of at least twelve months from the date of approval of these financial statements and therefore the financial statements have been prepared on a going concern basis.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") submits its Annual Report together with the Audited Financial Statements (the "Financial Statements") of the Company for the year ended 30 June 2019.

The Company is registered in Guernsey as a closed-ended investment company with limited liability. Up to 31 October 2018 the registered office of the Company was PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL. Since 1 November 2018 the registered office of the Company has been PO Box 656, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP.

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 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, 2013 and 2018 and on each occasion the resolution was not passed, allowing the Company to continue as currently constituted.

Investment Policy and Valuation Policy

The Company's investment objective and investment policy are set out earlier in the Financial Statements. 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.

A discussion of progress against the KPIs is included in the Chairman's Statement.

The progress of the Company against which the KPIs have been assessed at 30 June 2019 is based on the adjusted NAV, to seek to rectify anomalous pricing at the year-end, as described in the Chairman's Statement and the Glossary.

Environmental, Social and Corporate Governance Issues

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.

VinaCapital has committed to adopting and implementing the Principles of Responsible (PRI) Investment, which VinaCapital believes is in the best long-term interests of our investors, and which contributes to a more long-term oriented, transparent, sustainable and well-governed investment market.

The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by the United Nations.

Risk Management

The Board considers risk management to be a function of its Audit Committee. Please refer to the Report of the Audit Committee for further information on the operation of this Committee. In order to address 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 on the following pages together with a description of the mitigating actions taken by the Board. The Board has concluded that, while recognising the escalation of global trade tensions and their effect on the Asian region, the key risks to the Company remained within the same range over the year. No new risk categories have been identified during the year.

Vietnamese Market Risk

Description

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

Changes in the equilibrium of international trade caused, for example, by the 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.

Mitigating Action

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

Changing investor sentiment

Description

As a Company investing mainly in Vietnam, changes in investor sentiment towards Vietnam and/or frontier markets may lead to the Company becoming unattractive to investors leading to reduced demand for 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 the 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 in note 11 of the Financial Statements.

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 quoted 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 and operating asset 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 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. As set out in the Chairman's Statement, the Board identified anomalies in the pricing of certain securities at the balance sheet date and has adjusted these prices in reporting the investment performance for the year in the Chairman's Statement and in the Investment Manager's Report.

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

In addition, PricewaterhouseCoopers CI LLP (the "External Auditor") reviews the overall portfolio valuation as part of the half year review and subjects the overall portfolio valuation to audit procedures as 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 Board has sought to ensure segregation of functions during the year through the appointment of Aztec Group 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 within the Report of the Board of Directors.

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 Aztec Group 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.

Distribution Policy

Dividend Policy

In August 2017, the Company announced a change to its dividend policy and declared its first dividend.

The Board intends that the Company will pay a dividend representing approximately 1% of NAV twice each year, normally declared in March and October.

The policy will be subject to shareholder approval at each annual general meeting.

Share buybacks

The Company may also distribute capital by means of share buybacks when the Board believes that it is in the best interests of shareholders to do so. The share buyback programme will be subject to shareholder approval at each annual general meeting.

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.

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 of the Financial Statements for details of share buybacks during the year under review.

Subsequent Events after the Reporting Date

On 24 October 2019, the Board declared a dividend of 5.5 US cents per share. The dividend is payable on or around 27 November 2019 to shareholders on record at 1 November 2019.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
24 October 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

In preparing the Financial Statements the Directors are required to:

- ensure that the Financial Statements comply with the Company's 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, are fair, balanced and understandable and provide 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 2019.
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 of the steps that 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 provide 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
24 October 2019

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 2019, 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 Huw Evans. All other Directors of the Company are members of the Committee. Julian Healy and Kathryn Matthews joined the Committee on their appointments to the Board on 23 July 2018 and 10 May 2019, respectively. Each member of the Board of Directors, including the Chairman, is considered to have extensive knowledge of the financial services industry and it is therefore deemed appropriate that all Directors are members of the Audit Committee.

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

The Committee conducts formal meetings at least three times a year. The table in the Report of the Board of Directors sets out the number of Committee meetings held during the year ended 30 June 2019 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 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.

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:

Risk Management
The Committee received and reviewed detailed reports on the principal risks facing the Company from the Investment Manager. The Committee's reviews focused on changes to the risks and also considered whether the Company was subject to any new or emerging risks, taking account of the views of the Investment Manager, of other service providers and of Committee members' own awareness of issues which may affect the Company.

Significant Financial Statement Issues
Valuation of Investments:
The fair value of the Company's investments at 30 June 2019 was USD983.0 million accounting for 98.4% of the Company's assets (30 June 2018: USD1,067.5 million and 98.6%, respectively).

In relation to the listed and unlisted investments, the Committee confirmed that the Investment Manager has used the market values published by the relevant stock exchanges as at the Statement of Financial Position date. However, the Committee also identified that a number of these market values had moved significantly prior to the balance sheet date and fell immediately thereafter. The Committee considered that these movements were anomalous and reported its concerns to the Board.

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 August and October 2019.

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:
During the year the Committee reviewed the basis of the incentive fee calculation. With effect from 30 June 2018 the basis of the incentive fee was changed and this is set out in notes 3 and 15(b) of the Financial Statements.

The Committee took steps to ensure that the calculation was independently verified by CES Limited and that the calculation is complete, accurate and in accordance with the Investment Management Agreement. There was no incentive fee earned by the Investment Manager during the year.

The maximum incentive fee that can be paid in any given year is 1.5% of the weighted average NAV of the Company 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 (as adjusted to take account of cash flows such as dividends and share buy backs) exceeds what the NAV would have been at the relevant accounting year end had the fee equalled the 1.5% cap.

The deferred liability carried forward from 30 June 2018 was USD 23.7 million, which was subject to the clawback provisions introduced in 2018. For the purposes of calculating the amount of incentive fee to be paid out, the Board and Investment Manager have agreed that it is more appropriate to use an adjusted calculation based on the average of the closing prices of certain stocks on Thursday 27 June and Monday 1 July. The result was that USD5.2 million was clawed back from the accrued incentive fees, resulting in a total incentive fee accrued of USD18.2 million as at 30 June 2019, of which USD14.7million will be paid out immediately on publication of this Annual Report. The remaining USD3.5 million will be paid out in the following financial year provided that the relevant conditions are met, and has been discounted to USD3.2 million in the financial statements to reflect the time value of money.

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, 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 2019 and 30 June 2018.

	Year ended 30 June 2019 USD'000	Year ended 30 June 2018 USD'000
Audit and assurance services		
- Annual audit	276	297
- Interim review	82	94
Total	358	391

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.

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 to determine the values 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 2019 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
Audit Committee Chairman
24 October 2019

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 5 December 2019.

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 was approved by shareholders to increase the maximum aggregate total remuneration to USD650,000.

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 2019, Directors’ individual annual 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 2019 USD	30 June 2018 USD
Steven Bates	95,000	95,000	95,000
Martin Adams (retired 10 December 2018)	80,000	35,562	80,000
Thuy Bich Dam	80,000	80,000	80,000
Julian Healy (appointed 23 July 2018)	80,000	75,342	-
Huw Evans	90,000	90,000	90,000
Kathryn Matthews (appointed 10 May 2019)	80,000	11,397	-
		387,301	345,000

On behalf of the Board

Thuy Bich Dam
Chair
Remuneration Committee
24 October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of VinaCapital Vietnam Opportunity Fund Limited (the "Company") as at 30 June 2019, 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 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the 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. We have fulfilled our other 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, VinaCapital Investment Management Limited (the "Investment Manager").

The Company, investing through its direct and indirect subsidiaries and associates, is a diversified investment fund focusing 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 on 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 USD9.8 million (2018: USD10.4 million) which represents 1% of net assets (2018: 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 unconsolidated intermediate holding companies.
- The Company and the unconsolidated intermediate holding companies are administered by Aztec Financial Services (Guernsey) Limited ("the Administrator"), as such all financial information and records are now available in Guernsey. In prior years, the financial information and records of the unconsolidated intermediate holding companies were kept on-site in Vietnam by the Investment Manager.
- In establishing the overall approach to the Company's audit, we determined the type of work that needed to be performed by us or by any assisting teams from other PwC network firms.

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 the Administrator to whom the Board of Directors has delegated the provision of administrative functions. We also had significant interaction with the Investment Manager in completing aspects of our overall audit work.

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	USD9.8 million (2018: USD10.4 million)
How we determined it	1% of net assets (2018: 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 shareholders. 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 USD490,000 (2018: USD520,000), 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 USD983.0 million as at 30 June 2019 (2018: USD1,067.5 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 2019 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 investment held and (2) the other residual net assets within subsidiaries and associates as at 30 June 2019. Further details, including the risks considered are as follows: a. *Valuation of underlying listed and unlisted capital markets investments* As at 30 June 2019 the listed and unlisted portion of the capital markets portfolio was fair valued at USD785.9 million (2018: USD892.7 million), representing 79.9% (2018: USD83.6%) 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 relevant to 30 June 2019, 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	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 relevant to 30 June 2019; • 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 2019, independently obtained price confirmations from selected brokers and performed our own assessment of the brokers' independence, objectivity and

judgements made as to whether the market in which the investments trade is actually active and the consequent reliance 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 2019 the underlying real estate and private equity investments were fair valued at USD165.4 million (2018: USD145.6 million), representing 16.8% (2018: 13.6%) 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 2019; and
- 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.

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 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 real estate and private equity investments, we have performed the following:

- Obtained and reviewed the final property valuation reports prepared and issued by specialist independent appraisers;
- Obtained and reviewed the final reports issued by management's valuation experts to the Board so as to understand the assumptions, judgements and valuation methodologies adopted to determine fair value;
- Engaged internal PwC valuation experts to provide audit support reviewing and concluding on the fair valuations of the private equity investments. The PwC valuation experts (a) reviewed the appropriateness of valuation methodologies and approaches and (b) reviewed and commented on the computation of the discounted cash flow valuation models which were adopted by management's valuation experts, including significant assumptions such as cash flow projections, discount rates and terminal growth rates;
- Obtained satisfactory explanations when challenging the assumptions made by 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;

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; and
- Other methodologies including internal desktop valuations.

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 USD16.9 million (2018: USD19.3 million) and other assets net of other liabilities of USD14.8 million (2018: USD9.9 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.

- Discussions and meetings were held with management's valuation experts to assess their ongoing and final valuation reports;
- Confirmed and assessed the independence, objectivity and competence of the real estate specialist appraisers and management's valuation experts;
- Attended Audit Committee meetings and also read Audit Committee papers and minutes 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 other residual net assets, we have performed the following:

- Obtained and agreed independent bank confirmations for all intermediate subsidiaries and associates;
- Agreed a sample of material balances of other assets and liabilities to supporting documentation such as signed agreements; and
- Performed searches for unrecorded liabilities through testing of subsequent payments, ensuring that none of these payments related to unrecorded liabilities existing as at 30 June 2019.

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.

No significant issues or concerns were noted with regard to the valuation of financial assets at fair value through profit or loss which required reporting to those charged with corporate governance.

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, as amended by any agreed variation letters (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 2019, the Company has accrued for USD17.9 million (2018: USD35.9 million) of total incentive fees payable to the Investment Manager split as to USD14.7 million (2018: USD15.1 million) payable as a current liability with the balance of USD3.2 million (2018: USD20.8 million) payable after one year.

In accordance with the terms of the new Investment Management Agreement, which has applied from 1 July 2018, the Investment Manager did not earn an incentive fee based on the performance of the Company for the year ended 30 June 2019. In addition, the brought forward accrued and unpaid incentive fee of USD23.7 million was also subject to the new clawback provisions whereby USD5.2 million was clawed back from the Investment Manager based on the Company's current year performance. This clawed back amount has been reflected in the Company's Statement of Comprehensive Income for the year ended 30 June 2019.

The mechanics surrounding the calculation of incentive fees, including the cap and the adjustments to inputs are more fully explained in notes 3 and 15(b) to the financial statements.

The incentive fee calculation, including the recognition and measurement of the portion of the incentive fee payable after one year, is based on a number of inputs and assumptions, which increases the risk of error or manipulation.

We focused on the accuracy and judgements made by management in their determination and estimation of the total accrual for the incentive fee 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.

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 2019 included:

- We obtained the analysis and calculation performed by management to support the calculation of the incentive fee for the year ended 30 June 2019 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 2019 was in accordance with that agreement, noting that there was no performance fee allocated to the Investment Manager based on the Company's performance for the year then ended;
- We tested the absolute amount of the incentive fee payable to the Investment Manager as at 30 June 2019 based on the terms in the Investment Management Agreement;
- We assessed the reasonableness of the Company's recognition of the incentive fee in excess of the cap as at 30 June 2019 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 these to third party sources where applicable and;
- We discussed our work with the Board as an area where critical estimates and judgements were exercised.

No significant issues or concerns were noted with regard to the calculation of incentive fees which required reporting to those charged with corporate governance.

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 the financial statements and our auditor's report thereon.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company and the wider economy.

- 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 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 Group 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 2016; 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 2016 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
24 October 2019

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2019 USD'000	30 June 2018 USD'000
Total assets			
Financial assets at fair value through profit or loss	8	983,043	1,067,462
Receivables and prepayments	10	31	-
Cash and cash equivalents	6	16,012	14,867
Total assets		999,086	1,082,329
Total liabilities			
Accrued expenses and other payables	12	16,189	18,089
Deferred incentive fees	15(b)	3,195	20,808
Total liabilities		19,384	38,897
Equity			
Share capital	11	387,788	427,351
Retained earnings		591,914	616,081
Total shareholders' equity		979,702	1,043,432
Total liabilities and equity		999,086	1,082,329
Net asset value, USD per share	17	5.30	5.38
Net asset value, GBP per share		4.16	4.07

The Financial Statements were approved by the Board of Directors on 24 October 2019 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 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
For the year ended 30 June 2019				
Balance at 1 July 2018		427,351	616,081	1,043,432
Loss for the year		-	(3,644)	(3,644)
Total comprehensive deficit		-	(3,644)	(3,644)
Transactions with Shareholders				
Shares repurchased	11	(39,563)	-	(39,563)
Dividends paid	9	-	(20,523)	(20,523)
Balance at 30 June 2019		387,788	591,914	979,702

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

STATEMENT OF COMPREHENSIVE INCOME

		Year ended	
	Notes	30 June 2019 USD'000	30 June 2018 USD'000
Dividend income	13	33,654	79,796
Net (losses)/gains on financial assets at fair value through profit or loss	14	(23,694)	115,569
General and administration expenses	15(a)	(16,555)	(18,868)
Finance cost	15(b), 18	(2,208)	(1,315)
Incentive income/(fee)	3, 18	5,157	(22,442)
Other income		2	-
Operating (loss)/profit		(3,644)	152,740
(Loss)/profit before tax		(3,644)	152,740
Corporate income tax	16	-	-
(Loss)/profit for the year		(3,644)	152,740
Total comprehensive (deficit)/income for the year		(3,644)	152,740
Earnings per share			
- basic and diluted (USD per share)	17	(0.02)	0.77
- basic and diluted (GBP per share)		(0.02)	0.57

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 2019 USD'000	30 June 2018 USD'000
Operating activities			
(Loss)/profit before tax		(3,644)	152,740
Adjustments for:			
Dividend income		(33,654)	(79,796)
Net losses/(gains) on financial assets at fair value through profit or loss	14	23,694	(115,569)
Finance cost		2,208	1,315
		(11,396)	(41,310)
Change in receivables and prepayments		(31)	265
Change in accrued expenses and other payables		(20,863)	11,201
Dividend receipts		33,654	79,796
Net cash generated from operating activities		1,364	49,952
Investing activities			
Purchases of financial assets at fair value through profit or loss	8	(76,588)	(277,930)
Return of capital from financial assets at fair value through profit or loss	8	137,313	293,458
Net cash generated from investing activities		60,725	15,528
Financing activities			
Purchase of shares into treasury	11	(40,421)	(28,210)
Dividends paid	9	(20,523)	(29,915)
Net cash used in financing activities		(60,944)	(58,125)
Net change in cash and cash equivalents for the year		1,145	7,355
Cash and cash equivalents at the beginning of the year	6	14,867	7,512
Cash and cash equivalents at the end of the year	6	16,012	14,867

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, 2018 (the "Guernsey Law"). 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 Guernsey Law.

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 considers it 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, 2013 and 2018 and on each occasion the resolution was not passed, allowing the Company to continue as currently constituted.

The Financial Statements for the year ended 30 June 2019 were approved for issue by the Board on 24 October 2019.

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 the 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, the Company has adequate financial resources and suitable management arrangements in place to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements and therefore the Financial Statements have been prepared on a going concern basis.

2.3 Changes in accounting policy and disclosures

New and amended standards adopted at 1 July 2018
The Company has applied the following new accounting pronouncements which have become effective for the current period.

- 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.

IFRS 9 has been applied retrospectively by the Company. The Company's investment portfolio continues to be classified as at fair value through profit or loss. Other financial assets which are held for collection continue to be measured at amortised cost with no material impact from application of the new impairment model. As a result, the adoption of IFRS 9 did not have a material impact on and there were no restatements to the Company's Financial Statements.

Financial assets 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 valued at amortised cost are accrued expenses and other payables and 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 did not have a material impact on, or result in any restatement of, the Company's financial statements 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.

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 has been adopted by the Company with effect from 1 July 2018. Material revenue streams have been reviewed and it was determined that there was no material impact on the timing of, recognition or gross up for principal/agent considerations and, consequently, there have been no material impacts or restatements on the Company's Financial Statements.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Company. There is no expected material impact on, or any restatement of, the Company's Financial Statements as a result of new accounting standards and interpretations published but not yet adopted.

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 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 other net assets (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. Refer to note 4 for further disclosure regarding allocation to segments.

2.6 Foreign currency translation
a) Functional and presentation currency
The functional currency of the Company is the 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.

2.7 Financial instruments
(a) Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Purchases and sales of financial assets are recognised on the trade date, being the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(b) Classification of financial assets
The Company classifies its financial assets based on the Company's business model for managing those financial assets and the contractual cashflow characteristics of the financial assets.

The Company has classified all investments in equity securities as financial assets at fair value through profit or loss ("FVPL") as they are managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to designate irrevocably any investment in equity as fair value through other comprehensive income.

The Company's receivables and cash and cash equivalents are classified as subsequently measured at amortised cost as these are held to collect contractual cash flows which represent solely payments of principal and interest.

(c) Initial and subsequent measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, financial assets are initially measured at fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at FVPL are expensed in profit or loss.

Subsequent to initial recognition, investments at FVPL are measured at fair value with gains and losses arising from changes in the fair value recognised in profit or loss.

All other financial assets are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

(d) Impairment of financial assets
At each reporting date, the Company measures the loss allowance on debt assets carried at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. The expected credit losses are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

(e) Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to their acquisition or issue, other than those classified as at fair value through profit or loss in which case transaction costs are recognised directly in profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss and held for trading, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

The Company's financial liabilities only include trade and other payables which are measured at amortised cost using the effective interest method.

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

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

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

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

2.13 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.

2.14 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 2019, 100% (30 June 2018: 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 operating assets 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 operating assets 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 2019 and 30 June 2018, 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 19(c).

(i) Valuation of assets that are traded in an active market
The fair values of listed securities are based on quoted market prices at the close of trading on the reporting date. 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 investments in private equities
The Company's underlying investments in private equities are fair valued using discounted cash flow models with cross checks to a market comparison approach. 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 projected cash flows. Refer to note 19(c) which sets out a sensitivity analysis of the significant observable inputs used in the valuations of the private equity.

(iii) Valuation of operating assets
At each year-end the fair values of the principal underlying operating assets 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 then 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 2.7. Refer to note 19(c) which sets out a sensitivity analysis of the significant unobservable inputs used in the valuations of the operating assets.

In conjunction with making its judgement for the fair value of the Company's principal 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. recent developments and changes in laws and regulations that might affect zoning and/or the Company's ability to exercise its rights in respect to properties and therefore fully realise the estimated values of such properties;
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
Following the simplification of the fees effective from 30 June 2018, the incentive fee is now calculated as follows:

- The assets previously allocated to the Direct Real Estate Pool have been merged with the previous Capital Markets Pool with effect from 1 July 2018, so that all incentive fee calculations starting with the accounting year ended 30 June 2019 are based on the overall NAV of the Company;
- To the extent that the NAV as at any year end commencing 30 June 2019 is above the higher of an 8% compound annual return and the high water mark, having accounted for any share buy backs, share issues and/or dividends, the incentive fee payable on any increase in the NAV with effect from 30 June 2019 above the higher of the high water mark and the 8% annual return target will be calculated at a rate of 12.5%;
- The closing accrued unpaid incentive fees which were accrued as at 30 June 2018 will be clawed back at the rate of 15% of any decrease in the NAV after 30 June 2018 up to a maximum amount of USD23.7 million, being the gross amount of unpaid accrued incentive fees at 30 June 2018 before discounting. The high water mark will be adjusted accordingly;
- The maximum amount of incentive fees that can be paid in any one year is capped at 1.5% of the weighted average month-end NAV during that year; and
- Any incentive fees earned in excess of this 1.5% cap will be accrued if they are expected to be paid out in subsequent years.

As a result of the decline in the NAV since 30 June 2018, USD5.2million of the USD23.7million accrued incentive fee has been clawed back during the period.

Any incentive fees payable within 12 months are classified as accrued expenses and other payables under current liabilities. Incentive fees payable in subsequent years are classified as deferred incentive fees under non-current liabilities.

For further details of the incentive fees earned and accrued at the period end please refer to note 15(b).

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 generally a reasonable determination of the fair value of the securities.

4. Segment analysis

Dividend income is allocated based on the underlying investments of subsidiaries which declared dividends. Net gains/losses on financial assets at fair value through profit or loss are allocated to each segment (excluding Other Assets) with reference to the assets held by the subsidiary. General and administration expenses are allocated based on investment sector. Finance cost and accrued incentive fees are allocated to each segment (excluding Other Assets) with reference to the percentage allocation on the net gains/losses on financial assets at fair value through profit or loss.

The financial assets at fair value through profit or loss are measured based on investment sector. Other assets and liabilities are classified as other net assets.

Segment information can be analysed as follows:

Statement of Comprehensive Income

	Capital markets* USD'000	Operating Assets USD'000	Private Equity USD'000	Other Assets USD'000	Total USD'000
Year ended 30 June 2019					
Dividend income	30,727	2,927	-	-	33,654
Net (losses)/gains on financial assets at fair value through profit or loss	(61,050)	1,641	35,715	-	(23,694)
General and administration expenses (note 15(a))	(13,022)	(216)	(2,525)	(792)	(16,555)
Finance (income)/cost	(5,689)	153	3,328	-	(2,208)
Incentive income/(cost)	13,288	(357)	(7,774)	-	5,157
Other income	2	-	-	-	2
(Loss)/profit before tax	(35,744)	4,148	28,744	(792)	(3,644)
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(a))	(15,778)	(591)	(1,983)	(516)	(18,868)
Finance cost	(1,315)	-	-	-	(1,315)
Incentive fee	(22,442)	-	-	-	(22,442)
Other income	-	-	-	-	-
Profit/(loss) before tax	140,817	24,701	(12,262)	(516)	152,740

* 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 and call and put options valued using the Black-Scholes model.

Statement of Financial Position

	Capital markets* USD'000	Operating Assets USD'000	Private Equity USD'000	Other net assets** USD'000	Total USD'000
As at 30 June 2019					
Financial assets at fair value through profit or loss ***	785,895	13,030	152,399	31,719	983,043
Receivables	-	-	-	31	31
Cash and cash equivalents	-	-	-	16,012	16,012
Total assets	785,895	13,030	152,399	47,762	999,086
Total liabilities					
Accrued expenses and other payables	-	-	-	16,189	16,189
Deferred incentive fees	-	-	-	3,195	3,195
Total liabilities	-	-	-	19,384	19,384
Net asset value	785,895	13,030	152,399	28,378	979,702

	Capital markets* USD'000	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
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
Other payables					
Deferred incentive fees	-	-	-	20,808	20,808
Total liabilities	-	-	-	38,897	38,897
Net assets value	892,656	33,442	112,189	5,145	1,043,432

* Capital markets include listed as well as unlisted securities and bonds, as well as unlisted securities that are valued at their prices on UPCoM or using quotations from brokers and call and put options valued using the Black-Scholes model.

** Other net assets of USD31.7 million (30 June 2018: USD29.1 million) include cash and cash equivalents and other net assets of the subsidiaries and associates at fair value.

*** USD19.6 million has been reclassified from other net assets to capital markets in relation to the call and put options.

5. Interests in subsidiaries and associates

There is no legal restriction to the transfer of funds from the British Virgin Islands ("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 2019, the restricted cash held in these Vietnamese subsidiaries and associates amounted to USDnil (30 June 2018: USD0.8 million).

5.1 Directly-owned subsidiaries

The Company had the following directly-owned subsidiaries as at 30 June 2019 and 30 June 2018:

		As at		
Subsidiary	Country of incorporation	30 June 2019 % of Company interest	30 June 2018 % of Company interest	Nature of the business
Vietnam Investment Property Holdings Limited	British Virgin Islands ("BVI")	100.00	100.00	Holding company for listed and unlisted securities
Vietnam Investment Property Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Vietnam Ventures Limited	BVI	100.00	100.00	Holding company for listed securities and unlisted securities
Vietnam Investment Limited	BVI	100.00	100.00	Holding company for listed securities and unlisted securities
Asia Value Investment Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Vietnam Master Holding 2 Limited	BVI	100.00	100.00	Holding company for listed securities
VOF Investment Limited	BVI	100.00	100.00	Holding company for listed securities, unlisted securities, private equity and operating assets
VOF PE Holding 5 Limited	BVI	100.00	100.00	Holding company for listed securities
Portal Global Limited	BVI	100.00	100.00	Holding company for unlisted securities
Windstar Resources Limited	BVI	100.00	100.00	Holding company for listed securities
Allright Assets Limited	BVI	100.00	100.00	Holding company for investments
Vietnam Enterprise Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Sharda Holdings Limited	BVI	100.00	100.00	Holding company for listed securities
Hospira Holdings Limited	BVI	100.00	100.00	Holding company for private equity
Navia Holdings Limited	BVI	100.00	100.00	Holding company for private equity
Foremost Worldwide Limited	BVI	100.00	100.00	Holding company for unlisted securities
Rewas Holdings Limited	BVI	100.00	100.00	Holding company for investments

5.1 Directly-owned subsidiaries (continue)

		As at		
Subsidiary	Country of incorporation	30 June 2019 % of Company interest	30 June 2018 % of Company interest	Nature of the business
Allwealth Worldwide Limited	BVI	100.00	100.00	Holding company for investments
Longwoods Worldwide Limited	BVI	100.00	100.00	Holding company for investments
VinaSugar Holdings Limited	BVI	100.00	100.00	Holding company for investments
Belfort Worldwide Limited	BVI	100.00	100.00	Holding company for listed securities and private equity
Preston Pacific Limited	BVI	100.00	100.00	Holding company for listed securities
Vietnam Master Holding 1 Limited	BVI	100.00	100.00	Holding company for investments
Victory Holding Investment Limited	BVI	100.00	100.00	Holding company for listed securities
Fraser Investment Holdings Pte. Limited	Singapore	100.00	100.00	Holding company for listed securities
SE Asia Master Holding 7 Pte Limited	Singapore	100.00	100.00	Holding company for investments
Turnbull Holding Pte. Ltd.	Singapore	100.00	100.00	Holding company for investments
Vietnam Opportunity Fund II Pte. Ltd. *	Singapore	-	100.00	Holding company for investments

The Company had the following directly-owned subsidiaries as at 30 June 2019 and 30 June 2018:

		As at		
Subsidiary	Country of incorporation	30 June 2019 % of Company interest	30 June 2018 % of Company interest	Nature of the business
Clipper Ventures Limited **	BVI	100.00	-	Holding company for investments
Clipper One Limited **	BVI	100.00	-	Holding company for investments
VTC Espero Limited	Singapore	100.00	100.00	Holding company for investments

* Vietnam Opportunity Fund II Pte. Ltd. became a subsidiary of Belfort Worldwide Limited during the year ended 30 June 2019.

** Clipper Ventures Limited and Clipper One Limited were incorporated during the year ended 30 June 2019.

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5.2 Indirect interests in subsidiaries

The Company had the following indirect interests in subsidiaries at 30 June 2019 and 30 June 2018:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate Parent	As at 30 June 2019 % of Company indirect interest	As at 30 June 2018 % of Company indirect interest
PA Investment Opportunity II Limited	BVI	Holding company for investments	Vietnam Enterprise Limited	100.00	100.00
Liva Holdings Pte. Ltd.	BVI	Holding company for investments	Belfort Worldwide Limited	100.00	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	100.00
Indochina Ceramic Singapore Pte. Ltd.	Singapore	Holding company for private equity	Belfort Worldwide Limited	100.00	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	81.07
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 productors	Howard Holdings Pte. Limited	55.97	55.97
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
BIVI Investments Corporation *	Vietnam	Holding company for investments	VOF Investment Limited	-	100.00
Vietnam Opportunity Fund II Pte. Ltd. **	Singapore	Holding company for investments	Belfort Worldwide Limited	68.00	-
Aldrin One Pte. Ltd **	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	-
Halley One Limited ***	BVI	Holding company for investments	Clipper Ventures Limited	67.00	-

* American Home Vietnam Co. Ltd. and BIVI Investments Corporation were sold during the year ended 30 June 2019.

** Vietnam Opportunity Fund II Pte. Ltd. and Aldrin One Pte. Ltd became subsidiaries of Belfort Worldwide Limited during the year ended 30 June 2019.

*** Halley One Limited became a subsidiary of Clipper Ventures Limited during the year ended 30 June 2019.

5.3 Direct interests in associates

The Company had the following directly-owned associates as at 30 June 2019 and 30 June 2018:

Associate	Country of incorporation	As at 30 June 2019 % of Company interest	As at 30 June 2018 % of Company interest	Nature of the business
Allwealth Asia Ltd *	BVI	-	35.00	Holding company for investments
Sunbird Group Ltd *	BVI	-	25.00	Holding company for real estate
Vietnam Property Holdings Limited *	BVI	-	25.00	Holding company for real estate
Avante Global Limited *	BVI	-	25.00	Holding company for real estate
Pacific Alliance Land Limited *	BVI	-	25.00	Holding company for real estate
VinaCapital Commercial Center Private Limited	Singapore	12.75	12.75	Holding company for investments
Mega Assets Pte. Limited	Singapore	25.00	25.00	Holding company for investments
SIH Real Estate Pte. Limited *	Singapore	-	25.00	Holding company for real estate
VinaLand Eastern Limited *	Singapore	-	25.00	Holding company for real estate

* Allwealth Asia Ltd, Sunbird Group Ltd., Vietnam Property Holdings Limited, Avante Global Limited, Pacific Alliance Land Limited, SIH Real Estate Pte. Limited and VinaLand Eastern Limited were liquidated during the year ended 30 June 2019.

5.4 Indirect interests in associates

The Company had the following indirect interests in associates at 30 June 2019 and 30 June 2018:

Indirect subsidiary	Country of incorporation	Nature of the business	Company's subsidiary or associate Holding direct interest in the associate	As at 30 June 2019 % of Company's indirect interest	As at 30 June 2018 % of Company's indirect interest
VinaCapital Commercial Center Private Limited	BVI	Real estate investment	VinaCapital Commercial Center Private Limited	12.75	12.75
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
Hung Vuong Corporation	Vietnam	Operating assets investment	VOF Investment Limited	33.24	33.24
Thang Loi Textile Garment Joint Stock Company *	Vietnam	Real estate investment	Vietnam Enterprise Limited and VOF Investment Limited	-	34.17

* Ba Huan Joint Stock Company, Housing and Urban Development Corporation and Thang Loi Textile Garment Joint Stock Company were sold during the year ended 30 June 2019.

5.5 Financial risks

At 30 June 2019 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 operating assets. The Company, via these underlying investments, is subject to financial risks which are further disclosed in note 19. The Investment Manager makes investment decisions after performing extensive due diligence on the underlying investments, their strategies, financial structure and the overall quality of management.

6. Cash and cash equivalents

	30 June 2019 USD'000	30 June 2018 USD'000
Cash at banks	16,012	14,867

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

The Company's overall cash position including cash held in directly held subsidiaries as at 30 June 2019 was USD32.9 million (30 June 2018: USD34.2 million). Please refer to note 8 for details of the cash held by the Company's subsidiaries. As mentioned in note 5, the restricted cash held in the Vietnamese subsidiaries and associates amounted to USDnil (30 June 2018: USD0.8 million).

7. Financial instruments by category

	Financial assets at amortised cost USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
As at 30 June 2019			
Financial assets at fair value through profit or loss	-	983,043	983,043
Cash and cash equivalents	16,012	-	16,012
Total	16,012	983,043	999,055
Financial assets denominated in:			
- GBP	4	-	4
- USD	16,008	983,043	999,051
As at 30 June 2018			
Financial assets at fair value through profit or loss	-	1,067,462	1,067,462
Cash and cash equivalents	14,867	-	14,867
Total	14,867	1,067,462	1,082,329
Financial assets denominated in:			
- GBP	3	-	3
- USD	14,864	1,067,462	1,082,326

As at 30 June 2019 and 30 June 2018, the carrying amounts of all financial liabilities approximate their fair values.

All financial liabilities are short term in nature and their carrying values approximate their fair values, with the exception of the deferred incentive fees. There are no financial liabilities that must be accounted for at fair value through profit or loss (30 June 2018: nil).

8. Financial assets at fair value through profit or loss

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

	30 June 2019 USD'000	30 June 2018 USD'000
Cash and cash equivalents	16,907	19,317
Ordinary shares – listed	613,794	690,659
Ordinary shares – unlisted *	172,101	201,997
Private equity	152,399	112,188
Real estate projects and operating assets	13,030	33,442
Other assets, net of liabilities	14,812	9,859
	983,043	1,067,462

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

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 2019 USD'000	30 June 2018 USD'000
Consumer goods	210,729	257,924
Real estate and operating assets	181,938	172,674
Construction	142,762	200,428
Financial services	119,858	117,244
Infrastructure	102,487	96,472
Industrials	43,991	61,756
Energy, minerals and petroleum	68,067	73,371
Pharmaceuticals and healthcare	43,001	20,902
Agriculture	23,647	19,841
Retailers	14,844	17,674

As at 30 June 2019, an underlying holding, Hoa Phat Group, within financial assets at fair value through profit or loss amounted to 11.0% of the NAV of the Company (30 June 2018: 14.6%).

During the year, capital which has been returned to the Company from underlying investments in the subsidiaries/associates has 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 2019.

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.

	For the year ended	
	30 June 2019 USD'000	30 June 2018 USD'000
Opening balance	1,067,462	974,581
Purchases	76,588	277,930
Return of capital	(137,313)	(300,618)
Net (losses)/gains for the period	(23,694)	115,569
	983,043	1,067,462

9. Dividends

The dividends paid in the reporting period were as follows;

Year ended 30 June 2019	Dividend rate per share (cents)	Net dividend payable (USD'000)	Record rate	Ex-dividend date	Pay date
Dividend	5.5	10,351	2 November 2018	1 November 2018	30 November 2018
Dividend	5.5	10,172	5 April 2019	4 April 2019	26 April 2019
		20,523			

Year ended 30 June 2018	Dividend rate per share (cents)	Net dividend payable (USD'000)	Record rate	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 2019 was declared on 24 October 2019. The dividend is payable on or around 25 November 2019 to shareholders on record at 1 November 2019.

Under the Guernsey Law, 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 and prepayments

	30 June 2019 USD'000	30 June 2018 USD'000
Prepayments	31	-
Loan receivable	-	-
	31	-

The Company exited Indochina Food Industries Pte. Ltd ("ICF") through the sale of 100% of VinaSugar Holding Limited in 2012 for a total consideration of USD28.45 million. As at 30 June 2019 and 30 June 2018, 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.

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 Guernsey 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 2019		30 June 2018	
	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	(10,355,000)	-	-	-
Issued and fully paid at year end	200,991,258	491,301	211,346,258	491,301
Shares held in treasury	(16,182,716)	(103,513)	(17,288,000)	(63,950)
Outstanding shares at year end	184,808,542	387,788	194,058,258	427,351

Treasury shares

	30 June 2019	30 June 2018
	Number of shares	Number of shares
Opening balance at 1 July	17,288,000	10,725,000
Shares repurchased during the year	9,249,716	6,563,000
Shares cancelled during the year	(10,355,000)	-
Closing balance at year end	16,182,716	17,288,000

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 2019, 9.2 million shares (2018: 6.6 million) were repurchased at a cost of USD39.6 million (2018: USD29.1 million) of which USDnil (2018: USD0.9 million) was payable at year-end (see note 12) and 10.4 million shares (2018: nil) were cancelled.

12. Accrued expenses and other payables

	30 June 2019 USD'000	30 June 2018 USD'000
Management fees payable to the Investment Manager (note 18)	1,111	907
Expenses recharged payable to the Investment Manager (note 18)	139	414
Incentive fees payable to the Investment Manager (note 18)	14,663	15,086
Shares repurchased payable (note 11)	-	858
Other payables	276	824
	16,189	18,089

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 2019 USD'000	30 June 2018 USD'000
Dividend income	33,654	79,796

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 USD18.4 million in dividends from their investee companies (30 June 2018: USD18.2 million).

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

	Year ended	
	30 June 2019 USD'000	30 June 2018 USD'000
Financial assets at fair value through profit or loss:		
- Unrealised (losses)/gains, net	(23,694)	115,569
Total	(23,694)	115,569

15(a). General and administration expenses

	Year ended	
	30 June 2019 USD'000	30 June 2018 USD'000
Management fees (note 18(a))	13,348	15,925
Expenses recharged by the Investment Manager	336	414
Directors' fees (note 18(c))	419	378
Custodian, secretarial and other professional fees	1,460	1,048
Others	992	1,103
	16,555	18,868

15(b). Accrued incentive fee

For the purposes of calculating the amount of incentive fee to be paid out, the Board and Investment Manager have agreed that it is more appropriate to use an adjusted calculation based on the average of the closing prices of certain stocks on Thursday 27 June and Monday 1 July.

The deferred liability in respect of incentive fees carried forward from 30 June 2018 was USD23.4million. For the year ended 30 June 2019, USD5.2 million of this was clawed back as a result of the decline in the Company's NAV over the year. This has resulted in a total incentive fee accrued of USD18.2 million as at 30 June 2019. The amount which will be paid out immediately on publication of these accounts is USD14.7 million as at 30 June 2019 and USD3.5 million is carried forward, discounted to USD3.2 million to reflect the time value of money.

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 or loss per share is calculated by dividing the profit or loss 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 2019	30 June 2018
(Loss)/profit for the year (USD'000)	(3,644)	152,740
Weighted average number of ordinary shares in issue	187,476,387	197,831,370
Basic (loss)/earnings per share (USD per share)	(0.02)	0.77

(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 2019	30 June 2018
Net asset value (USD'000)	979,702	1,043,432
Number of outstanding ordinary shares in issue	184,808,542	194,058,258
Net asset value per share (USD per share)	5.30	5.38

18. Related parties

(a) Management fees

Starting 1 July 2018, the Investment Manager receives a fee at the annual rates set out below, payable monthly in arrear.

- 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; and
- 0.50% of net assets, levied on net assets above USD2,000 million.

For periods up to 30 June 2018, the Investment Manager received a fee at an annual rate of 1.5% of NAV.

Total fees paid to the Investment Manager for the year amounted to USD13.6 million (30 June 2018: USD15.9 million), of which USD0.3 million (30 June 2018: USD0.4 million) was in relation to recharge of expenses incurred. In total USD1.2 million (30 June 2018: USD1.3 million) was payable to the Investment Manager at the reporting date.

(b) Incentive fees
For the purposes of calculating the amount of incentive fee to be paid out, the Board and Investment Manager have agreed that it is more appropriate to use an adjusted calculation based on the average of the closing prices of certain stocks on Thursday 27 June and Monday 1 July.

As described in note 15(b), as at 30 June 2019, a total incentive fee of USD18.2 million (30 June 2018: USD38.7 million) was accrued on the basis of the current year and prior year performance of the Company's NAV. The amount which will be paid out immediately on publication of these accounts is USD14.7 million and this amount is accounted for in accrued expenses and other payables in the Statement of Financial Position (30 June 2018: USD15.0 million). The remaining USD3.5 million will be carried forward and potentially paid out in the following financial year and has been discounted to USD3.2 million to reflect the time value of money.

(c) 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 2019 USD	30 June 2018 USD
Steven Bates	95,000	95,000	95,000
Martin Adams (retired 10 December 2018)	80,000	35,562	80,000
Thuy Bich Dam	80,000	80,000	80,000
Julian Healy (appointed 23 July 2018)	80,000	75,342	-
Huw Evans	90,000	90,000	90,000
Kathryn Matthews (appointed 10 May 2019)	80,000	11,397	-
		387,301	345,000

There were no directors' fees outstanding at the year-end (30 June 2018: Nil). During the year, directors' expenses totaling USD32,135 (30 June 2018: USD33,302) were paid. The total amount paid to the directors during the year was USD418,798 (30 June 2018: USD378,302).

d) Shares held by related parties

	Shares held as at 30 June 2019	Shares held as at 30 June 2018
Steven Bates	25,000	25,000
Martin Adams (retired 10 December 2018)	-	-
Thuy Bich Dam	-	-
Huw Evans	35,000	35,000
Julian Healy (appointed 23 July 2018)	15,000	-
Kathryn Matthews (appointed 10 May 2019)	-	-
Andy Ho	190,000	190,000
Dom Lam	1,005,859	1,005,859

As at 30 June 2019, Stephen Westwood, a Consultant to the Company owned 6,000 shares (30 June 2018: 6,000 shares) in the Company.

As at 30 June 2019, the Investment Manager owned 1,120,342 shares (30 June 2018: 235,342 shares) in the Company.

(e) Other balances with related parties

	30 June 2019 USD'000	30 June 2018 USD'000
Payable to the Investment Manager on expenses paid on behalf of the Company *	139	414

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

(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. 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 and associates 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 2019.

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 traded on either of Vietnam's stock exchanges, the Ho Chi Minh Stock Exchange or the Hanoi Stock Exchange, as well as UPCoM.

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 USD61.4 million (30 June 2018: USD69.1 million).

See note 19(c) for a sensitivity analysis of the fair values of private equity.

Depending on the development stage of a project and its associated risks, the Independent Valuer uses discount rates in the range from 11% to 16% and terminal growth rates of 3% to 5% (30 June 2018: 15% to 16% 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

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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 any directly held 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 that 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 the year end.

a. Financial assets that are neither past due nor impaired
With the exception of the receivables disclosed in note 19 (ii)(b), the cash and receivables of the Company and its subsidiaries and associates as at 30 June 2019 and 30 June 2018 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 2019 and 30 June 2018, 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 a probability of default or 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. The Investment Manager is examining the possibility of recovering the receivables in question but nevertheless the Company has resolved that it is prudent to account for the receivables as fully impaired.
c. Financial assets that are past due but not impaired
At 30 June 2019 and 30 June 2018, 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 2019		30 June 2018	
	Within 12 months USD	Over 12 months USD	Within 12 months USD	Over 12 months USD
Payables to related parties (note 12)	15,913	-	16,407	-
Deferred incentive fee	-	3,195	-	20,808
Shares repurchased payable (note 12)	-	-	858	-
Other payables (note 12)	276	-	824	-
	16,189	3,195	18,089	20,808

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 2019		30 June 2018	
	Within 12 months USD	Over 12 months USD	Within 12 months USD	Over 12 months USD
Cash and cash equivalents	16,012	-	14,867	-
Receivables and prepayments	31	-	-	-
Financial assets at fair value through profit or loss	817,614	165,429	983,122	84,340
	833,657	165,429	997,989	84,340

(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 2019 USD'000	30 June 2018 USD'000
Net assets attributable to equity shareholders	979,702	1,043,432

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 2019 and 30 June 2018.

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 2019		
Financial assets at fair value through profit or loss	983,043	983,043
As at 30 June 2018		
Financial assets at fair value through profit or loss	1,067,462	1,067,462

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 2019 and 30 June 2018.

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 2019				
Cash and cash equivalents	16,907	-	-	16,907
Ordinary shares – listed	613,794	-	-	613,794
– unlisted*	138,802	33,299	-	172,101
Private equity	-	-	152,399	152,399
Real estate projects and operating assets	-	-	13,030	13,030
Other assets, net of liabilities	-	-	14,812	14,812
	769,503	33,299	180,241	983,043

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2019				
As at 30 June 2018	19,317	-	-	19,317
Cash and cash equivalents	690,659	-	-	690,659
Ordinary shares – listed	153,110	48,887	-	201,997
– unlisted*	-	-	112,188	112,188
Private equity	-	-	33,442	33,442
Real estate projects and operating assets	-	-	9,859	9,859
Other assets, net of liabilities	863,086	48,887	155,489	1,067,462

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

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.

Financial instruments which trade in markets that are not considered to be active but are valued based on prices 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. There were no movements into or out of the Level 3 category during the period.

Set out below is the sensitivity analysis on the significant unobservable inputs used in the valuation of Level 3 investments as at 30 June 2019.

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 assets	Discounted cash flows	13,030	15%	14.50%	N/A	N/A	N/A	Change in cap rate	-1%	13,701	13,175	12,690
									0%	13,543	13,030	12,557
									1%	13,398	12,897	12,435
										Change in discount rate		
										-1%	0%	1%
Private equity	Discounted Cash flows & Others	146,399 *	11%-16%	N/A	3%-5%	N/A	N/A	Change in terminal growth rate	-1%	149,981	141,540	134,376
									0%	156,393	146,399	137,975
									1%	163,341	152,188	142,992

* The difference between the balance of USD152.4 million reflected as Level 3 private equity earlier in note 19 to the above balance of private equity of USD146.4 million, is due to the fact that different valuation methodologies are used in the Level 3 valuations which reflect other unobservable inputs such as price to book methodologies used in desktop valuations.

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%	14.50%	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 the previous page 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 the previous page 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 other unobservable inputs such as price to book methodologies used in desktop valuations.

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.

20. Subsequent events

This Annual Report and Financial Statements were approved by the Board on 24 October 2019. Subsequent events have been evaluated until this date.

On 24 October 2019, the Board declared a dividend of 5.5 US cents per share. The dividend is payable on or around 25 November 2019 to shareholders on record at 1 November 2019.

MANAGEMENT & ADMINISTRATION

Directors
Steven Bates
Martin Adams
(retired 10 December 2018)
Thuy Bich Dam
Huw Evans
Julian Healy
(appointed 23 July 2018)
Kathryn Matthews
(appointed 10 May 2019)

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Administrator and Corporate Secretary
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GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

Term	Definition
1H 2H	The first and second half of the financial year respectively.
Adjusted NAV	When valuing the Company's portfolio at the end of the 2018/19 financial year, it became clear that the closing market prices of several stocks on Friday 28 June 2019 were unusually high and, in the Board's view, were anomalous. In reporting the investment performance for the year in the Chairman's Statement and in the Investment Manager's Report, the Board believes that it is more appropriate to use a NAV based on the average of the closing prices of the stocks in question on Thursday 27 June and Monday 1 July 2019. Please see the end of the glossary for a reconciliation of the adjustment to the NAV *
bp	Basis point. 1 basis point is 0.01%.
CNY	Chinese Yuan Renminbi.
CPI	Consumer price inflation.
EBITDA	Earnings before interest, tax, depreciation and amortisation. A measure of the gross profit of a company.
EPS	Earnings per share.
Equitisation	The process of selling a company from public ownership to private investors. Known as privatisation in other countries.
FDI	Foreign direct investments.
FII	Foreign indirect investments.
FOL	Foreign ownership limits. Many Vietnamese companies have a limit on the amount of their shares which may be owned by foreign investors.
FX	Foreign Exchange.
FY	Financial year. The Company's financial year runs from 1 July to 30 June.
GBP	British Pound Sterling.
GDP	Gross Domestic Product. GDP is a monetary measure of the market value of all the final goods and services produced in a specific time period in a country or wider region.
GSO	The General Statistics Office of Vietnam, a Vietnamese government agency.
HOSE	The Ho Chi Minh Stock Exchange.
IMF	The International Monetary Fund.
IPO	Initial public offering – the means by which most listed companies achieve their stock market listing.

IRR	The internal rate of return. A measure of the total return on an investment taking account of the amount and timing of all amounts invested and amounts realised. The IRR is expressed as an annualised percentage. The use of IRR enables different investments with differing cash flow profiles to be compared on a like for like financial basis.
LSE	The London Stock Exchange.
Net Asset Value Per Share (NAV)	The total value of the Company's assets less its liabilities (the net assets) divided by the number of shares in issue.
NAV Total Return	A measure of the investment return earned by the Company, taking account of the change in NAV over the period in question and assuming that any dividends paid in the period are reinvested at the prevailing NAV per share at the time that the shares begin to trade ex-dividend.
Ongoing Charges Ratio	The Ongoing Charges Ratio represents the annualised ongoing charges (excluding finance costs, transaction costs and taxation) divided by the average daily net asset values of the Company for the period and has been prepared in accordance with the AIC's recommended methodology. Ongoing charges reflect expenses likely to recur in the foreseeable future.
P/B Ratio	The ratio of a company's share price to the "book" value (being the current valuation as on the company's balance sheet) of its assets.
SBV	The State Bank of Vietnam.
Share Price Total Return	A measure of the investment return to shareholders, taking account of the change in share price over the period in question and assuming that any dividends paid in the period are reinvested at the prevailing share price at the time that the shares begin to trade ex-dividend.
SOE	State owned enterprise.
TTM P/E	Trailing twelve month price to earnings ratio. The ratio compares the current share price with earnings over the past twelve months, expressed as a ratio.
USD	United States Dollar.
VGB	Vietnamese Government Bond.
VN Index	The Ho Chi Minh Stock Exchange Index, a capitalisation-weighted index of all companies listed on the Ho Chi Minh Stock Exchange.

*** Reconciliation of the adjustment to the NAV:**

	IFRS USD'000	Adjustment USD'000	Alternative Performance Measure USD'000
Net Asset Value (USD)	979,702	(24,453)	955,249
Net Asset Value per share (USD)	5.30	(0.13)	5.17
Discount to Net Asset Value per share (%)	18.1	(2.1)	16.0

The same adjustment to net asset value has been applied to total assets at 30 June 2019 and total income for the year ended 30 June 2019.

NOTICE OF 2019 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 (THE "COMPANY")

Notice of Annual General Meeting

Notice is hereby given that the 2019 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 5 December 2019 at 10.00 a.m. (The "Meeting").

The Board unanimously recommends that shareholders vote in favour of all resolutions.

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 2019. ***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 re-elect Julian Healy 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 9	J. To elect Kathryn Matthews following her appointment as a Director of the Company on 10 May 2019 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 10	K. 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 2019. ***The Board recommends that shareholders vote IN FAVOUR of this resolution***
Special Business Ordinary Resolution 11	L. 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 5 December 2019; ii. The minimum price which may be paid for an Ordinary Share is USD0.01;Any Ordinary Shares purchased may be cancelled or held in treasury; 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 4 March 2021 (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 expiry 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***

Extraordinary Resolution 12	M. 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 4 March 2021 (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***
Ordinary Resolution 13	N. 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 4 March 2021 (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***
	O. Any Other Business.

By Order of the Board

For and on behalf of
Aztec Financial Services (Guernsey) Limited
As Secretary

25 October 2019

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 11 (Agenda Item L) – (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 4 March 2021.

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 12 (Agenda Item M) – (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 4 March 2021.

Extraordinary Resolution 13 (Agenda Item N) – (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 4 March 2021.

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

RECOMMENDATION

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

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